



The Moneylenders and their Game

How the Bank conquered the World

Anonymous



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1. Introduction

This book is a summary of several other books focusing on history usually not spread by mainstream education. The information were directly copy-pasted from other books. I want to thank an anonymous author for giving me the idea to create such a book. The author copied information from several books to create one called “Who Started World War II;’ spanning around 300 pages. I took this idea (and also some of his information/sources) to expand on this to create a somewhat consistent story starting around 1650 until today, focusing heavily on Banks, the monetary system and both World Wars. The books used as sources are:

- **(a) The Creature of Jekyll Island by G. Edward Griffin, 1998:** 608 pages about the history of money, what it is, how it is created and how it is used as a form of control.
- **(b) Web of Debt by Ellen Hodgson Brown, 2011:** 544 pages about debt slavery, how is it used, where does it come from and how we can escape.
- **(c) The Rothschilds: A Family Portrait by Frederic Morton, 2014:** 284 pages about the Rothschild family, starting at around 1770 till 1950.
- **(d) The Origins of the World War Vol. 1 and Vol. 2 by Sidney B. Fay, 1924:** Around 1000 pages covering in detail the diplomacy and other causes of World War 1 from 1871 till 1914.
- **(e) The Ruling Elite by Deanna Spingola, 2012:** 780 pages about the rise to power of the man behind the curtain and why millions of people had to die in the last 200 years.
- **(f) World History 1918-1945 by R.A.C. Parker, 1980:** 350 pages about general history of the given time frame.
- **(g) England, the Germans, the Jews and the 20. Century by Peter Haisenko, 2014:** 360 pages about the relations between the named parties starting before World War 1.
- **(h) Truth for Germany by Udo Walendy, 1963:** 536 pages about the guilt question of World War 2 and its causes.
- **(i) Churchill, Hitler and the unnecessary War by Patrick Buchanan, 2008:** 544 pages about history starting at World War 1 leading up to World War 2.

- **(j) Churchill's War by David Irving, 1991:** 696 pages about a wealth of hitherto suppressed information, that shows a shockingly unfamiliar portrait of the great statesman, Churchill.
- **(k) Hitler's War by David Irving, 1977:** 794 pages about Hitler's economic and military rebuilding of Germany following World War 1, and concluding in 1945 with the events surrounding his alleged war.
- **(l) Nuremberg: The Last Battle by David Irving, 1996:** 377 pages covering the details of the Nuremberg show trials after World War 2.
- **(m) The Chief Culprit by Viktor Suvorov, 2008:** 352 pages about Stalins involvement in starting World War 2.
- **(n) Tragedy & Hope by Carroll Quigley, 1966:** 1348 pages about the period of roughly 1880 to 1963 and is multidisciplinary in nature though perhaps focusing on the economic problems brought about by the First World War and the impact these had on subsequent events.
- **(o) Back Door To War by Charles Tansill, 1952:** 690 pages about the involvement of the United States in starting World War 2.
- **(p) Germany and the Jewish Problem by F. K. Wiebe, 1939:** Around 80 pages explaining the "Jewish Question" from the viewpoints of the National Socialists.
- **(q) The Culture of Critique by Kevin Macdonald, 1994:** 544 pages in which the author argues about a dominant Jewish influence in todays society and how it has changed the western world.
- **(r) Pawns in the Game by William Guy Carr, 1955:** Around 200 pages with bits and pieces about the revolutions that happened between 1650 and 1950.
- **(s) Hundred Years War against Germany by Steffen Werner, 2010:** Just 30 pages about how Britain plotted against Germany.
- **(t) Hitlers Revolution by Richard Tedor, 2013:** 440 pages about National Socialist ideology, social programs and foreign affairs.
- **(u) The Forced War by David Hoggan, 1961:** Nearly 350 pages about the road towards World War 2.
- **(v) President Roosevelt's Campaign To Incite War in Europe by Mark Weber, 1983:** Only 32 pages dealing with secret Polish documents found by the Wehrmacht in Warsaw.

- **(w) How Britain pioneered Firebombing by Nick Kollerstrom, 2009:** Just a few pages about how Britain started with the bombing of civilians in World War 2.
- **(x) The Bad War by M.S. King, 2015:** 245 pages shortly depicting many incidents of World War 2.
- **(y) Gruesome Harvest by Ralph Franklin Keeling, 2012:** 150 pages about the treatment of Germany after World War 2.
- **(z) The United Nations Exposed by William F. Jasper, 2001:** 300 pages about the creation, policies and goals of the United Nations.
- **(ä) Wall Street and the Rise of Hitler by Antony C. Sutton, 1976:** 300 pages about the collaboration between Wall Street and National Socialism.

Not all information I present are from the mentioned books, sometimes I just copied from webpages “generally accepted history“ to create a bit of context for the rather uninformed reader (things you have probably learned in school but forgotten over time). These sections will be marked accordingly. I also want to apologize for grammar errors which might occur by copy-pasting text from other PDF-files. I tried to remove them as much as possible but I did not want to read through the entire text again just to find small errors. This book also includes around 400 pictures, hence the size of around 50Mb in PDF format.

Which Chapter from which Book?

Chapter 2.1 and 2.2: From book (b).

Chapter 2.3: Source given in the text.

Chapter 3.1: From book (b).

Chapter 3.2: From book (b) and (r).

Chapter 3.3: From book (b).

Chapter 3.4 - 3.10: From web pages to create context.

Chapter 4.1 and 4.2: From (b).

Chapter 4.3: From book (r).

Chapter 4.4: From book (e).

Chapter 5.1 - 5.3: From book (b).

Chapter 5.4: From book (a).

Chapter 5.5 - 5.9: From book (e).

Chapter 5.8: Also from book (a).

Chapter 5.10: From book (b).

Chapter 6.1 - 6.5: From web pages for context and awareness.

Chapter 6.6: From book (c).

Chapter 6.7: From book (b).

Chapter 6.8: Source given in the text.

Chapter 7.1 - 7.5: From book (d).

Chapter 7.6 - 7.9: From book (e).

Chapter 7.10: From book (s).

Chapter 7.11 and 7.12: From book (e).

Chapter 7.15 - 7.24: From book (d).

Chapter 8.1: From web pages for context.

Chapter 8.2 - 8.14: From book (e).

Chapter 8.9: Also from book (a).

Chapter 8.14: Also from book (h).

Chapter 9.1 - 9.3: From book (e).

Chapter 9.4 - 9.8: From book (f).

Chapter 9.8: Also from book (b) and (e).

Chapter 9.10: From book (m).

Chapter 9.11: From book (n).

Chapter 9.12: From book (e).

Chapter 9.13: From book (g).

Chapter 10.1 - 10.3: From book (t).

Chapter 10.4: Source given in the text.

Chapter 10.5: From bokk (b) and other sources given in the text.

Chapter 10.6: From book(p).

Chapter 11.1 and 11.2: From book (t).

Chapter 11.3 and 11.4: From book (h)

Chapter 11.5: From book (o).

Chapter 11.6 and 11.7: From book (u).

Chapter 11.8: From book (t).

Chapter 11.9: From book (h).

Chapter 11.10: From book (u).

Chapter 11.11: From book (v).

Chapter 11.12: Source given in the text.

Chapter 11.13: Source given in the text.

Chapter 11.14: Source given in the text.

Chapter 11.15: Source given in the text.

Chapter 11.16 - 11.18: From book (h).

Chapter 11.19: From book (i).

Chapter 11.20: From book (h).

Chapter 12.1 - 12.3: From book (n).

Chapter 12.4 and 12.5: From book (o).

Chapter 12.6: From book (k).

Chapter 12.7: From book (w).

Chapter 12.8: From book (j).

Chapter 12.9: From book (m).

Chapter 12.10 and 12.11: From book (o).

Chapter 12.12: Source given in the text.

Chapter 12.13: Source given in the text.

Chapter 12.14: From book (ä).

Chapter 12.15: Source given in the text.

Chapter 12.16 - 12.18: From book (t).

Chapter 12.19: From book (x).

Chapter 12.20: From web pages for context.

Chapter 12.21: Source given in the text.

Chapter 12.22: Source given in the text.

Chapter 13.1: From book (y).

Chapter 13.2: From book (l).

Chapter 13.3: From the web for context.

Chapter 13.4: Source given in the text.

Chapter 13.5: Source given in the text.

Chapter 14.1 - 14.8: From book (q).

Chapter 14.9: Source given in the text.

Chapter 15.1: From the web for context.

Chapter 15.2 - 15.5: From book (z).

Chapter 16: Source given in the text.

Quotes you might understand better after reading this Book

Benjamin Disraeli, British Prime Minister from 1868 to 1880, said, “The world is governed by very different personages from what is imagined by those who are not behind the scenes.”

“If the American people ever allow private banks to control the issue of their currency, first by inflation, then by deflation, the banks and corporations that will grow up around them will deprive the people of all property until their children wake up homeless on the continent their Fathers conquered.... I believe that banking institutions are more dangerous to our liberties than standing armies... - Thomas Jefferson

“Money is the reason we fight.“ - Karl Marx

“If ever again our nation stumbles upon unfunded paper, it shall surely be like death to our body politic. This country will crash.” - George Washington

“The few who understand the system, will either be so interested from its profits or so dependent on its favors, that there will be no opposition from that class.” ... “Let me issue and control a nation’s money and I care not who writes the laws.” – Mayer Amschel Bauer Rothschild

“Three hundred men, each of whom knows all the others, govern the fate of the European continent, and they elect their successors from their entourage.“ - Walther Rathenau, Foreign Minister of Imperial Germany in the WIENER FREIE PRESSE, December 24, 1909

“When a government is dependent upon bankers for money, they and not the leaders of the government control the situation, since the hand that gives is above the hand that takes. . . Money has no motherland; financiers are without patriotism and without decency; their sole object is gain.” – Napoleon Bonaparte

“The division of the United States into federations of equal force was decided long before the Civil War by the high financial powers of Europe. These bankers were afraid that the United States, if they remained in one block and as one nation, would attain economic and financial independence, which would upset their financial domination over the world. The voice of the Rothschilds prevailed. . . Therefore they sent their emissaries into the field to exploit the question of slavery and to open an abyss between the two sections of the Union.” – Otto von Bismarck, German chancellor, 1865

“ I am a most unhappy man. I have unwittingly ruined my country. A great industrial nation is controlled by its system of credit... The growth of the Nation and all our activities are in the hands of a few men. We have come to be one of the worst ruled, one of the most completely controlled and dominated Governments in the world – no longer a Government of free opinion no longer a Government by conviction and vote of the majority, but a Government by the opinion and duress of small groups

of dominant men... - US President Woodrow Wilson, 1913

In its 20 June 1934 issue, *New Britain* magazine of London cited a devastating assertion by former British Prime Minister David Lloyd George, that "Britain is the slave of an international financial bloc."

Henry Ford: "It is well that the people of the nation do not understand our banking and monetary system, for if they did, I believe there would be a revolution before tomorrow morning."

"These international bankers and Rockefeller-Standard Oil interests control the majority of the newspapers and the columns in those papers to club into submission or drive out of office officials who refuse to do the bidding of the powerful corrupt cliques which compose the invisible government." – Theodore Roosevelt as reported in the *New York Times*, March 27th, 1922

Robert H. Hemphill, Credit Manager of the Federal Reserve Bank of Atlanta, wrote in 1934: We are completely dependent on the commercial Banks. Someone has to borrow every dollar we have in circulation, cash or credit. If the Banks create ample synthetic money we are prosperous; if not, we starve. We are absolutely without a permanent money system. When one gets a complete grasp of the picture, the tragic absurdity of our hopeless position is almost incredible, but there it is. It is the most important subject intelligent persons can investigate and reflect upon.

Graham Towers, Governor of the Bank of Canada from 1935 to 1955, acknowledged: Banks create money. That is what they are for.... The manufacturing process to make money consists of making an entry in a book. That is all.... Each and every time a Bank makes a loan... new Bank credit is created - brand new money.

George Orwell: "He who controls the past control the future, he who controls the present controls the past."

"There's class warfare, all right, but it's my class, the rich class, that's making war, and we're winning." - Warren Buffet

"I think a curse should rest on me - because I love this war. I know it's smashing and shattering the lives of thousands every moment -and yet - I can't help it - I enjoy every second of it." - Winston Churchill, letter to a friend, 1916

"Should Germany merchandise (do business) again in the next 50 years we have led this war (WW1) in vain." - Winston Churchill in *The Times* (1919)

"In 15 years that have followed this resolve (WW1), he (Hitler) has succeeded in restoring Germany to the most powerful position in Europe, and not only has he restored the position of his country, but he has even, to a very great extent, reversed the results of the Great War... the vanquished are in the process of becoming the victors and the victors the vanquished... whatever else might be thought about these exploits they are certainly among the most remarkable in the whole history of the

world.” - Winston Churchill in 1935

“Poland wants war with Germany and Germany will not be able to avoid it, even if it wants to.” - Rydz-Smigly, Chief inspector of the Polish army in a public speech in front of Polish officers (Summer 1939)

“Now we have forced Hitler to war so he no longer can peacefully annihilate one piece of the Treaty of Versailles after the other.” - Lord Halifax, English ambassador in Washington (1939)

The Polish Ambassador to Washington, Count Jerzy Potocki, In a report from Washington back to the Foreign Ministry in Warsaw, dated February 9, 1939, he wrote: “The pressure of the Jews on President Roosevelt and on the State Department is becoming ever more powerful The Jews are right now the leaders in creating a war psychosis which would plunge the entire world into war and bring about general catastrophe.

“It will be the Polish army that will invade Germany on the first day of war.” - The Polish ambassador in Paris (15.8.1939)

“It is not the Germany of the first decade that followed the war - broken, dejected and bowed down with a sense of apprehension and impotence. It is now full of hope and confidence, and of a renewed sense of determination to lead its own life without interference from any influence outside its own frontiers. One man has accomplished this miracle. He is a born leader of men. A magnetic and dynamic personality with a single-minded purpose, a resolute will and a dauntless heart.” - David Lloyd George (Ex-Prime Minister, UK), in the Daily Express (Sep. 17, 1936)

“We Jews are going to bring a war on Germany.” - David A. Brown, National Chairman, United Jewish Campaign, 1934

“... you can easily see how that within a few years Hitler will emerge from the hatred that surrounds him now as one of the most significant figures who ever lived. He had boundless ambition for his country, which rendered him a menace to the peace of the world, but he had a mystery about him in the way that he lived and in the manner of his death that will live and grow after him. He had in him the stuff of which legends are made.” John F. Kennedy

“Joe Kennedy (U.S. Ambassador to Britain, Father of John F. Kennedy) says that Chamberlain (British Prime Minister) stated that America and world Jewry forced England into World War II.” - James Forrestal, Secretary of the Navy (later Secretary of Defense), Diary, December 27, 1945 entry.

“ I asked Joe Kennedy (US ambassador in London) about his talks with Roosevelt and N. Chamberlain in 1938. He said it had been Chamberlains belief in 1939 that Great Britain has nothing in its hands to fight and therefore wouldnt dare to go to war against Hitler...Neither the French nor the English would have made Poland a motive for war if they hadnt been continuously spurred on by Washington...America

and the World-Jewry have driven England to war.“ - US defence minister J. Forrestal 27.12.1945 in his diary (The Forrestal Diaries, New York, 1951, S. 121 ff)

“We made a monster, a devil out of Hitler. Therefore we couldn't disavow it after the war. After all, we mobilized the masses against the devil himself. So we were forced to play our part in this diabolic scenario after the war. In no way we could have pointed out to our people that the war only was an economic preventive measure.“
- US foreign minister James Baker (1992)

2. Today: Who is in control?

Benjamin Disraeli, British Prime Minister from 1868 to 1880, said, “The world is governed by very different personages from what is imagined by those who are not behind the scenes.”

AEG industrial, advisor and minister of economy to the German Kaiser, the Jew Walther Rathenau wrote in 1909: “300 Men, of which everyone knows everyone, govern the economic fate of the continent and look for successors within their surroundings.”

George Orwell said He who controls the past control the future, he who controls the present controls the past

Dr. Carroll Quigley was a writer and professor of history at Georgetown University, where he was President Bill Clinton’s mentor. Professor Quigley wrote from personal knowledge of an elite clique of global financiers bent on controlling the world. Their aim, he said, was “nothing less than to create a world system of financial control in private hands able to dominate the political system of each country and the economy of the world as a whole.” This system was “to be controlled in a feudalist fashion by the central banks of the world acting in concert, by secret agreements.” He called this clique simply the “international bankers.” Their essence was not race, religion or nationality but was just a passion for control over other humans. The key to their success was that they would control and manipulate the money system of a nation while letting it appear to be controlled by the government. The international bankers have succeeded in doing more than just controlling the money supply. Today they actually create the money supply, while making it appear to be created by the government. This devious scheme was revealed by Sir Josiah Stamp, director of the Bank of England and the second richest man in Britain in the 1920s. Speaking at the University of Texas in 1927, he dropped this bombshell:

“The modern banking system manufactures money out of nothing. The process is perhaps the most astounding piece of sleight of hand that was ever invented. Banking was conceived in inequity and born in sin Bankers own the earth. Take it away from them but leave them the power to create money, and, with a flick of a pen, they will create enough money to buy it back again. . . . Take this great power away from them and all great fortunes like mine will disappear, for then this would be a better and happier world to live in. . . . But, if you want to continue to be the slaves of bankers and pay the cost of your own slavery, then let bankers continue to create money and control credit.”

Professor Henry C. K. Liu is an economist who graduated from Harvard and chaired a graduate department at UCLA before becoming an investment adviser for developing

countries. He calls the current monetary scheme a “cruel hoax.” When we wake up to that fact, he says, our entire economic world view will need to be reordered, “just as physics was subject to reordering when man’s world view changed with the realization that the earth is not stationary nor is it the center of the universe.”⁴ The hoax is that there is virtually no “real” money in the system, only debts. Except for coins, which are issued by the government and make up only about one one-thousandth of the money supply, the entire U.S. money supply now consists of debt to private banks, for money they created with accounting entries on their books.

Robert H. Hemphill, Credit Manager of the Federal Reserve Bank of Atlanta, wrote in 1934: We are completely dependent on the commercial Banks. Someone has to borrow every dollar we have in circulation, cash or credit. If the Banks create ample synthetic money we are prosperous; if not, we starve. We are absolutely without a permanent money system. When one gets a complete grasp of the picture, the tragic absurdity of our hopeless position is almost incredible, but there it is. It is the most important subject intelligent persons can investigate and reflect upon.

Graham Towers, Governor of the Bank of Canada from 1935 to 1955, acknowledged: Banks create money. That is what they are for. . . . The manufacturing process to make money consists of making an entry in a book. That is all. . . . Each and every time a Bank makes a loan . . . new Bank credit is created – brand new money.

It is all done by sleight of hand; and like a magician’s trick, we have to see it many times before we realize what is going on. But when we do, it changes everything. All of history has to be rewritten.

2.1 Central Banks

Illusion surrounding the Federal Reserve begins with its name. The Federal Reserve is not actually federal, and it keeps no reserves — at least, not in the sense most people think. No gold or silver backs its Federal Reserve notes (our dollar bills). A booklet published by the Federal Reserve Bank of New York states: Currency cannot be redeemed, or exchanged, for Treasury gold or any other asset used as backing. The question of just what assets “back” Federal Reserve notes has little but bookkeeping significance. The Federal Reserve is commonly called the “Fed,” confusing it with the U.S. government; but it is actually a private corporation.⁴ It is so private that its stock is not even traded on the stock exchange. The government doesn’t own it. You and I can’t own it. It is owned by a consortium of private banks, the biggest of which are Citibank and J. P. Morgan Chase Company. These two mega-banks are the financial cornerstones of the empires built by J. P. Morgan and John D. Rockefeller, the “Robber Barons” who orchestrated the Federal Reserve Act in 1913.

The Federal Reserve (and the other central banks like the European Central Bank) is

indispensable to the bankers' money-making machine, but the dollar bills it creates represent only a very small portion of the money supply. Most money today is created neither by the government nor by the Federal Reserve. Rather, it is created by private commercial banks. The "money supply" is defined as the entire quantity of bills, coins, loans, credit, and other liquid instruments in a country's economy.

"Liquid" instruments are those that are easily convertible into cash. The American money supply is officially divided into M1, M2, and M3. Only M1 is what we usually think of as money – coins, dollar bills, and the money in our checking accounts. M2 is M1 plus savings accounts, money market funds, and other individual or "small" time deposits. (The "money market" is the trade in short-term, low-risk securities, such as certificates of deposit and U.S. Treasury notes.) M3 is M1 and M2 plus institutional and other larger time deposits (including institutional money market funds) and eurodollars (American dollars circulating abroad).

In 2005, M1 (coins, dollar bills and checking account deposits) tallied in at \$1.4 trillion. Federal Reserve Notes in circulation came to \$758 billion, but about 70 percent of those circulated overseas, bringing the figure down to \$227.5 billion in use in the United States.⁷ The U.S. Mint reported that in September 2004, circulating collections of coins came to only \$993 million, or just under \$1 billion. M3 (the largest measure of the money supply) was \$9.7 trillion in 2005.⁹ Thus coins made up only about one one-thousandth of the total money supply (M3), and tangible currency in the form of coins and Federal Reserve Notes (dollar bills) together made up only about 2.4 percent of it. The other 97.6 percent magically appeared from somewhere else.

The mechanics of money creation were explained in a revealing booklet published by the Chicago Federal Reserve in the 1960s, called "Modern Money Mechanics: A Workbook on Bank Reserves and Deposit Expansion." The booklet is a gold mine of insider information and will be explored at length later, but here are some highlights. It begins, "The purpose of this booklet is to describe the basic process of money creation in a 'fractional reserve' banking system. . . . The actual process of money creation takes place primarily in banks." The Chicago Fed then explains:

"[Banks] do not really pay out loans from the money they receive as deposits. If they did this, no additional money would be created. What they do when they make loans is to accept promissory notes in exchange for credits to the borrowers' transaction accounts."

The booklet explains that money creation is done by "building up" deposits, and that this is done by making loans. Contrary to popular belief, loans become deposits rather than the reverse. The Chicago Fed states:

"[B]anks can build up deposits by increasing loans and investments so long as they keep enough currency on hand to redeem whatever amounts the holders of deposits want to convert into currency. This unique attribute of the banking business was

discovered many centuries ago. It started with goldsmiths The “unique attribute” discovered by the goldsmiths was that they could issue and lend paper receipts for the same gold many times over, so long as they kept enough gold in “reserve” for any depositors who might come for their money. This was the sleight of hand later dignified as “fractional reserve” banking“

2.2 “Fractional Reserve” Banking

Trade in seventeenth century Europe was conducted primarily with gold and silver coins. Coins were durable and had value in themselves, but they were hard to transport in bulk and could be stolen if not kept under lock and key. Many people therefore deposited their coins with the goldsmiths, who had the strongest safes in town. The goldsmiths issued convenient paper receipts that could be traded in place of the bulkier coins they represented. These receipts were also used when people who needed coins came to the goldsmiths for loans. The mischief began when the goldsmiths noticed that only about 10 to 20 percent of their receipts came back to be redeemed in gold at any one time. They could safely “lend” the gold in their strongboxes at interest several times over, as long as they kept 10 to 20 percent of the value of their outstanding loans in gold to meet the demand. They thus created “paper money” (receipts for loans of gold) worth several times the gold they actually held. They typically issued notes and made loans in amounts that were four to five times their actual supply of gold. At an interest rate of 20 percent, the same gold lent five times over produced a 100 percent return every year – this on gold the goldsmiths did not actually own and could not legally lend at all! If they were careful not to overextend this “credit,” the goldsmiths could thus become quite wealthy without producing anything of value themselves. Since more money was owed back than the townspeople as a whole possessed, the wealth of the town and eventually of the country was siphoned into the vaults of these goldsmiths-turned-bankers, while the people fell progressively into their debt.

If a landlord had rented the same house to five people at one time and pocketed the money, he would quickly have been jailed for fraud. But the goldsmiths had devised a system in which they traded, not things of value, but paper receipts for them. The system was called “fractional reserve” banking because the gold held in reserve was a mere fraction of the banknotes it supported. In 1934, Elgin Groseclose, Director of the Institute for International Monetary Research, wryly observed:

“A warehouseman, taking goods deposited with him and devoting them to his own profit, either by use or by loan to another, is guilty of a tort, a conversion of goods for which he is liable in civil, if not in criminal, law. By a casuistry which is now elevated into an economic principle, but which has no defenders outside the realm of banking, a warehouseman who deals in money is subject to a diviner law:

the banker is free to use for his private interest and profit the money left in trust. . . . He may even go further. He may create fictitious deposits on his books, which shall rank equally and ratably with actual deposits in any division of assets in case of liquidation.“

Bernard Lietaer helped design the single currency system (the Euro) and has written several books on monetary reform. He explains the interest problem like this:

“ When a bank provides you with a \$100,000 mortgage, it creates only the principal, which you spend and which then circulates in the economy. The bank expects you to pay back \$200,000 over the next 20 years, but it doesn’t create the second \$100,000 — the interest. Instead, the bank sends you out into the tough world to battle against everybody else to bring back the second \$100,000.“

The problem is that all money except coins now comes from bankercreated loans, so the only way to get the interest owed on old loans is to take out new loans, continually inflating the money supply; either that, or some borrowers have to default. Lietaer concluded:

“[G]reed and competition are not a result of immutable human temperament [G]reed and fear of scarcity are in fact being continuously created and amplified as a direct result of the kind of money we are using. . . . [W]e can produce more than enough food to feed everybody, and there is definitely enough work for everybody in the world, but there is clearly not enough money to pay for it all. The scarcity is in our national currencies. In fact, the job of central banks is to create and maintain that currency scarcity. The direct consequence is that we have to fight with each other in order to survive.“

To keep the economic treadmill turning, not only must the money supply continually inflate but the federal debt must continually expand. The reason was revealed by Marriner Eccles, Governor of the Federal Reserve Board, in hearings before the House Committee on Banking and Currency in 1941. Wright Patman asked Eccles how the Federal Reserve got the money to buy government bonds. “We created it,” Eccles replied. “Out of what?” “Out of the right to issue credit money.” “And there is nothing behind it, is there, except our government’s credit?” “That is what our money system is,” Eccles replied. “If there were no debts in our money system, there wouldn’t be any money.”

That explains why the federal debt never gets paid off but just continues to grow. The federal debt hasn’t been paid off since the presidency of Andrew Jackson nearly two centuries ago.

2.3 In the words of Prof. Carroll Quigley

Carroll Quigley was a professor of history at Georgetown University from 1941 to 1976. He also taught at Princeton and at Harvard, and lectured at the Brookings Institution. He was a frequent lecturer at the U.S. Naval Weapons Laboratory, the Foreign Service Institute, and the Naval College at Norfolk, Virginia. In 1958, he served as a consultant to the Congressional Select Committee which set up the National Space Agency. Below are key excerpts on the history of money and banking from Prof. Quigley's masterpiece *Tragedy and Hope: A History of the World in Our Time*. Some key excerpts:

Commercial Capitalism

Western Civilization is the richest and most powerful social organization ever made by man. One reason for this success has been its economic organization, [which] has passed through six successive stages, of which at least four are called "capitalism." Each stage created the conditions which tended to bring about the next stage. The [first stage] of self-sufficient agrarian units (manors) was in a society organized so that its upper ranks—the lords, lay and ecclesiastical—found their desires for necessities so well met that they sought to exchange their surpluses of necessities for luxuries of remote origin. This gave rise to a trade in foreign luxuries (spices, fine textiles, fine metals) which was the first evidence of the stage of commercial capitalism. In this second stage, mercantile profits and widening markets created a demand for textiles and other goods which could be met only by application of power to production.

This gave the third stage: industrial capitalism. The stage of industrial capitalism soon gave rise to such an insatiable demand for heavy fixed capital, like railroad lines, steel mills, shipyards, and so on, that these investments could not be financed from the profits and private fortunes of individual proprietors. New instruments for financing industry came into existence in the form of limited-liability corporations and investment banks. These were soon in a position to control the chief parts of the industrial system, since they provided capital to it. This gave rise to financial capitalism. The control of financial capitalism was used to integrate the industrial system into ever-larger units with interlinking financial controls. This made possible a reduction of competition with a resulting increase in profits. As a result, the industrial system soon found that it was again able to finance its own expansion from its own profits, and, with this achievement, financial controls were weakened, and the stage of monopoly capitalism arrived.

In this fifth stage, great industrial units, working together either directly or through cartels and trade associations, were in a position to exploit the majority of the people. The result was a great economic crisis which soon developed into a struggle for control of the state—the minority hoping to use political power to defend their

privileged position, the majority hoping to use the state to curtail the power and privileges of the minority. This dualist struggle dwindled with the rise of economic and social pluralism after 1945.

The Primary Goal of Capitalism

Capitalism provides very powerful motivations for economic activity because it associates economic motivations so closely with self-interest. But this same feature, which is a source of strength in providing economic motivation through the pursuit of profits, is also a source of weakness owing to the fact that so self-centered a motivation contributes very readily to a loss of economic coordination. Each individual, just because he is so powerfully motivated by self-interest, easily loses sight of the role which his own activities play in the economic system as a whole, and tends to act as if his activities were the whole, with inevitable injury to that whole. Capitalism, because it seeks profits as its primary goal, is never primarily seeking to achieve prosperity, high production, high consumption, political power, patriotic improvement, or moral uplift. Any of these may be achieved under capitalism, and any (or all) of them may be sacrificed and lost under capitalism, depending on this relationship to the primary goal of capitalist activity—the pursuit of profits. During the nine-hundred-year history of capitalism, it has, at various times, contributed both to the achievement and to the destruction of these other social goals.

The stage of commercial capitalism became institutionalized into a restrictive system, sometimes called “mercantilism,” in which merchants sought to gain profits, not from the movements of goods but from restricting the movements of goods. Thus the pursuit of profits, which had earlier led to increased prosperity by increasing trade and production, became a restriction on both trade and production, because profit became an end in itself rather than an accessory mechanism in the economic system as a whole. In the course of time, however, some merchants began to shift their attention from the goods aspect of commercial interchange to the other, monetary, side of the exchange. They began to accumulate the profits of these transactions, and became increasingly concerned, not with the shipment and exchange of goods, but with the shipment and exchange of moneys. In time they became concerned with the lending of money to merchants to finance their ships and their activities, advancing money for both, at high interest rates, secured by claims on ships or goods as collateral for repayment.

The Operations of Banking Were Concealed So They Appeared Difficult to Master

In sum, specialization of economic activities, by breaking up the economic process, had made it possible for people to concentrate on one portion of the process and,

by maximizing that portion, to jeopardize the rest. The process was not only broken up into producers, exchangers, and consumers but there were also two kinds of exchangers (one concerned with goods, the other with money), with almost antithetical, short-term, aims. The problems which inevitably arose could be solved and the system reformed only by reference to the system as a whole. Unfortunately, however, three parts of the system, concerned with the production, transfer, and consumption of goods, were concrete and clearly visible so that almost anyone could grasp them simply by examining them, while the operations of banking and finance were concealed, scattered, and abstract so that they appeared to many to be difficult. To add to this, bankers themselves did everything they could to make their activities more secret and more esoteric. Their activities were reflected in mysterious marks in ledgers which were never opened to the curious outsider.

In the course of time the central fact of the developing economic system, the relationship between goods and money, became clear, at least to bankers. This relationship, the price system, depended upon five things: the supply and the demand for goods, the supply and the demand for money, and the speed of exchange between money and goods. An increase in three of these (demand for goods, supply of money, speed of circulation) would move the prices of goods up and the value of money down. This inflation was objectionable to bankers, although desirable to producers and merchants. On the other hand, a decrease in the same three items would be deflationary and would please bankers, worry producers and merchants, and delight consumers (who obtained more goods for less money). The other factors worked in the opposite direction, so that an increase in them (supply of goods, demand for money, and slowness of circulation or exchange) would be deflationary [and vice versa]. Such changes of prices, either inflationary or deflationary, have been major forces in history for the last six centuries at least. Over that long period, their power to modify men's lives and human history has been increasing.

Bankers Obsessed With Maintaining Value of Money

Rising prices benefit debtors and injure creditors, while falling prices do the opposite. A debtor called upon to pay a debt at a time when prices are higher than when he contracted the debt must yield up less goods and services than he obtained at the earlier date, on a lower price level when he borrowed the money. A creditor, such as a bank, which has lent money—equivalent to a certain quantity of goods and services—on one price level, gets back the same amount of money—but a smaller quantity of goods and services—when repayment comes at a higher price level, because the money repaid is then less valuable. This is why bankers, as creditors in money terms, have been obsessed with maintaining the value of money, although the reason they have traditionally given for this obsession—that "sound money" maintains "business confidence"—has been propagandist rather than accurate.

Hundreds of years ago, bankers began to specialize, with the richer and more influential ones associated increasingly with foreign trade and foreign-exchange transactions. Since these were richer and more cosmopolitan and increasingly concerned with questions of political significance, such as stability and debasement of currencies, war and peace, dynastic marriages, and worldwide trading monopolies, they became the financiers and financial advisers of governments. Moreover, since their relationships with governments were always in monetary terms and not real terms, and since they were always obsessed with the stability of monetary exchanges between one country's money and another, they used their power and influence to do two things: (1) to get all money and debts expressed in terms of a strictly limited commodity—ultimately gold; and (2) to get all monetary matters out of the control of governments and political authority, on the ground that they would be handled better by private banking interests.

Bankers Create Money Out of Nothing

For generations men had sought to avoid the one drawback of gold, its heaviness, by using pieces of paper to represent specific pieces of gold. We call such pieces of paper gold certificates. Such a certificate entitles its bearer to exchange it for its piece of gold on demand, but in view of the convenience of paper, only a small fraction of certificate holders ever did make such demands. It early became clear that gold need be held on hand only to the amount needed to cover the fraction of certificates likely to be presented for payment; accordingly, the rest of the gold could be used for business purposes, or, what amounts to the same thing, a volume of certificates could be issued greater than the volume of gold reserved for payment of demands against them. Such an excess volume of paper claims against reserves we now call bank notes.

In effect, this creation of paper claims greater than the reserves available means that bankers were creating money out of nothing. The same thing could be done in another way, not by note-issuing banks but by deposit banks. Deposit bankers discovered that orders and checks drawn against deposits by depositors and given to third persons were often not cashed by the latter but were deposited to their own accounts. Thus there were no actual movements of funds, and payments were made simply by bookkeeping transactions on the accounts. Accordingly, it was necessary for the banker to keep on hand in actual money ... no more than the fraction of deposits likely to be drawn upon and cashed; the rest could be used for loans, and if these loans were made by creating a deposit for the borrower, who in turn would draw checks upon it rather than withdraw it in money, such "created deposits" or loans could also be covered adequately by retaining reserves to only a fraction of their value.

The Dynasties of International Bankers

The merchant bankers of London ... brought into their financial network the provincial banking centers, organized as commercial banks and savings banks, as well as insurance companies, to form all of these into a single financial system on an international scale which manipulated the quantity and flow of money so that they were able to influence, if not control, governments on one side and industries on the other. The men who did this, looking backward toward the period of dynastic monarchy in which they had their own roots, aspired to establish dynasties of international bankers and were at least as successful at this as were many of the dynastic political rulers. The greatest of these dynasties, of course, were the descendants of Meyer Amschel Rothschild (1743-1812) of Frankfort, whose male descendants, for at least two generations, generally married first cousins or even nieces.

In concentrating, as we must, on the financial or economic activities of international bankers, we must not totally ignore their other attributes. They were, especially in later generations, cosmopolitan rather than nationalistic. They were usually highly civilized, cultured gentlemen, patrons of education and of the arts, so that today colleges, professorships, opera companies, symphonies, libraries, and museum collections still reflect their munificence. For these purposes they set a pattern of endowed foundations which still surround us today.

Bankers Felt Politicians Could Not Be Trusted With the Monetary System

The influence of financial capitalism and of the international bankers who created it was exercised both on business and on governments, but could have done neither if it had not been able to persuade both these to accept two "axioms" of its own ideology. Both of these were based on the assumption that politicians were too weak and too subject to temporary popular pressures to be trusted with control of the money system; accordingly, the sanctity of all values and the soundness of money must be protected in two ways: by basing the value of money on gold and by allowing bankers to control the supply of money. To do this it was necessary to conceal, or even to mislead, both governments and people about the nature of money and its methods of operation.

In most countries the central bank was surrounded closely by the almost invisible private investment banking firms. These, like the planet Mercury, could hardly be seen in the dazzle emitted by the central bank which they, in fact, often dominated. Yet a close observer could hardly fail to notice the close private associations between these private, international bankers and the central bank itself. Two of the five factors which determined the value of money are the supply and the demand for money. The supply of money in a single country was subject to no centralized, responsible

control in most countries over recent centuries. Instead, there were a variety of controls of which some could be influenced by bankers, some could be influenced by the government, and some could hardly be influenced by either. Central banks can usually vary the amount of money in circulation by "open market operations" or by influencing the discount rates of lesser banks. In open market operations, a central bank buys or sells government bonds in the open market. If it buys, it releases money into the economic system; if it sells it reduces the amount of money in the community. The change is greater than the price paid for the securities [due to the fractional reserve system].

Central banks can also change the quantity of money by influencing the credit policies of other banks. This can be done by various methods, such as changing the re-discount rate or changing reserve requirements. By changing the re-discount rate, we mean the interest rate which central banks charge lesser banks for loans. By raising the re-discount rate the central bank forces the lesser bank to raise its discount rate in order to operate at a profit; such a raise in interest rates tends to reduce the demand for credit and thus the amount of deposits (money). Lowering the re-discount rate permits an opposite result. The powers of governments over the quantity of money are of various kinds, and include (a) control over a central bank, (b) control over public taxation, and (c) control over public spending. The control of governments over central banks varies greatly from one country to another, but on the whole has been increasing. Since most central banks have been (technically) private institutions, this control is frequently based on custom rather than on law.

The powers of the government over the quantity of money in the community exercised through taxation and public spending are largely independent of banking control. Taxation tends to reduce the amount of money in a community and is usually a deflationary force; government spending tends to increase the amount of money in a community and is usually an inflationary force. The total effects of a government's policy will depend on which item is greater. An unbalanced budget will be inflationary; a budget with a surplus will be deflationary.

Money Power-Controlled by International Investment Bankers-Dominates Business and Government

On the whole, in the period up to 1931, bankers, especially the Money Power controlled by the international investment bankers, were able to dominate both business and government. They could dominate business, especially in activities and in areas where industry could not finance its own needs for capital, because investment bankers had the ability to supply or refuse to supply such capital. Thus, Rothschild interests came to dominate many of the railroads of Europe, while Morgan dominated at least 26,000 miles of American railroads. Such bankers went further than this. In return for flotations of securities of industry, they took seats on the boards

of directors of industrial firms, as they had already done on commercial banks, savings banks, insurance firms, and finance companies. From these lesser institutions they funneled capital to enterprises which yielded control and away from those who resisted. These firms were controlled through interlocking directorships, holding companies, and lesser banks. They engineered amalgamations and generally reduced competition, until by the early twentieth century many activities were so monopolized that they could raise their noncompetitive prices above costs to obtain sufficient profits to become self-financing.

But before that stage was reached a relatively small number of bankers were in positions of immense influence in European and American economic life. As early as 1909, Walter Rathenau, who was in a position to know (since he had inherited from his father control of the German General Electric Company and held scores of directorships himself), said, "Three hundred men, all of whom know one another, direct the economic destiny of Europe and choose their successors from among themselves."

The Power of Investment Bankers Over Governments

The power of investment bankers over governments rests on a number of factors, of which the most significant, perhaps, is the need of governments to issue short-term treasury bills as well as long-term government bonds. Just as businessmen go to commercial banks for current capital advances to smooth over the discrepancies between their irregular and intermittent incomes and their periodic and persistent outgoes, so a government has to go to merchant bankers (or institutions controlled by them) to tide over the shallow places caused by irregular tax receipts. As experts in government bonds, the international bankers not only handled the necessary advances, but provided advice to government officials and, on many occasions, placed their own members in official posts for varied periods to deal with special problems. This is so widely accepted even today that in 1961 a Republican investment banker became Secretary of the Treasury in a Democratic Administration in Washington without significant comment from any direction.

Naturally, the influence of bankers over governments during the age of financial capitalism (roughly 1850-1931) was not something about which anyone talked freely, but it has been admitted frequently enough by those on the inside, especially in England. In 1852 Gladstone, chancellor of the Exchequer, declared, "The hinge of the whole situation was this: the government itself was not to be a substantive power in matters of Finance, but was to leave the Money Power supreme and unquestioned." On September 26, 1921, *The Financial Times* wrote, "Half a dozen men at the top of the Big Five Banks could upset the whole fabric of government finance by refraining from renewing Treasury Bills."

Montagu Norman and J. P. Morgan Dominate the Financial World

In addition to their power over government based on government financing and personal influence, bankers could steer governments in ways they wished them to go by other pressures. Since most government officials felt ignorant of finance, they sought advice from bankers whom they considered to be experts in the field. The history of the last century shows, as we shall see later, that the advice given to governments by bankers, like the advice they gave to industrialists, was consistently good for bankers, but was often disastrous for governments, businessmen, and the people generally.

Such advice could be enforced if necessary by manipulation of exchanges, gold flows, discount rates, and even levels of business activity. The powers of these international bankers reached their peak in the last decade of their supremacy, 1919-1931, when Montagu Norman and J. P. Morgan dominated not only the financial world but international relations and other matters as well. On November 11, 1927, the Wall Street Journal called Mr. Norman "the currency dictator of Europe." This was admitted by Mr. Norman himself before the Court of the Bank on March 21, 1930, and before the Macmillan Committee of the House of Commons five days later. On one occasion ... Mr. Norman is reported to have said, "I hold the hegemony of the world." It might be added that Governor Norman rarely acted in major world problems without consulting with J. P. Morgan's representatives.

Cecil Rhodes Organized a Secret Society in 1891

[Cecil] Rhodes (1853-1902) feverishly exploited the diamond and goldfields of South Africa, rose to be prime minister of the Cape Colony (1890-1896), contributed money to political parties, controlled parliamentary seats both in England and in South Africa, and sought to win a strip of British territory across Africa from the Cape of Good Hope to Egypt and to join these two extremes together with a telegraph line and ultimately with a Cape-to-Cairo Railway. Rhodes inspired devoted support for his goals from others in South Africa and in England. With financial support from Lord Rothschild and Alfred Beit, he was able to monopolize the diamond mines of South Africa as De Beers Consolidated Mines and to build up a great gold mining enterprise as Consolidated Gold Fields. In the middle 1890's Rhodes had a personal income of at least a million pounds sterling a year [equivalent to about \$100 million a year in current U.S. dollars] which was spent so freely for his mysterious purposes that he was usually overdrawn on his account.

[An] association was formally established on February 5, 1891, when Rhodes and [William] Stead organized a secret society of which Rhodes had been dreaming for sixteen years. In this secret society Rhodes was to be leader; Stead, Brett, and Milner were to form an executive committee; Arthur (Lord) Balfour, (Sir) Harry Johnston, Lord Rothschild, Albert (Lord) Grey, and others were listed as potential members of

a "Circle of Initiates"; while there was to be an outer circle known as the "Association of Helpers" (later organized by Milner as the Round Table organization).

In 1919 [Rhodes' followers] founded the Royal Institute of International Affairs (Chatham House) for which the chief financial supporters were Sir Abe Bailey and the Astor family (owners of *The Times*). Similar Institutes of International Affairs were established in the chief British dominions and in the United States (where it is known as the Council on Foreign Relations) in the period 1919-1927. The power and influence of this Rhodes-Milner group in British imperial affairs and in foreign policy since 1889, although not widely recognized, can hardly be exaggerated. We might mention as an example that this group dominated *The Times* from 1890 to 1912, and has controlled it completely since 1912 (except for the years 1919-1922). In spite of the terms of the Rhodes wills, Rhodes himself was not a racist. Nor was he a political democrat. He worked as easily and as closely with Jews, black natives, or Boers as he did with English. His greatest weakness rested on the fact that his passionate attachment to his goals made him overly tolerant in regard to methods. He did not hesitate to use either bribery or force to attain his ends if he judged they would be effective.

America Becomes the World's Greatest Creditor

By 1914 Britain's supremacy as financial center, as commercial market, as creditor, and as merchant shipper was being threatened. At this critical stage in Britain's development, the World War occurred. This had a double result as far as this subject is concerned. It forced Britain to postpone indefinitely any reform of her industrial system to adjust it to more modern trends; and it speeded up the development of these trends so that what might have occurred in twenty years was done instead in five.

The war changed the position of the United States in respect to the rest of the world from that of a debtor owing about \$3 billion to that of a creditor owed \$4 billion. This does not include intergovernmental debts of about \$10 billion owed to the United States as a result of the war. At the same time, Britain's position changed from a creditor owed about \$18 billion to a creditor owed about \$13.5 billion. In addition, Britain was owed about \$8 billion in war debts from her Allies ... and owed to the United States war debts of well over \$54 billion. Most of these war debts and reparations were sharply reduced after 1920, but the net result for Britain was a drastic change in her position in respect to the United States.

The basic economic organization of the world was modified in other ways. The more backward areas of Europe and the world had been industrialized to a great degree and were unwilling to fall back to a position in which they would obtain industrial products from Britain, Germany, or the United States in return for their raw materials and food. This refusal was made more painful for both sides by the

fact that these backward areas had increased their outputs of raw materials and food so greatly that the total could hardly have been sold even if they had been willing to buy all their industrial products from their prewar sources.

The result was a situation where all countries were eager to sell and reluctant to buy, and sought to achieve these mutually irreconcilable ends by setting up subsidies and bounties on exports, tariffs, and restrictions on imports, with disastrous results on world trade. The only sensible solution to this problem of excessive productive capacity would have been a substantial rise in domestic standards of living, but this would have required a fundamental reapportionment of the national income so that claims to the product of the excess capacity would go to those masses eager to consume, rather than continue to go to the minority desiring to save. Such a reform was rejected by the ruling groups in both "advanced" and "backward" countries, so that this solution was reached only to a relatively small degree in a relatively few countries.

The system of international payments which had worked ... before 1914 worked only haltingly after that date, and practically ceased to work at all after 1930. The chief cause of these factors was that neither goods nor money obeyed purely economic forces and did not move as formerly to the areas in which each was most valuable. The chief result was a complete mal-distribution of gold, a condition which became acute after 1928 and which by 1933 had forced most countries off the gold standard.

Money Power Seeks to Create a World System of Financial Control in Private Hands Able to Dominate Every Nation on Earth

The powers of financial capitalism had [a] far-reaching aim, nothing less than to create a world system of financial control in private hands able to dominate the political system of each country and the economy of the world as a whole. This system was to be controlled in a feudalist fashion by the central banks of the world acting in concert, by secret agreements arrived at in frequent private meetings and conferences. The apex of the system was to be the Bank for International Settlements in Basel, Switzerland, a private bank owned and controlled by the world's central banks which were themselves private corporations.

Each central bank, in the hands of men like Montagu Norman of the Bank of England, Benjamin Strong of the New York Federal Reserve Bank, Charles Rist of the Bank of France, and Hjalmar Schacht of the Reichsbank, sought to dominate its government by its ability to control Treasury loans, to manipulate foreign exchanges, to influence the level of economic activity in the country, and to influence cooperative politicians by subsequent economic rewards in the business world.

Norman Was the Commander-in-Chief of the World System of Banking Control

The commander in chief of the world system of banking control was Montagu Norman, Governor of the Bank of England, who was built up by the private bankers to a position where he was regarded as an oracle in all matters of government and business. In January, 1924, Reginald McKenna, who had been chancellor of the Exchequer in 1915-1916, as chairman of the board of the Midland Bank told its stockholders: "I am afraid the ordinary citizen will not like to be told that the banks can, and do, create money.... And they who control the credit of the nation direct the policy of Governments and hold in the hollow of their hands the destiny of the people."

Montagu Norman's position may be gathered from the fact that his predecessors in the governorship, almost a hundred of them, had served two-year terms, increased rarely in time of crisis. But Norman held the position for twenty-four years (1920-1944). Norman was a strange man whose mental outlook was one of successfully suppressed hysteria or even paranoia. He had no use for governments and feared democracy. Both of these seemed to him to be threats to private banking. Strong-willed, tireless, and ruthless, he viewed his life as a kind of cloak-and-dagger struggle with the forces of ... sound money.

Norman had a devoted colleague in Benjamin Strong, the first governor of the Federal Reserve Bank of New York. Strong owed his career to the favor of the Morgan Bank. He became governor of the Federal Reserve Bank of New York as the joint nominee of Morgan and of Kuhn, Loeb, and Company in 1914. Two years later, Strong met Norman for the first time, and they at once made an agreement to work in cooperation for the financial practices they both revered. In the 1920's, they were determined to use the financial power of Britain and of the United States to force all the major countries of the world to go on the gold standard and to operate it through central banks free from all political control, with all questions of international finance to be settled by agreements by such central banks without interference from governments.

Norman and Strong Were Mere Agents of the Powerful Bankers Who Remained Behind the Scenes and Operated in Secret

It must not be felt that these heads of the world's chief central banks were themselves substantive powers in world finance. They were not. Rather, they were the technicians and agents of the dominant investment bankers of their own countries, who had raised them up and were perfectly capable of throwing them down. The substantive financial powers of the world were in the hands of these investment bankers who remained largely behind the scenes in their own unincorporated private banks.

These formed a system of international cooperation and national dominance which was more private, more powerful, and more secret than that of their agents in the central banks.

This dominance of investment bankers was based on their control over the flows of credit and investment funds in their own countries and throughout the world. They could dominate the financial and industrial systems of their own countries by their influence over the flow of current funds through bank loans, the discount rate, and the re-discounting of commercial debts. They could dominate governments by their control over ... government loans and the play of the international exchanges. In this system the Rothschilds had been preeminent during much of the nineteenth century, but, at the end of that century, they were being replaced by J. P. Morgan whose central office was in New York, although it was always operated as if it were in London (where it had, indeed, originated as George Peabody and Company in 1838). The growth of financial capitalism made possible a centralization of world economic control and a use of this power for the direct benefit of financiers and the indirect injury of all other economic groups.

Money Power Creates an Ingenious Plan to Create and Control Giant Monopolies

[Financial capitalists eventually] sought to sever control from ownership of securities, believing they could hold the former and relinquish the latter. On the industrial side, they sought to advance monopoly and restrict production, thus keeping prices up and their security holdings liquid. The efforts of financiers to separate ownership from control were aided by the great capital demands of modern industry. Such demands for capital made necessary the corporation form of business organization. This inevitably brings together the capital owned by a large number of persons to create an enterprise controlled by a small number of persons. The financiers did all they could to make the former number as large as possible and the latter number as small as possible. The result of this was that larger and larger aggregates of wealth fell into the control of smaller and smaller groups of men.

While financial capitalism was thus weaving the intricate pattern of modern corporation law and practice on one side, it was establishing monopolies and cartels on the other. Both helped to dig the grave of financial capitalism and pass the reins of economic control on to the newer monopoly capitalism. On one side, the financiers freed the controllers of business from the owners of business, but on the other side, this concentration gave rise to monopoly conditions which freed the controllers from the banks.

There does exist, and has existed for a generation, an international Anglophile network. I know of the operations of this network because I have studied it for twenty years and was permitted for two years, in the early 1960's, to examine its papers and

secret records. I have no aversion to it or to most of its aims and have, for much of my life, been close to it and to many of its instruments. I have objected, both in the past and recently, to a few of its policies ... but in general my chief difference of opinion is that it wishes to remain unknown, and I believe its role in history is significant enough to be known.

3. Europe till 1900: A brief Overview

3.1 When Money Could Grow

Located where Iraq is today, Sumer was a agrarian economy with a financial system based on abundance and shared wealth. One of the oldest known bronze coins was the Sumerian shekel, dating from 3,200 B.C. It was inscribed with the likeness of the Goddess Inanna-Ishtar, who bestowed kingship in Sumer and was the goddess of fertility, life and death. Inanna wore the horns of a cow, the sacred animal that personified the Great Mother everywhere in ancient myth. Hathor, the Egyptian equivalent, had cow ears and a human face and was the goddess of love, fertility and abundance. Her horn was the “cornucopia” from which poured the earth’s plenty. Isis, an even more powerful Egyptian mother figure, was portrayed wearing the horns of a cow with the sun disc between them. In India, the cow goddess was Kali, for whom cows are sacred to this day.

Cows were also associated with money, since they were an early medium of exchange. The Sumerian word for “interest” was the same as the word for “calf.” It was natural to repay advances of cattle with an extra calf, because the unit of exchange itself multiplied over the loan period. This was also true for grain, for which the temples served as storehouses. Grain advanced over the growing period was repaid with extra grain after the harvest, in gratitude to God for multiplying the community’s abundance. The temples were public institutions that also served welfare functions, including the support of widows, orphans, the elderly and infirm. Temples were endowed with land to provide food for their dependent labor, and resources such as herds of sheep to provide wool for their workshops. They operated autonomously, supporting themselves not through taxation but by renting lands and workshops and charging interest on loans. Goods were advanced to traders, who returned the value of the goods plus interest. The temples also acted as central banks. Sacrificial coins inscribed “debt to the Gods” were paid to farmers in acknowledgment that wheat had been contributed to the temple. These coins were also lent to borrowers. When interest was paid on the loans, it went back to the temple to fund the community’s economic and social programs and to cover losses from bad loans.

It was only after the Indo-European invasions of the second millennium B.C. that moneylending became the private enterprise of the infamous moneychangers. In the temple system, the community extended credit and received the money back with interest. In the system that displaced it, interest on debts went into private vaults to build the private fortunes of the moneychangers. Interest was thus transformed from a source of income for the community into a tool for impoverishing and enslaving

people and nations. Unlike corn and cows, the gold the moneylenders lent was inorganic. It did not “grow,” so there was never enough to cover the additional interest charges added to loans. When there was insufficient money in circulation to cover operating expenses, farmers had to borrow until harvest time; and the odd man out in the musical chairs of finding eleven coins to repay ten wound up in debtor’s prison. Historically, most slavery originated from debt.

Money as a Simple Tally of Accounts

Meanwhile, England was faced with the problem of what to use for money when the country was short of gold. The coinage system was commodity-based. It assumed that “money” was something having value in itself (gold or silver), which was bartered or traded for goods or services of equal value. The first known coins were issued by governments; and their value was the value stamped on them, not the price at which the metal traded. Money was a mere fiat of the law. Fiat means “let it be done” in Latin. “Fiat money” is money that is legal tender by government decree. It is simply a “tally,” something representing units of value that can be traded in the market, a receipt for goods or services that can legally be tendered for other goods or services. In Mandarin China, where paper money was invented in the ninth century, this sort of fiat currency funded a long and prosperous empire. Fiat money was also used successfully in medieval England, but in England it was made of wood.

The English tally system originated with King Henry I, son of William the Conqueror, who took the throne in 1100 A.D. The printing press had not yet been invented, and taxes were paid directly with goods produced by the land. Under King Henry’s innovative system, payment was recorded with a piece of wood that had been notched and split in half. One half was kept by the government and the other by the recipient. To confirm payment, the two halves were matched to make sure they “tallied.” Since no stick splits in an even manner, and since the notches tallying the sums were cut right through both pieces of wood, the method was virtually foolproof against forgery. The tally system has been called the earliest form of bookkeeping. According to historian M. T. Clanchy in *From Memory to Written Record, England 1066-1307*:

“Tallies were ... a sophisticated and practical record of numbers. They were more convenient to keep and store than parchments, less complex to make, and no easier to forge.”

Only a few hundred tallies survive, Clanchy writes, but millions were made. Tallies were used by the government not only as receipts for the payment of taxes but to pay soldiers for their service, farmers for their wheat, and laborers for their labor. At tax time, the treasurer accepted the tallies in payment of taxes. By the thirteenth century, the financial market for tallies was sufficiently sophisticated that they could be bought, sold, or discounted. Tallies were used by individuals and institutions to register debts, record fines, collect rents, and enter payments for services rendered.

In the 1500s, King Henry VIII gave them the force of a national currency when he ordered that tallies must be used to evidence the payment of taxes.⁹ That meant everyone had to have them. In *War Cycles, Peace Cycles*, Richard Hoskins writes that by the end of the seventeenth century, about 14 million pounds worth of tally-money was in circulation.

3.2 The Money Lenders

The image of puppet and puppeteer has long been a popular metaphor for describing the Money Power pulling the strings of government. Benjamin Disraeli, British Prime Minister from 1868 to 1880, said, “The world is governed by very different personages from what is imagined by those who are not behind the scenes.” Nathan Rothschild, who controlled the Bank of England after 1820, notoriously declared:

“I care not what puppet is placed upon the throne of England to rule the Empire on which the sun never sets. The man who controls Britain’s money supply controls the British Empire, and I control the British money supply.”

In the documentary video *The Money Masters*, narrator Bill Still uses the puppet metaphor to describe the transfer of power from the royal line of English Stuarts to the German royal House of Hanover in the eighteenth century:

“England was to trade masters: an unpopular King James II for a hidden cabal of Money Changers pulling the strings of their usurper, King William III, from behind the scenes. This symbiotic relationship between the Money Changers and the higher British aristocracy continues to this day. The monarch has no real power but serves as a useful shield for the Money Changers who rule the City In its 20 June 1934 issue, *New Britain* magazine of London cited a devastating assertion by former British Prime Minister David Lloyd George, that “Britain is the slave of an international financial bloc.”

Where did these international financiers come from, and how had they achieved their enormous power? The moneylenders had been evicted not only from England but from other European countries.

Today the term Jew is used very loosely to define people who have at one time or another embraced the Jewish Faith. Many of these are not actually Semitic in racial origin. A great number of people who accepted the Jewish Faith are descendants of the Herodians who were Idumeans of Turkish-Mongol blood. They are actually Edomites. The Non-Semitic and Turk-Finnish races infiltrated into Europe from Asia about the first century after the advent of Christ. They took the land route North of the Caspian Sea. These peoples are referred to in history as Khazars. They were a pagan people. They settled in Eastern Europe and established the powerful Khazar

Kingdom. They expanded their domains by military conquests until, by the end of the 8th Century, they occupied the greater portion of Eastern Europe west of the Ural Mountains, and North of the Black Sea. The Khazars ultimately accepted Judaism as their religion in preference to Christianity or Mohammedanism. Synagogues, and schools for teaching Judaism, were built throughout their Kingdom. At the peak of their power the Khazars were collecting tribute from twentyfive conquered peoples. The Great Khazar Kingdom flourished for almost five hundred years. Then, towards the end of the 10th century, the Khazars were defeated in battle by the Varangians (Russians) who swept down upon them from the North. The conquest of the Khazars was completed by the end of the 13th Century. The revolutionary movement inspired by the Khazar-Jews went on within the Russian Empire from the 13th Century until the Red October Revolution of 1917. The conquest of the Khazars in the 13th century explains how so many people, now commonly referred to as Jews, remained within the Russian Empire.

Study of the World Revolutionary Movement (W.R.M.), from the time of Christ to the present day, proves that it is unjust to blame the whole Jewish Race for the crimes committed against humanity by a small group of false priests and money-lenders. These men always have been, and still are, The Secret Power behind Internationalism. They use Communism today (written in the 50s) as their manual of action to further their secret plans for ultimate world domination.

History proves that Seneca (4 B.C. to 65 A.D.) died because he, like Christ, tried to expose the corrupt practices and evil influence of the money-lenders who had infiltrated into the Roman Empire. Seneca was a famous Roman philosopher. He was chosen tutor to Nero who became Emperor of Rome. For a long time Seneca was Nero's best friend, and most trusted advisor. Nero married Popaea who brought him under the evil influence of the money-lenders. Nero became one of the most infamous rulers the world has ever known. His licentious conduct, and depraved habits, developed in him a character so base that he lived only to persecute and destroy everything that was good. His acts of revenge took the form of atrocities usually committed in public upon the victims of his wrath. Seneca lost his influence over Nero but he never stopped publicly denouncing the money-lenders for their evil influence and corrupt practices. Finally the money-lenders demanded that Nero take action against Seneca who was very popular with the people. So as not to arouse the wrath of the people against himself, and the money-lenders. Nero ordered Seneca to end his own life. This is the first recorded case in which the money-lenders made a person commit suicide because he had become troublesome to them, but it was by no means the last. History records dozens of similar suicides, and murders which were made to appear as accidents or suicides. Justinian I, (Flavius Anicius Justinianus 483-565 A.D.) wrote his famous book of law "Corpus Juris Civilis". He tried to put an end to the illegal methods of traffic and trade indulged in by certain Jewish merchants. By engaging in illegal trade, and wholesale smuggling, the Jewish

merchants, who were only agents of the Illuminati, obtained unfair advantage over their Gentile competitors. They put them out of business. The book of law, written by Justinian, was accepted as the text book of law right down to the 10th Century. Even to-day it is considered the most important of all documents of jurisprudence. But the money-lenders were able to offset the good Justinian tried to do.

Funk & Wagnall's Jewish Encyclopedia has this to say about the Jews in those days — "They enjoyed full religious liberty ... Minor offices were open to them. The trade in slaves constituted the main source of livelihood for the Roman Jews, and decrees against this traffic were issued in 335, 336, 339, 384 A.D., etc." There is the story in black and white. But history reveals that the Jewish merchants, and moneylenders, did not confine their illegal activities to the slave trade. It is recorded that they engaged in every form of illegal traffic including the drug trade, prostitution, wholesale smuggling of liquors, perfumes, jewels, and other dutiable goods. In order to protect their illegal trade and traffic they bribed and corrupted officials; by use of drugs and liquors, and women, they destroyed the morals of the people. History records that Justinian, although Emperor of the Roman Empire, wasn't strong enough to put a stop to their activities. Edward Gibbon (1737-1794) deals with the corrupting influence of the Jewish merchants and money-lenders. He credits them with contributing greatly to "The Decline and Fall of the Roman Empire". He wrote the book with that title. Gibbon gives considerable space to the part Popaea, Nero's wife, played in bringing about the conditions which started the people of Rome reeling drunkenly towards their own destruction.

With the fall of the Roman Empire, Jewish predominance was established. The nations of Europe entered into what historians name "The Dark Ages". The Encyclopedia Britannica has this to say on the subject. "There was an inevitable tendency for them (The Jewish merchants and money-lenders) to specialize in commerce for which their acumen, and ubiquity, gave them special qualifications. In the Dark Ages the commerce of Western Europe was largely in their hands, in particular, the Slave Trade." Jewish control of trade and commerce, both legal and illegal, grew tighter and tighter. It spread far and wide, until every European country's economy was more or less in their hands. Evidence in the form of Polish and Hungarian coins bearing Jewish inscriptions gives some indication of the power they exerted in financial matters during those days. The fact that the Jews made a special effort, to issue and control currency, supports the opinion that the moneylenders had adopted the slogan "Let us issue and control the money of a nation and we care not who make its laws", long before Amschel Mayer Bauer (1743-1812) used the slogan to explain to his co-conspirators the reason the Jewish money-lenders had obtained control of the Bank of England in 1694.

The barons, who were the leaders of Aryanism, determined they would break the Jewish control of trade, commerce and money in Europe. It was with this purpose in mind that in 1095 they obtained the support of certain Christian rulers to start

The Crusades or Holy Wars. Between 1095 and 1271 eight Crusades were organized. Officially, the Crusades were military expeditions undertaken to ensure the safety of Pilgrims who wished to visit the Holy Sepulchre and set up Christian Rule in Palestine. In actual fact they were wars fomented for the purpose of dividing the population of Europe into two camps. One camp pro-Jewish and the other Anti-Jewish. In more recent years, the Secret Powers divided the white race into Semitic and Anti-Semitic groups. Some of the Crusades were successful, some were not. The net result was that, in 1271, Palestine still remained in the hands of the Infidels, although the countries of Christendom had spent MILLIONS IN MONEY and treasure to finance the Crusades and sacrificed MILLIONS OF HUMAN LIVES fighting those Holy Wars. Strange to relate, the Jewish money lenders grew richer and stronger than ever.

There is one phase of the Crusades which must not be overlooked when the "Causes" are being studied in relation to the "Effects" they produced in later years. In 1215 the Roman Catholic Hierarchy held the Fourth Lateran Council. The main topic under consideration was Jewish aggression in all the countries of Europe. During this period of history the Rulers of the Church, and the Rulers of the State, worked in unity. The rulers of the Church, after due deliberation, expressed themselves in favor of continuing the Crusades. They also drew up, and passed Decrees, designed to put an end to usury and the Jewish money-lenders practice of using unethical methods in traffic and trade to obtain unfair advantage over Gentile competitors, and to curb corrupt and immoral practices. To achieve this purpose the dignitaries attending the Fourth Lateran Council decreed that in the future the Jews be restricted to living in their own quarters. Jews were absolutely prohibited from hiring Christians as their employees. This decree was passed because Jewish money-lenders and merchants, operated on the Joint Stock Company principle. They employed Christians to act as their front men while they hid in the background directing operations. This was convenient because, when anything went wrong, the Christian front men got the blame, and the punishment, while they got off scot-free. In addition, by the Decrees, Jews were absolutely prohibited from employing Christian females in their homes and establishments. This decree was passed because evidence was produced to prove that young females were systematically seduced, and then turned into prostitutes; their masters used them to obtain control over influential officials. Other decrees made it unlawful for Jews to engage in many commercial activities.

But even the power of the Church, supported by most Christian officials of the State, could not make the Money-Barons amenable to the law. All the decrees accomplished was to intensify the hatred the money-lenders had for the Church of Christ, and they started a continuing campaign to separate the Church from the State. To achieve this purpose they introduced the idea of secularism amongst the laity. In 1253 the French government ordered the Jews expelled because they refused to obey the law. Most of the Jews who were expelled went over to England. By 1255 the Jewish

moneylenders had obtained absolute control of many Church dignitaries and most of the Nobility.

In 1272 King Henry died. Edward I became King of England. He determined the Jewish leaders must give up the practice of usury. In 1275 he had Parliament pass the Statutes of Jewry. They were designed to curb the power Jewish usurers were exerting over their debtors, both Christians, and fellow Jews. The Statutes of Jewry were probably the first legislation in which The Commons in Parliament had an active part. They cannot be classified as Anti-Semitic because they actually protected the interests of honest and law-abiding Jews. But, as had happened so often before, the Jewish money-lenders thought that the power they could exert over both the Church and the State, would permit them to defy the king's decree in the same way as they had set at nought those passed by the Lateran Council. They made a grave mistake. In 1290 King Edward issued another decree. ALL Jews were expelled from England. This was the start of what historians call The Great Eviction. After Edward I started the ball rolling, all the Crowned Heads of Europe followed his example. In 1306 France expelled the Jews. In 1348 Saxony followed suit. In 1360 Hungary; in 1370 Belgium; in 1380 Slovakia; in 1420 Austria; in 1444 The Netherlands; in 1492 Spain. The expulsion of the Jews from Spain has special signification. It throws light on the Spanish Inquisition. Most people have the idea the Inquisition was instituted by Roman Catholics to persecute Protestants who had broken away from the Church. As a matter of fact the Inquisition, as introduced by Pope Innocent III, was a means of unmasking heretics, and infidels, who were masquerading as Christians for the purpose of destroying the Christian Religion from within.[10] It didn't make the slightest difference to the Inquisitors whether the accused was Jew or Gentile, black or white. The terrible ceremony of the "Auto-da-Fé" or "Act of Faith", was specially designed to be used in connection with the execution of all convicted heretics, and infidels, when Torquemada (1420-1498) was Grand Inquisitor. It is these hidden incidents which reveal so much truth. It was in Spain, during the 14th Century, that the Jewish money-lenders first succeeded in having the loans they made the State secure by the right to collect the taxes levied upon the people. They used such cruelty, when demanding their Pound of Flesh, that it only required the inflammatory oratory of the priest Fernando Martenez to produce mass action which ended in one of the bloodiest massacres recorded in history. Here again is a perfect example of how thousands of innocent Jews were victimized, for the sins and crimes committed against humanity by just a few. In 1495 Lithuania expelled the Jews. In 1498 Portugal; in 1540 Italy; in 1551 Bavaria. It is important to remember that during the general evictions certain wealthy and influential Jews managed to obtain sanctuary in Bordeaux, Avignon, certain Papal States, Marseille, Northern Alsace, and part of northern Italy. But, as stated in the Encyclopedia Britannica, "The masses of the Jewish people were thus to be found once more, in the East and in the Polish and Turkish Empires.

The few communities suffered to remain in Western Europe were meantime subjected at last to all the restrictions which earlier Ages had usually allowed to remain as an ideal; so that, in a sense, the Jewish Dark Ages may be said to begin with the Renaissance. This admission would indicate there is some justification for the claim made by certain historians that not until the Western European nations wrested economic control from the Jewish moneylenders did the rebirth of western civilization occur. Following the Great Eviction the Jews again resumed living in Ghettos or Kahals. Thus, isolated from the masses of the population, the Jews were under the direction and control of the Rabbis and Elders, many of whom were influenced and the wealthy Jewish money-lenders who remained in their various sanctuaries. The Rabbis reminded them that, as the chosen people of God, the day would come when they would have their revenge and inherit the earth. They organized these negative conditions, into the World Revolutionary Movement, based on Terrorism. From its very inception the internationalminded Money-Barons, and THEIR High Priests, designed, financed, and controlled the World Revolutionary Movement. They used it as the instrument by which they would obtain their revenge on the Christian churches, and the Crowned Heads, of Europe. History proves, HOW the Money-Barons developed the revolutionary movement into International Communism as we know it to-day. They organized individual acts of terrorism into a disciplined revolutionary movement. They then planned systematic infiltration of the Jews back into the countries from which they had been expelled. Because their re-entry was illegal the only method by which infiltration could be accomplished was to establish Jewish Undergrounds. Because the Jews who infiltrated into the Undergrounds of the European cities could not obtain lawful employment they were supplied with funds with which to develop the Black Market system. They indulged in every kind of illegal traffic and trade. Working on the principle of the Joint Stock Co., the identity of the Money-Barons, who owned and controlled this vast underground system always remained secret. The Jews were back in England in 1600; back in Hungary in 1500. They were expelled again in 1582; they were back in Slovakia in 1562 but were expelled again in 1744; they were back in Lithuania in 1700. But, regardless of how many times they were expelled, there always remained the Jewish underground from which the revolutionary activities of the Secret Powers were conducted.

Many Khazars of Russia moved into Germany, the home of a Jewish philosopher, Moses Mendelssohn (1729-1786), who appealed to many non-Jews as well as Jews. He believed that the "Jews had erected about themselves a mental ghetto to balance the physical ghetto around them." His goal was to guide the Jews "out of this mental ghetto into the wide world of general culture—without, however, doing harm to their culture." People refer to this movement as Haskalah, or enlightenment. He encouraged the Jews in Germany to learn the language instead of using an altered form of the vernacular. He translated the Torah, Genesis, Exodus, Leviticus, Numbers, and Deuteronomy, into German. However, Jews in Germany, including Moses Hess, opposed the movement, as many did in Russia, and evolved into radical nationalists.

3.3 Middle Ages

Modern schoolbooks generally portray the Middle Ages as a time of poverty, backwardness, and economic slavery, from which the people were freed only by the Industrial Revolution; but reliable early historians painted a quite different picture. Thorold Rogers, a nineteenth century Oxford historian, wrote that in the Middle Ages, “a labourer could provide all the necessities for his family for a year by working 14 weeks.” Fourteen weeks is only a quarter of a year! The rest of the time, some men worked for themselves; some studied; some fished. Some helped to build the cathedrals that appeared all over Germany, France and England during the period, massive works of art that were built mainly with volunteer labor. Some used their leisure to visit these shrines. One hundred thousand pilgrims had the wealth and leisure to visit Canterbury and other shrines yearly. William Cobbett, author of the definitive *History of the Reformation*, wrote that Winchester Cathedral “was made when there were no poor rates; when every labouring man in England was clothed in good woollen cloth; and when all had plenty of meat and bread....” Money was available for inventions and art, supporting the Michelangelos, Rembrandts, Shakespeares, and Newtons of the period.

The Renaissance is usually thought of as the flowering of the age; but the university system, representative government in a Parliament, the English common law system, and the foundations of a great literary and spiritual movement were all in place by the thirteenth century, and education was advanced and widespread. As one scholar of the era observes:

“We are very prone to consider that it is only in our time that anything like popular education has come into existence. As a matter of fact, however, the education afforded to the people in the little towns of the Middle Ages, represents an ideal of educational uplift for the masses such as has never been even distantly approached in succeeding centuries. The Thirteenth Century developed the greatest set of technical schools that the world has ever known... These medieval towns, ... during the course of the building of their cathedrals, of their public buildings and various magnificent edifices of royalty and for the nobility, succeeded in accomplishing such artistic results that the world has ever since held them in admiration.”

The common people had leisure, education, art, and economic security. According to *The Catholic Encyclopedia*: “Economic historians like Rogers and Gibbins declare that during the best period of the Middle Ages – say, from the thirteenth to the fifteenth century, inclusive – there was no such grinding and hopeless poverty, no such chronic semi-starvation in any class, as exists to-day among large classes in the great cities ... In the Middle Ages there was no class resembling our proletariat, which has no security, no definite place, no certain claim upon any organization or institution in the socio-economic organism.”

Richard Hoskins attributes this long period of prosperity to the absence of usurious lending practices.¹⁵ Rather than having to borrow the moneylenders' gold, the people relied largely on interest-free tallies. Unlike gold, wooden tallies could not become scarce; and unlike paper money, they could not be counterfeited or multiplied by sleight of hand. They were simply a unit of measure, a tally of goods and services exchanged. The tally system avoided both the depressions resulting from a scarcity of gold and the inflations resulting from printing paper money out of all proportion to the goods and services available for sale. Since the tallies came into existence along with goods and services, supply and demand increased together, and prices remained stable. The tally system provided an organic form of money that expanded naturally as trade expanded and contracted naturally as taxes were paid. Bankers did not have to meet behind closed doors to set interest rates and manipulate markets to keep the money supply in balance. It balanced the way a checkbook balances, as a matter of simple math. The system of government-issued tallies kept the British economy stable and thriving until the mid-seventeenth century, when Oliver Cromwell, the "Pretender," needed money to fund a revolt against the Tudor monarchy...

3.4 France

By about 500 AD a people called the Franks ruled northern France (they gave their name to France). From 481 to 511 a man called Clovis ruled them. He converted to Christianity and his people followed. Once they shared the same religion there was less difference between the Franks and the native Romano-Gallic people. Slowly the two intermarried and their cultures merged. Clovis also issued a body of laws called Salic law and in 507 AD he made the little town of Paris his capital. (Towns in France shrank in the 5th century with the collapse of Roman rule but they did not disappear entirely). Clovis also subdued parts of southern France. After his death in 511 at the age of 45 his descendants continued his work and by the mid-6th century the Franks ruled all of France. However the first dynasty of Frankish kings, known as the Merovingians had little power over the outlying parts of France. Provence and Burgundy kept some autonomy. So did Brittany. (Bretons migrated from southern England to Brittany in the 5th century). During the 7th century the Merovingian kings had less and less power. They became figureheads and were known as the do nothing kings. Increasingly it was a powerful family called the Carolingians who ruled France. They were a rich family who owned vast estates. They also held the hereditary post of 'mayor of the palace'.

Finally the Carolingians overthrew the Merovingian kings and in 751 the first Carolingian king, Pepin the short, took the throne. Pepin's son Charles Martel halted the Islamic advance into Europe at the battle of Poitiers in 732. He also defeated the Bavarians and the Saxons. His son Charlemagne carried on his work and created a great European empire. He also forced pagan Germans to 'convert' to Christianity. Finally in 800 AD the Pope crowned Charlemagne Emperor. Thus Charlemagne claimed to be the successor of the old Roman Emperors. Charlemagne was keen to keep the church's support so he founded many monasteries and he gave gifts of land to the church. Furthermore under Charlemagne there was a revival of art and learning called the Carolingian Renaissance. Charlemagne died in 814. His successor Louis the Pious announced that after his death the empire would be split among his sons. Louis died in 840 and after some fighting his sons made the treaty of Verdun in 843. This divided the Frankish realm into three. The western part was ruled by Charles the Bald from 838 to 877. In time it evolved into France. However from the end of the 8th century Arabs from North Africa raided France. More serious were raids by Vikings in the 9th and 10th centuries. The French kings were unable to stop them and they lost power to local magnates who offered protection to the local people. France began to fragment, especially in the south where the regions became steadily more independent. In the Northwest Brittany continued to be autonomous. Eventually in 911 Charles the Simple made a treaty with the Viking Chief, Rollo. He took Normandy in return for converting to Christianity and promising loyalty to Charles.

That ended the Viking threat but by the time Hugh Capet became king in 987 (founding the Capetian dynasty) French kings had little power over most of France. Counts and Dukes were largely independent. The Capetian kings directly ruled only a small area around Paris. The situation became more complicated in 1066 when William Duke of Normandy conquered England. Under the feudal system he was subordinate to the French king. Yet as king of England he was the French king's equal. Worse the mid-12th century Henry Count of Anjou married Eleanor of Aquitaine. In 1154 he became king of England. Afterwards the kings of England controlled huge parts of France. However in 1202 the French king Philip II went to war with the English King John and he captured most of the English kings lands in France. By the time Philip died he had greatly increased the area over which the French kings directly ruled. The process was continued by his grandson Louis IX (1226-1270) and by the late 13th century the French kings had control of most of France. However the English still controlled Aquitaine and Brittany and Burgundy were still semi-independent. However Philip the Fair (1285-1314) gradually extended the French king's control to the east by purchase and by marriage. Meanwhile the French economy boomed. Trade and commerce expanded and towns prospered. By the late 11th century Paris was booming. The arts - architecture, sculpture and literature flourished in France. Learning also flourished and many universities were founded, Paris in 1150, Toulouse in 1229, Montpellier in 1289, Avignon in 1303, Orleans in 1306 and Angers in 1337.

Meanwhile the last Capetian king, Charles the Fair, died in 1328 and his cousin Philip of Valois became Philip VI. However Edward III of England claimed the throne because his mother was king Charles the Fair's sister. (Salic law did not allow him to inherit the throne through a woman). So in 1337 a long and terrible series of wars began between England and France. The English won a naval battle at Sluys in 1340. In 1346 the English won a famous victory at Crecy with the longbow. Then in 1348 both England and France were devastated by the Black Death, which killed about one third of the population. Nevertheless the English went on to win the battle of Poitiers in 1356 and they captured the French king John II in 1358. The English demanded a huge ransom for John. Heavy taxes had to be raised to pay for it and the discontented peasants rose in rebellion in 1358. This rebellion was called the Jacquerie and it was crushed. The peace treaty of Bretigny was signed in 1360 and France was forced to surrender much of its territory. However the peace was only temporary. War began again in 1369. This time France was successful and by 1375 the English were driven back until they held no more than a few ports. However in 1392 the French king Charles VI became insane. As a result different factions in France began vying for power. One faction was led by Jean sans Peur (John the Fearless), Duke of Burgundy and the king's cousin. The other faction was led by the king's brother the Duke of Orleans. However the Duke of Orleans was assassinated and in 1415 the English invaded again. They won a great victory at Agincourt in 1415.

The Duke of Burgundy was assassinated in 1419. However the Burgundians then made an alliance with the English. They recognized Henry V of England as heir to the French throne. They also forced Charles VI to give his daughter to Henry in marriage. King Charles's son the Dauphin fled to the south leaving northern France in the hands of the English and the Burgundians. In 1422 when his father died he claimed the throne of France but he ruled only southern France. However in 1429 the tide turned. A woman named Jeanne D'Arc (Joan of Arc) led a French revival. Joan of Arc was a very strange person. Joan claimed she heard voices. She also wore men's clothes. Joan claimed that from about the age of 13 she heard 'voices'. We are not sure what caused to hear 'voices'. Today doctors could probably treat her but in the Middle Ages medicine was very primitive. However Joan of Arc persuaded the French king to allow her to rally the troops and inspire them at the battle of Orleans in 1429. The English were besieging the town but they were driven back. However the Burgundians captured the unfortunate Joan in 1430. They handed her over to the English who burned her as a heretic in 1431. However the French fight back continued. By 1453 the English had been driven out of all France except Calais. The defeat of the English brought the French kings control of Aquitaine, Normandy and Burgundy. Other parts of France also came under the king's control. Provence was absorbed in 1482. In 1491 Charles VIII (1483-1498) married Anne Duchess of Brittany and the region lost its autonomy. By the end of the 15th century France was a strong, centralized kingdom.

During the early 16th century France became richer and the population grew rapidly. Meanwhile in 1539 the edict of Villers-Cotterets made French the language of legal and official documents instead of Latin. Nevertheless many people continued to speak languages like Breton and Occitanian rather than French. However in the years 1494-1559 France became embroiled in a series of wars with Italy. They only ended with the Treaty of Cateau-Cambresis. Meanwhile France was rocked by the Reformation. In 1523 Jean Valliere became the first Protestant martyred in France. The persecution of Protestants grew worse after 1540. Meanwhile in 1541 Calvinism, a new branch of Protestantism, sprung up in France. Then, in 1562, a group of Protestants were massacred at Vassy by Catholics. This terrible event led to a series of religious wars in 1562-63, 1567-68, 1569-1570, 1573-74, 1576, 1577, 1579-1580 and 1585-1598. The worst event during these wars was the St Bartholomew's Day massacre in 1572. On that day as many as 3,000 Protestants were murdered in Paris by Catholics. Similar massacres took place in other French towns and perhaps another 8,000 Protestants died there. Then in 1589 King Henry III was assassinated leaving a Protestant, Henry of Navarre heir to the throne of France. Many Catholics refused to accept Henry, however and he had to fight for his throne. Yet in 1593 he converted to Catholicism and in 1594 he entered Paris. Finally in 1598 he issued the Edict of Nantes. This granted the Protestants the right to practice their religion and the right to hold certain fortified towns as security against attack. However war was not the only problem in late 16th century France. There were also a number of poor

harvests and in the 1580s and 1590s, epidemics. It was a troubled time for France.

In the 17th century the power of the French king grew and grew and by the end of the 17th century France had an absolute monarchy. Absolutism was summed up by Louis XIV when he said 'L'etat c'est moi' (I am the state). However things did not go smoothly in France. In 1610 King Henry IV was assassinated by a Catholic fanatic, Francois Ravallac. In 1610 Louis XIII became king. Much of his reign was dominated by Cardinal Richelieu, who became principal minister in 1624 and held power until his death in 1642. At the beginning of the 17th century French Protestants or Huguenots held their own fortified cities. However Louis XIII was determined to absorb them completely into his realm. In 1627 the people of La Rochelle rebelled and royal forces lay siege. La Rochelle surrendered in 1628 after a long and terrible siege. In 1618 the Thirty Years War began between several European powers. Two of the participants were Austria and Spain. Fearing France would be encircled if they grew too powerful Richelieu entered the war against them in 1635. Eventually the war went well for France. The French won a battle against the Spanish at Rocroi in 1643 and also advanced on the eastern front. However the war was very expensive and heavy taxes had to be raised to pay for it. As a result there were several uprisings in France. In 1636 rebellion broke out in the west. In 1639 an uprising occurred in Normandy. However the government crushed all rebellions. The war with Austria ended in 1648 but the war with Spain went on until 1659.

Meanwhile in 1643 Louis XIV became king of France. He was destined to become one of the greatest French kings and he was known as the 'sun king'. However early in his reign rebellion broke out. Between 1648 and 1652 there were a series of uprisings called the Fronde. These uprisings were led by angry nobles, keen to protect their feudal privileges from the encroaching power of the king. However, once again the government crushed them and restored order. Ironically the end of the Fronde left Louis XIV even more powerful than before. Then in 1661 Louis XIV decided to do without a principal minister and run things himself. However he was helped, until 1683, by a very able finance minister called Colbert. During Louis's reign art and science flourished in France. In 1661 an Academy of Dance was founded. It was followed by an Academy of Sciences in 1666, one of Architecture in 1671 and one of Music in 1672. Then in 1682 Louis moved into a magnificent new palace at Versailles. However Louis also involved France in many wars. They were the War of Devolution 1667-1668, the War Dutch War 1672-1678, the War of the League of Augsburg (1689-1697) and the War of the Spanish Succession (1701-1713). These wars were enormously expensive and taxes had to be increased to pay for them, placing a great burden on ordinary people. Furthermore in 1685 Louis revoked the Edict of Nantes, which granted the Protestants religious toleration. As a result France lost hundreds of thousands of its most skilled people as Protestants fled abroad. Worse France suffered from famine in 1693-1694 and in 1707-1710. Louis

XIV finally died in 1715.

The 18th century was a prosperous time for many French people. (There was some abject poverty of course but there was in any country at that time). French trade grew rapidly. So did the numbers of middle class people - those below the rich but above the poor. The population of France also rose. It was also an age of rationalism. Rationalist thinkers such as Voltaire (1694-1778) attacked the power of the Catholic church and also traditional laws and forms of government. Between 1751 and 1772 Denis Diderot (1713-1784) edited the Encyclopedia, which encouraged rationalist thought. Meanwhile many pamphlets and booklets were written attacking the established order. Many educated people in France were also influenced by the example of Britain. In 1726 Voltaire visited England and he wrote admiringly of it. No doubt he had an idealized view of England but at least it was ruled by parliament (even though only a small minority of men could vote). Imprisonment without trial was illegal and though there was a state church other Protestant churches were tolerated. Meanwhile in 1756-1763 France became embroiled in the Seven Years War. it proved to a disaster. France lost Canada and its position in India. Then in 1776 the British colonies in North America rebelled. The French were keen to assist the rebels and to get their revenge on the British. France joined the war in 1778 and played a key part in the American victory at Yorktown in 1781. Britain was forced to recognize the independence of the colonies in 1783.

The Revolt of the Nobles

The French Revolution began as a revolt of the nobles. In theory the king was an absolute monarch who could do as he pleased. However after 1774 it turned out he was not so powerful as he seemed. At first resistance to the king was led by bodies called parlements. They were not elected bodies. They were bodies of nobles who acted as royal courts. However one of their duties was to register the king's decrees. In the late 18th century the nobles who made up the parlements began to feel that their traditional feudal rights were under attack and they resisted the king by refusing to register decrees. (Most importantly the nobility were exempt from many taxes and they jealously guarded this right). Whenever the parlements of a parlement disagreed with the king they were eventually forced to submit but they were becoming foci of resistance to the king. In 1778 France declared war on Britain in support of the American colonists. The war was very expensive. France had to borrow heavily to pay for the war and the loans were very difficult to repay. So in 1786 the finance minister, Calonne, proposed a new tax on land (with no exemptions for the rich) and a stamp tax. Calonne feared the parlements would resist the idea so he persuaded the king to call a Council of notables to discuss the idea. Calonne hoped that if they agreed to it the parlements would not dare to resist.

However things did not go according to plan. The Assembly of Notables was not

elected, its members were appointed by the king and they were almost all nobles. Yet when they met in 1787 the notables declared they had no power to accept the plans. Instead they suggested the king call the Estates-General. (This was an elected body that had not met since 1614). The king dismissed the assembly and in June 1787 he sent the new tax measures to the Paris parlement to register. However, as feared the parlement refused to register. In August it was sent into exile but in September 1787 the king was forced to recall it. Across France parlements continued to reject the king's schemes and clamored for the Estates-General to be called. Finally in July 1788 the king gave in. He agreed to call the Estates-General. However the king was unlucky. The harvests of 1787 and 1788 were poor and bread (the staple food of the poor) was expensive so the people were in an ugly mood.

The French Revolution

The Estates-General had not met since 1614. It was divided into three parts. The third estate represented the ordinary people (the vast majority of the population). The second estate represented the clergy and the first estate represented the nobility. However the consent of all three estates was needed to pass a measure. So the nobles or the clergy could veto any measure passed by the third estate. The third estate thought that was not fair as they represented the vast majority of the people. They wanted the Estates-General to vote as a single unit, with all its members put together. If a majority of all the members voted for a measure it would pass. At that time half of all the members of the Estates-General were in the third estate. So if some members of the clergy and nobility voted with them they could push through reforms. The Estates-General met on 5 May 1789 and promptly began to argue over how they should vote. Finally the third estate lost patience and in June they declared themselves the true representatives of the people of France. On 17 June they declared themselves the National Assembly. On 19 June the clergy voted, by a narrow majority, to join them. However the king and his advisers were alarmed. So when the deputies arrived on Saturday 20 June they found their building locked and guarded by soldiers. However the third estate refused to disperse. They met in a tennis court nearby and took an oath not to disperse until the king met their demands. On Monday 22 June the majority of the clergy joined them.

The king prevaricated. Then finally, on 27 June, he caved in. He ordered the three estates to join together and vote as one body His decision caused rejoicing in Paris. It seemed that the reformers had one. However the king then ordered troops to march towards Paris. The people were alarmed and they searched for weapons to defend themselves. On the morning of 14 July 1789 they seized cannons and guns from the Invalides (a hospital for military veterans). They then surrounded a fortress and prison called the Bastille. The governor was forced to surrender. To the ordinary people the Bastille was enormously important as a symbol of royal

power and arbitrary government. The king was then advised that the army was unreliable. The soldiers might refuse to fire on the people. So Louis backed down from using force. In one stroke the king's authority evaporated. Following the fall of the Bastille Paris was given a new city government with a man named Bailly as mayor. To preserve law and order in Paris a citizen's militia was formed. It was called the National Guard and it was led by a man named Lafayette. A wave of unrest then swept rural France. It was known as the La Grand Peur (Great Fear). Rumors spread that the aristocrats had hired brigands to take revenge on the peasants. (At a time when people were anxious and desperate rumors spread quickly). The peasants grabbed arms to defend themselves. When the bands of brigands failed to appear the peasants turned on their masters.

The peasants had always been burdened with feudal dues to their lords. Now they seized and burned records of feudal dues. In some cases they sacked or burned buildings. Alarmed the National Assembly decided the only way to calm the situation was to abolish feudal dues as soon as possible. On the night of 4 August 1789 the assembly voted to scrap the feudal privileges of the nobility in France. On 26 August 1789 the Assembly voted for the Declaration of the Rights of Man and the Citizen. It declared that all men are born free and equal. Arbitrary arrest and imprisonment were outlawed. Furthermore in future all appointments to public posts would be open to everybody and would be solely on the basis of ability. However the economic situation in France grew worse. The price of bread continued to rise and the ordinary people grew more desperate. Meanwhile Louis ordered troops to move from the border to his palace at Versailles, near Paris, alarming the Parisians. On 5 October 1789 crowds of women gathered in Paris and seized arms and cannons. They marched to Versailles and entered a meeting of the National Assembly demanding bread. They also sent a deputation to the king who immediately gave in and accepted all the decrees previously made by the Assembly.

Meanwhile the National Guard marched out to Versailles. Their leader Lafayette, was reluctant to leave Paris unguarded but his men demanded it. When he arrived Lafayette 'requested' the king leave Versailles and come to Paris. However the crowds of ordinary people demanded it. Faced with popular uproar Louis gave in and on 6 October agreed to move to the capital. Meanwhile the Assembly reformed local government. The old parlements were swept away and new courts were formed. From then on 83 departments replaced the old regions of France. All were run by elected councils. The old taxes were abolished and replaced by new ones.

The Civil Constitution of the Clergy

The French revolution also broke the power of the Catholic Church in France. On 4 August 1789 tithes were abolished (until then people had to pay one tenth of their income to the Church). In November the Assembly voted to confiscate land

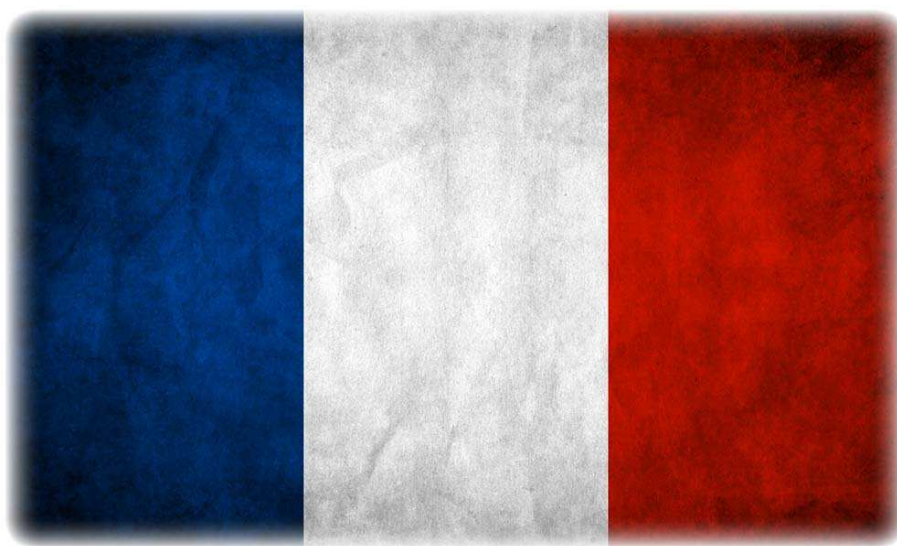


Figure 3.1: The French flag used since the Revolution.

belonging to the Church and pay the clergy a salary (making them state employees). A committee of the Assembly drew up plans to reform the Church. It decided a pay scale and changed the number of bishops. From then on there would be 83, one for each department. The number of parishes was also reduced. Furthermore in future parish priests would be elected by district assemblies. Bishops would be elected by departmental assemblies. These new plans were ready in July 1790 and they were called the Civil Constitution of the Clergy. However many of the clergy refused to co-operate and in November 1790 the Assembly voted to dismiss any clergyman who would not swear an oath of loyalty to the new constitution. Across France some clergymen did take the oath. Others refused and resigned. Furthermore from 1790 France began to split between those who felt the revolution had gone far enough and those who wanted to go further. Then in 1791 the king made things worse by attempting to flee France. On the night of 20 June he and his family slipped away. However the king was recognized. The royal party was stopped at Varennes. It was now obvious that the king rejected the revolution and would turn the clock back if he could. Louis alienated many people in France.

Nevertheless in September 1791 the new constitution was ready and the king accepted it. The king still kept some powers including the right to appoint and dismiss ministers. Furthermore not all men could vote. The poorest class was excluded but at the time that was normal. In October 1791 a new assembly called the legislative assembly met. The new assembly had a 'lifetime' of two years. Every two years elections were to be held for a new one. Unfortunately the king was given the power to veto the assembly's decrees, not permanently but for the rest of the lifetime of that particular assembly, a maximum of two years. However the French revolution entered a new radical phase in 1792 when war began with Austria in April and with Prussia in May. However at first the war went very badly for France leading to

fear and recriminations. Moreover in the Summer of 1792 public opinion hardened against the king. At that time Paris was divided into sections with sectional assemblies. On 9 August they seized power. They joined to form the Paris Commune and they sent national guards to arrest the king. The king and his family took refuge and escaped harm. However the king's Swiss guard tried to stop the national guard and were massacred. The Legislative Assembly then declared that the king was suspended. The Constitution of 1791 (which gave the king an important role) was now unworkable. The assembly then agreed to call elections for a new government, the National Convention, which met in September 1792.

Meanwhile on 17 August 1792 the Commune formed a tribunal to try people accused of political crimes. The first political prisoner was guillotined on 21 August. Then, in September 1792, massacres of political prisoners took place. At that time the Prussian army was advancing into France. The Parisians were frantic and they began killing prisoners held in jails in the city. Kangaroo courts were set up and thousands of people were killed. The killings became known as the September massacres. However on 20 August 1792 the French army halted the Prussians at Valmy. The French revolution had now entered a new phase. The new government, the National Convention, abolished the monarchy. In December 1792 the king was put on trial. He was executed on 15 January 1793. Marie Antoinette followed him to the guillotine on 16 October 1793. After the execution of the king Britain went to war with France. Increasingly desperate the French government introduced conscription in February 1793. Meanwhile in conservative parts of France the revolution was becoming increasingly unpopular and conscription was the last straw. Finally in March 1793 the Vendee and parts of Brittany rose in revolt. However by December the uprising was crushed, with appalling bloodshed. However as well as facing internal revolt the French government was faced with military defeat in early 1793. In April a kind of war cabinet called the Committee for Public Safety was formed. In June there was another popular uprising in Paris. This time the National Convention was purged. The moderate members (called Girondins) were removed and the extreme revolutionaries (called Jacobins) took control. The French revolution now entered its most extreme phase. In August the British captured Toulon. On 23 August faced with a dire military situation the government called for the mobilisation of the whole nation for war. It was called the *Levee en masse*.

The Terror

Meanwhile in March 1793 Watch Committees were formed to monitor foreigners and other suspects. In September 1793 the committees were given much greater powers. From then on anyone who 'by their conduct, their contacts, their words or by their writings' were revealed to be 'supporters of tyranny, of federalism and or to be enemies of liberty' could be arrested. Such a catch-all phrase meant virtually anybody

could be arrested and executed. In the following 9 months at least 16,000 people were executed. Meanwhile the military tide turned. In October 1793 the French army defeated the Austrians at Wattignies. In December 1793 Captain Napoleon Bonaparte recaptured Toulon. Many Jacobins were deists or atheists and were bitterly opposed to Christianity. In September 1793 a movement called De-Christianization began. The church was persecuted. Churches were vandalized and closed. The church of Notre-Dame was renamed the 'Temple of Reason'. In October a new calendar was adopted. Years were no longer counted from the birth of Christ. Instead they began on 22 September 1792, the first day of the republic. The year was divided into twelve months with names taken from nature. The seven day week was replaced by a ten day one.

However the Convention now became alarmed. The members now feared for their lives, realizing that Robespierre might arrest and execute any of them. The only way to ensure their safety was to denounce Robespierre and remove him from power. This they did. Robespierre tried to shoot himself on 27 July but he was arrested and he was sent to the guillotine on 28 July 1794. The apparatus of terror was then dismantled. Furthermore thousands of prisoners were released. In March 1795 many churches re-opened for worship for the first time since October 1793. The Convention now drew up a new constitution, which was ready in August 1794. France would have a bicameral legislature. Executive power was held by a group of five called the Directory. Furthermore In October 1794 the National Guard and the sectional assemblies were abolished.

Napoleon I

However the Directory failed to solve France's political problems and restore stability. By 1799 many people yearned for a return to stability and one man promised to provide it - Napoleon Bonaparte. He first came to the public's notice in September 1795 when he suppressed a riot in Paris with a 'whiff of grapeshot'. In 1796-97 he became a hero when he led a brilliant campaign against the Austrians in North Italy. In 1798-1799 Napoleon fought a campaign in Egypt. Although he was successful on land the French fleet was shattered at the battle of the Nile in 1798. In October 1799 Napoleon returned to France and in November he staged a coup. The French Revolution had ended and a new era had begun. At first Napoleon was made 'First Consul'. There were two other consuls but Napoleon had the real power. The new constitution was accepted by the people in a referendum. At first Napoleon was made a consul for 10 years but in 1802 in another referendum the people voted that he should be made consul for life. Then in 1804 Napoleon crowned himself emperor. Napoleon kept some of the achievements of the French Revolution. Equality before the law was preserved and careers were open to anyone of talent and ability. There was no return to a privileged nobility. On the other hand Napoleon introduced cen-

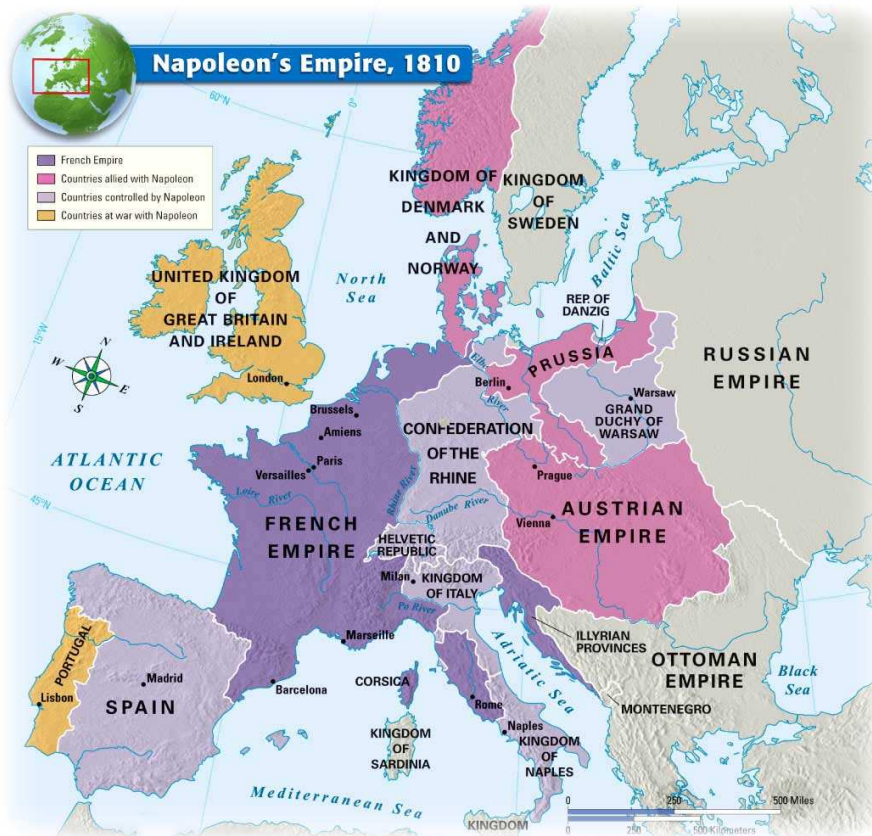


Figure 3.2: Napoleon's reach of influence in 1810.

sorship of the press and even imprisonment without trial. Napoleon also appointed prefects to run the departments and he created a strong, centralized bureaucracy. He also reduced women's rights and reintroduced slavery to the French colonies. Napoleon also made a concordat (agreement) with the Pope in 1801. Furthermore Napoleon drew up a new code of laws to govern France. It was published in 1804 and was called the Code Napoleon. Meanwhile Napoleon's military genius allowed him to dominate Europe. In 1799 Austria, Russia and Britain formed a coalition against France. However Russia left the coalition in 1800. Austria was defeated in 1800 and forced to make peace in 1801. Britain made peace in 1802 but was begun again in 1803.

However in 1804 Russia, Austria and Britain formed a third coalition but Austria was crushed at Austerlitz in 1805. Prussia joined the war against France in 1806 but was crushed at Jena the same year. However the French and Spanish fleets were severely defeated at Trafalgar in October 1805 ending Napoleon's hopes of invading Britain. Despite that naval defeat by 1807 Napoleon was at his peak. However things began to wrong in 1812. Napoleon's invasion of Russia ended in disaster and in 1813 Prussia joined the war against France. Austria and Sweden also joined and the French were badly defeated at the battle of Leipzig in October 1813. In March

1814 the allies entered Paris and Napoleon was forced to abdicate. He was exiled to Elba. However in 1815 he returned to France and was welcomed by the people. Yet he was defeated at Waterloo in June and forced to abdicate again. This time Napoleon was exiled to the island of St Helena. He died in 1821.

The Restoration

Napoleon was replaced by Louis XVII's brother Louis XVIII. (Louis XVI's son died in 1795 but royalists insisted he became Louis XVII after his father's death in 1793). However Louis XVIII realized he could not turn the clock back completely so he allowed France a constitution. Louis XVIII also tried to restrain those who wanted to completely undo the revolution (they were called Ultra royalists). However they gained influence after the Duc de Berry was assassinated in 1820. When Louis XVIII died in 1824 his brother Charles X became king. Charles claimed to rule by divine right and had no intention of compromising with the liberals. Not surprisingly therefore, he provoked an uprising in 1830 and he was forced to abdicate. However the French were afraid of creating a republic because the other European powers would have been hostile and might have taken military action. Instead the Duc D'Orleans was made King Louis Philippe. He reigned for 18 years. Under him the French constitution was made more liberal. More men were allowed the vote (but only the middle classes the workers were still excluded). Meanwhile Under Charles X the French had invaded Algeria. Under Louis Philippe the conquest continued but it took many years.

At home the industrial revolution began to change France. However industrialization was slower than in other countries like Britain and Germany and France remained a mainly agricultural country. Nevertheless by 1848 there were a considerable number of urban workers in certain cities. They lived and worked in dreadful conditions and in the mid-19th century they were influenced by socialists thinkers. The July monarchy, as it was called, was really only a stopgap measure. In 1846-47 France suffered an economic crisis and popular discontent seethed. Finally in February 1848 a demonstration was held in Paris. Soldiers fired on the demonstrators and triggered a revolution. Louis Philippe abdicated and fled.

The Second Republic in France

To reduce popular discontent the provisional government created national workshops in Paris for the unemployed (some unemployed workers from the provinces came to work in them). However the workers were dissatisfied and they still held demonstrations. In June 1848 the government decided to close the workshops and they ordered the workers to disperse. However the workers refused and they manned barricades in Paris. Eventually government troops crushed the uprising known as the June

Days. Then, in November 1848 the new constitution was published. All men were allowed to vote and there was to be a single elected assembly and a popularly elected president. In December 1848 Louis Napoleon, the nephew of Napoleon Bonaparte was elected president. However the constitution did not allow the president to serve a second term. Therefore on 2 December 1851 Napoleon led a coup. A referendum was held and the people agreed to allow the president to change the constitution. He did so and in December 1852 he made himself Emperor Napoleon III. (This was because Louis XVI was executed in 1793 and his son was never crowned. He died in 1795. However when the monarchy was restored in 1814 royalists insisted that Louis XVI's son had been Louis XVII even though he never ruled France. So the next Bourbon king was named Louis XVIII. Napoleon Bonaparte had a son who never ruled France and who died young. Following the royalist myth Louis Napoleon insisted that he had been Napoleon II and he called himself Napoleon III).

Napoleon III

Napoleon III was responsible for largely rebuilding Paris. Many wide boulevards were built during his reign. Furthermore new sewers made Paris a healthier city. The building work also provided employment for many of the masses. Meanwhile industrialization continued in France. During Napoleon's time many more railways were built and new banks were founded. However Napoleon had a disastrous foreign policy. In 1854 he went to war with Russia (The Crimean War). Although the war ended successfully in 1856 France gained nothing. Then, in 1859 he fought a war with Austria. Again the war was successful but France gained little (only Savoy and Nice). Furthermore in 1862 France joined Britain and Spain in sending an expedition to collect debt from Mexico. Spain and Britain withdrew but Napoleon foolishly tried to make Maximilian, a prince of Austria, emperor of Mexico. The Mexicans rebelled and in 1865 Napoleon was forced to withdraw his troops. Maximilian was shot.

Realizing he was losing popularity after 1867 Napoleon made his regime more liberal. He relaxed press censorship and restrictions on public meetings. Workers were given the right to strike. However in 1870 Napoleon went to war with Prussia. The French were utterly defeated at Sedan in September. Napoleon was captured and abdicated. He later fled abroad. A provisional government was formed led by Adolphe Thiers. Meanwhile the Germans surrounded Paris and the inhabitants were reduced to virtual starvation. Finally on 28 January 1871 Paris surrendered. By the peace treaty France lost Alsace-Lorraine. She also had to pay an indemnity and German troops were stationed in northern France until it was paid. Shortly after the surrender of Paris a National Assembly took control of the government. It met at Versailles. However the Parisians were outraged by the peace treaty and they rebelled. The Parisians formed their own municipal government called the commune. Thiers was determined to crush the revolt and on 21 May 1871 he sent in the army. While the

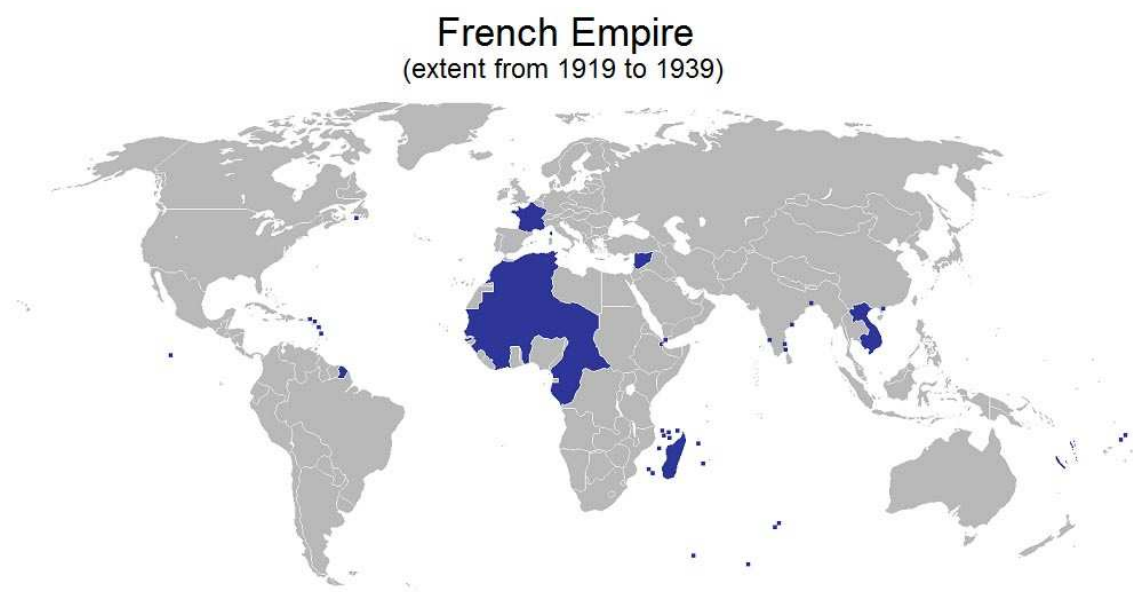


Figure 3.3: Marked as blue: The French Empire from 1919 till 1939

Germans watched French soldiers took the city street by street with great loss of life. Afterwards Thiers was named president and he quickly managed to pay the indemnity demanded by Germany. The last German soldiers left France in September 1873. Meanwhile in 1873 Thiers was replaced by Marshal MacMahon, a monarchist. Nevertheless in 1875 the National Assembly established the Third Republic by one vote.

The Third Republic in France

In the late 19th century industrialization in France continued. Iron and chemical industries grew rapidly and in the early 20th century car making became an important industry. Meanwhile more railways were built. In the late 19th century living standards for ordinary French people improved and their diet became better. In 1900 a law was passed limiting women and children to working no more than 10 hours a day. However on 15 October 1894 Captain Alfred Dreyfus, who worked in the intelligence section of the General Staff of the French army was arrested for treason. He was accused of selling military secrets to the Germans. Dreyfus was tried and sentenced to life imprisonment on Devils Island. However Dreyfus was Jewish and he was a victim of anti-Semitism. He was also an Alsatian and was seen as an outsider. He was completely innocent of the charge.

After two years a man named Lieutenant Colonel Georges Picquart uncovered evidence that the real culprit was a Major Walsin Esterhazy. However the army transferred Picquart to Tunisia and a military court acquitted Esterhazy, despite the evidence. Then the novelist Emile Zola published an article in a newspaper, which



Figure 3.4: Flag of the Holy Roman Empire.

was called J'accuse! (I accuse) in which he denounced the army cover up. The case then split France with the right wing and the leaders of the Catholic Church against Dreyfus and the left wing for him. In 1899 Dreyfus was given a new court-martial but again he was found guilty! Nevertheless the president pardoned Dreyfus and he returned to France. Poor Dreyfus had to wait until 1906 before he was cleared of all blame.

3.5 The Holy Roman Empire

The Holy Roman Empire was a feudal monarchy that encompassed present-day Germany, the Netherlands, Belgium, Luxembourg, Switzerland, Austria, the Czech and Slovak Republics, as well as parts of eastern France, northern Italy, Slovenia, and western Poland at the start of the early modern centuries. It was created by the coronation of the Frankish king Charlemagne (Carl the Great) as Roman emperor by Pope Leo III on Christmas Day in the year 800, thus restoring in their eyes the western Roman Empire that had been leaderless since 476. Charlemagne's Frankish successor emperors faltered under political and military challenges, and his inheritance was permanently divided in 887. After 924 the western empire was again without an emperor until the coronation of Otto I, duke of Saxony, on 2 February 962. This coronation was seen to transfer the Roman imperial office to the heirs of the East Franks, the Germans. The position of emperor remained among the Germans until the Holy Roman Empire was abolished in the aftermath of the Napoleonic Wars in 1806.

In 1512 the name "Holy Roman Empire of the German Nation" (Heiliges römisches Reich deutscher Nation) became the official title of the empire, which spanned central Europe between the kingdom of France to the west and the kingdoms of Hungary and

Poland to the east. In the north it was bounded by the Baltic and North Seas and by the Danish kingdom; in the south, it reached to the Alps. At no time in its long history did the empire possess clearly defined boundaries; its people, perhaps fifteen million in 1500, spoke a variety of languages and dialects. German predominated, but the advice of the Golden Bull of 1356 that future princes of the empire should learn the "German, Italian, and Slavic tongues" remained apposite. The multilingual empire stood at the crossroads of Europe and its emerging national cultures; it also included significant Jewish communities in the south and west.

European trade and communication moved along the mighty rivers within the empire—the Rhine, the Main, the Danube, and the Elbe. On these rivers stood some of its most important cities: Cologne, the largest in the empire with about thirty thousand inhabitants, as well as Frankfurt, Vienna, and Hamburg. By 1500 there were about a dozen big cities with over ten thousand inhabitants each, and about twenty with between two and ten thousand people. Visitors to the empire from Italy, such as Niccolò Machiavelli, noted the size and wealth of these great German cities. In 1438 Albert II of Habsburg was elected to the imperial throne; he was succeeded by his cousin Frederick III (ruled 1440–1493). From their base of power in Austria, the House of Habsburg outmaneuvered other leading families of the empire to secure their election to the imperial throne again and again; from the reign of Albert in 1438 forward, a Habsburg was always elected (except for a brief interlude from 1742 to 1745 when the Wittelsbach Prince Charles Albert of Bavaria was elected as Emperor Charles VII), and the office of the emperor became quasi-hereditary. This is less surprising when one realizes that by the mid-fifteenth century only a leading prince of the empire could benefit from the imperial title, as the prestige of the emperor's position far surpassed its actual power. In legal terms the emperor was "administrator of the empire" rather than "lord of the empire." The empire was divided into a patchwork of principalities, some large and powerful like Wittelsbach Bavaria, others small but independent, like the imperial abbeys in the southwest. In each of these principalities rulers exercised many of the functions associated by early modern and modern political theorists with sovereignty. In the first instance the princes of the empire—rather than the emperor—collected taxes, administered justice, minted coins, and claimed responsibility for the material and spiritual salvation of their subjects. Many of the principalities of the empire had their own parliamentary bodies representing the estates of the territory.

The territorial ambitions of the princes, alongside their predilection for partible inheritance, created a patchwork of German principalities that grew bewilderingly complex. By 1450 the empire contained the seven electoral principalities; twenty-five major secular principalities, such as the duchies of Austria, Bavaria, and Brunswick; about ninety archbishoprics, bishoprics, and imperial abbeys; over one hundred independent counties of very unequal importance; and seventy free imperial cities such as Cologne, Bremen, Lübeck, and Hamburg in the north; Strasbourg, Nuremberg, Ulm,

and Augsburg in the south; and Frankfurt and Mühlhausen in central Germany.

Few European political units seem as remote and confusing as the Holy Roman Empire. At the start of the early modern period, the supranational, multiethnic structure of this feudal state made perfect sense, of course, to the people who lived in it and shaped its development. Indeed, in the period from 1450 to 1555 the Holy Roman Empire was a dynamic political unit of crucial importance to the growth of the Habsburg empire and the Protestant Reformation. It survived the chaos of the Thirty Years' War (1618–1648) to emerge as a guarantor of peace, if not progress, in central Europe. By the mid-eighteenth century, however, Europeans saw the Holy Roman Empire in a very different light. In a Europe of centralized, hereditary monarchies consolidating their nation-states, its polycentric, supranational structure, elected emperor, and ponderous parliament had become ever more difficult to understand and explain. When it ceased to exist in 1806, few understood its significance.

King of the Romans

Becoming Emperor required becoming King of the Romans first. Kings had been elected since time immemorial: in the ninth century by the leaders of the five most important tribes: the Salian Franks of Lorraine, the Riparian Franks of Franconia, and the Saxons, Bavarians, and Swabians, later by the main lay and clerical dukes of the kingdom, finally only by the so-called *Kurfürsten* (electing dukes, electors). This college was formally established by a 1356 decree known as the Golden Bull. Initially, there were seven electors: the Count Palatine of the Rhine, the King of Bohemia, the Duke of Saxony, the Margrave of Brandenburg, and the Archbishops of Köln, Mainz, and Trier. During the Thirty Years' War, the Duke of Bavaria was given the right to vote as the eighth elector. In order to be elected king, a candidate had to first win over the electors, usually with bribes or promises of land.

Until 1508, the newly-elected king then travelled to Rome to be crowned Emperor by the Pope. In many cases, this took several years while the King was held up by other tasks: frequently he first had to resolve conflicts in rebellious northern Italy or was in quarrel with the Pope himself. At no time could the Emperor simply issue decrees and govern autonomously over the Empire. His power was severely restricted by the various local leaders: after the late fifteenth century, the Reichstag established itself as the legislative body of the Empire, a complicated assembly that convened irregularly at the request of the Emperor at varying locations. Only after 1663 would the Reichstag become a permanent assembly.

Imperial estates

An entity was considered *Reichsstand* (imperial estate) if, according to feudal law, it had no authority above it except the Holy Roman Emperor himself. Territories

governed by a prince or duke, and in some cases kings. (Rulers of the Holy Roman Empire, with the exception of the King of Bohemia (an elector), were not allowed to become King within the Empire, but some had kingdoms outside the Empire, as was, for instance, the case in the Kingdom of Great Britain, where the ruler was also the Prince-electoral of Hanover from 1714 until the dissolution of the Empire.) Feudal territories led by a clerical dignitary, who was then considered a prince of the church. In the common case of a Prince-Bishop, this temporal territory (called a prince-bishopric) frequently overlapped his—often larger—ecclesiastical diocese (bishopric), giving the bishop both worldly and clerical powers. Examples include the three prince-archbishoprics: Cologne, Trier, and Mainz. And thirdly, Imperial Free Cities. The number of territories was amazingly large, rising to several hundred at the time of the Peace of Westphalia. Many of these comprised no more than a few square miles, so the Empire is aptly described as a "patchwork carpet".

Crisis after Reformation

In 1517, Martin Luther initiated what would later be known as the Reformation. At this time, many local dukes saw a chance to oppose the hegemony of Emperor Charles V. The empire became then fatally divided along religious lines, with the North, the East, and many of the major cities—Strassburg, Frankfurt and Nuremberg—became Protestant while the southern and western regions largely remained Catholic. Religious conflicts were waged in various parts of Europe for a century, though in German regions there was relative quiet from the Peace of Augsburg in 1555 until the Defenestration of Prague in 1618. When Bohemians rebelled against the emperor, the immediate result was the series of conflicts known as the Thirty Years' War (1618–1648), which devastated the Empire. Foreign powers, including France and Sweden intervened in the conflict and strengthened those fighting Imperial power, but they also seized considerable chunks of territory for themselves. The long conflict bled the Empire to such a degree that it would never recover its former strength.

The Thirty Years War

The Thirty Years War (1618-48) began when Holy Roman Emperor Ferdinand II of Bohemia attempted to curtail the religious activities of his subjects, sparking rebellion among Protestants. The war came to involve the major powers of Europe, with Sweden, France, Spain and Austria all waging campaigns primarily on German soil. Known in part for the atrocities committed by mercenary soldiers, the war ended with a series of treaties that made up the Peace of Westphalia. The fallout reshaped the religious and political map of central Europe, setting the stage for the old centralized Roman Catholic empire to give way to a community of sovereign states.

This conflict, which redrew the religious and political map of central Europe, began in the Holy Roman Empire, a vast complex of some one thousand separate, semiautonomous political units under the loose suzerainty of the Austrian Hapsburgs. Over the previous two centuries, a balance of power had emerged among the leading states, but during the sixteenth century, the Reformation and the Counter Reformation had divided Germany into hostile Protestant and Catholic camps, each prepared to seek foreign support to guarantee its integrity if need arose.

Thus in 1618, when Ferdinand II, heir apparent to the throne of Bohemia, began to curtail certain religious privileges enjoyed by his subjects there, they immediately appealed for aid to the Protestants in the rest of the empire and to the leading foreign Protestant states: Great Britain, the Dutch Republic, and Denmark. Ferdinand, in turn, called upon the German Catholics (led by Bavaria), Spain, and the papacy. In the ensuing struggle, Ferdinand (elected Holy Roman Emperor in 1619) and his allies won a major victory at White Mountain (1620) outside Prague that allowed the extirpation of Protestantism in most of the Hapsburg lands. Encouraged by this success, Ferdinand turned in 1621 against Bohemia's Protestant supporters in Germany. Despite aid from Britain, Denmark, and the Dutch Republic, they too lost, and by 1629 imperial armies commanded by Albrecht von Wallenstein overran most of Protestant Germany and much of Denmark. Ferdinand then issued the Edict of Restitution, reclaiming lands in the empire belonging to the Catholic Church that had been acquired and secularized by Protestant rulers.

Only Swedish military aid saved the Protestant cause. In 1630 an army led by King Gustavus Adolphus landed in Germany and, with a subsidy from the French government and assistance from many German Protestant states, routed the Imperialists at Breitenfeld (1631) and drove them from much of Germany. The Protestant revival continued until in 1634 a Spanish army intervened and at Nordlingen defeated the main Swedish field army and forced the Protestants out of southern Germany. This new Hapsburg success, however, provoked France—which feared encirclement—to declare war first on Spain (1635) and then on the emperor (1636).

The war, which in the 1620s had been fought principally by German states with foreign assistance, now became a struggle among the great powers (Sweden, France, Spain, and Austria) fought largely on German soil, and for twelve more years armies maneuvered while garrisons—over five hundred in all—carried out a “dirty war” designed both to support themselves and to destroy anything of possible use to the enemy. Atrocities (such as those recorded in the novel *Simplicissimus* by Hans von Grimmelshausen) abounded as troops struggled to locate and appropriate resources. Eventually, France's victory over the Spaniards at Rocroi (1643) and Sweden's defeat of the Imperialists at Jankau (1645) forced the Hapsburgs to make concessions that led, in 1648, to the Peace of Westphalia, which settled most of the outstanding issues.

The cost, however, had proved enormous. Perhaps 20 percent of Germany's total

population perished during the war, with losses of up to 50 percent along a corridor running from Pomerania in the Baltic to the Black Forest. Villages suffered worse than towns, but many towns and cities also saw their populations, manufacture, and trade decline substantially. It constituted the worst catastrophe to afflict Germany until World War II. On the other hand, the conflict helped to end the age of religious wars. Although religious issues retained political importance after 1648 (for instance, in creating an alliance in the 1680s against Louis XIV), they no longer dominated international alignments. Those German princes, mostly Calvinists, who fought against Ferdinand II in the 1620s were strongly influenced by confessional considerations, and as long as they dominated the anti-Hapsburg cause, so too did the issue of religion. But because they failed to secure a lasting settlement, the task of defending the “Protestant cause” gradually fell into the hands of Lutherans, who proved willing to ally (if necessary) with Catholic France and Orthodox Russia in order to create a coalition capable of defeating the Hapsburgs. After 1630 the role of religion in European politics receded. This was, perhaps, the greatest achievement of the Thirty Years’ War, for it thus eliminated a major destabilizing influence in European politics, which had both undermined the internal cohesion of many states and overturned the diplomatic balance of power created during the Renaissance.

Peace of Westphalia

The Peace of Westphalia, concluded in 1648 in Münster (Germany), ended the Thirty Years War, which started with an anti-Hapsburg revolt in Bohemia in 1618 but became an entanglement of different conflicts concerning the constitution of the Holy Roman Empire, religion, and the state system of Europe. This contest was a civil “German war,” but foreign powers played crucial a role. The Peace of Westphalia ended with the signing of two treaties between the empire and the new great powers, Sweden and France, and settled the conflicts inside the empire with their guarantees. A new electorate was established for the exiled son of the revolt’s leader, the elector Palatine. Bavaria kept the electorate that it had been given for its support of the emperor Ferdinand II during the revolt. This compromise in 1648 meant a change of the empire’s fundamental Golden Bull of 1356 and was a symbol that all conflicts occurring since 1618 were resolved and that those who made peace did not avoid radical cuts and invented fresh ideas in order to make peace. Catholics and Protestants (now including Calvinists as well as Lutherans) accepted each other. Several regulations guaranteed their balance: 1624 was declared the “normal year” of any territory’s denomination, minorities were tolerated or had a right to emigrate, and no one could be forced to convert any longer. The Peace of Westphalia is regarded as a milestone in the development toward tolerance and secularization. This settlement also strengthened the imperial Estates: they could go into foreign alliances and decide important matters, such as peace and war, along with the emperor. Hapsburg’s suspected ambition for a “universal monarchy” was thereby controlled, in particular

because the Franco-Spanish negotiations in Münster did not bring peace between France and Spain and left open conflict areas, such as Lorraine. Moreover, France and Sweden got territorial “satisfaction,” especially in Alsace and Pomerania. The Peace of Westphalia also confirmed the legal independence of the Swiss Confederation, whereas by a separate peace with Spain, in Münster, the United Provinces of the Netherlands officially became a sovereign state after eighty years of war. The Peace of Westphalia was crucial in German and international history. The terms of Peace of Westphalia were:

- The principle of *cuius regio, eius religio* (‘whoever rules the territory determines the religion’) was reaffirmed, but construed to relate only to public life.
- Calvinism was finally recognized within the Confession of Augsburg and, except within the Bavarian and Austrian lands (including Bohemia), Protestant retention of all land secularized before 1624 was guaranteed.
- In matters of religion there were to be no majority decisions made by the diet. Instead, disputes were to be settled only by compromise.
- To all intents and purposes, the separate states of the Holy Roman Empire were recognized as sovereign members of the diet, free to control their own affairs independently of each other and of the emperor.
- Maximilian of Bavaria (1573–1651) retained his electoral title and the Upper Palatinate.
- A new electoral title was created for Karl Ludwig (1617–1680), the son of the former elector palatine, on his restoration to the Lower Palatinate.
- John George of Saxony, a leading German Protestant prince who had supported Ferdinand, was confirmed in his acquisition of Lusatia (a region of eastern Germany and southwest Poland).
- Frederick William of Brandenburg (1620–1688) acquired Cammin, Minden, and Halberstadt, along with the succession to Magdeburg.
- The emperor’s claim to hereditary rights in Bohemia, Moravia, and Silesia was established. The Habsburg Sundgau was surrendered to France.
- The Peace of Westphalia confirmed Swedish control of the river mouths of the Oder, the Elbe, and Weser—virtually the entire German coast-line—by the occupation of western Pomerania, Stettin, Stralsund, Wismar, the dioceses of Bremen and Verden, and the islands of Rügen, Usedom, and Wollin. Sweden was also paid an indemnity of 5 million thalers.

- France acquired Habsburg territory and other jurisdictions in Alsace. Other acquisitions included Pinerolo in Savoy and Breisach and Philippsburg on the right bank of the Rhine.
- The United Provinces of the Netherlands (Dutch Republic) were declared independent of both Spain and the Holy Roman Empire (Switzerland was also acknowledged as independent of the empire).
- No prince of the empire, not even the emperor, could ally with the Spanish monarchy.

The Peace of Westphalia created a loose framework for religious and political coexistence in Germany that stood the test of time remarkably well, though after 1648 Germany was further away than ever from economic and political unity. Clearly, whether or not the Thirty Years' War retarded German development is itself a moot point. At this point, with the exception of Prussia, Germany did not play a major role in Europe until 1871, when Imperial Germany was created by Otto von Bismarck. In the mean time, France, Britain and the United States prospered.

Starting around 1815, the German people started to form nationalist aspirations backed by some universities. A youth-movement, the "Deutsche Burschenschaft" gained influence with their slogan "Freedom, Honor, Fatherland". In 1819, Prince Metternich made decisions to suppress the nationalist desires within the people but his decisions were revoked in 1848. His decisions included the surveillance of Universities, the persecution of youth movements and all liberal movements by labeling them as hate crimes or demagoguery (sounds similar to how Donald Trump is treated today? The rulers are afraid.). The nationalist movements rose up again after Prince Metternich was overthrown in March 1848 and King Frederic Wilhelm IV gave way for their desires. In May 1848 the first national assembly met in Frankfurt to formulate a constitution for all Germans. Their demands were: "freedom of speech, freedom of press (bad idea), freedom of assembly, freedom of teaching and science and equality before the law". The result was a "little-German" solution: Germany without Austria under Prussia's rule with Frederick Wilhelm IV as King. But the King refused the election by the people and with it refused the crown and no German unity was achieved.

In September 1862, Otto von Bismarck (previously ambassador to Russia and Paris) was appointed to be prime minister of Prussia by King Wilhelm I. After the North-German Federation has been achieved by him in 1866 and a constituted Reichstag (parliament) decided upon a constitution in 1867, the South-German states created protective treaties and military treaties with Prussia against France. Napoleon III wanted territory on the left side of the Rhine river and Bismarck refused. The Franco-Prussian war, in which France declared war on Prussia, was soon to follow.



Figure 3.5: The Holy Roman Empire of German Nation from 1789.

3.6 Prussia

The area known as Prussia was inhabited in early times by West Slavic tribes, ancestors of the modern Poles, in the West, and Baltic tribes, closely related to Lithuanians, in the East. Sometime after the seventh century, the area was invaded and settled by pagan German tribes, later known as Prussians. In 1226, Prussia was conquered by the Teutonic Knights, a military religious order, who converted the Prussians to Christianity. The Teutonic Knights were overthrown by the Prussians with help from Poland and Lithuania in 1454. Prussia was divided into Royal Prussia in the west and Ducal Prussia in the east. Royal Prussia was incorporated into Poland providing it with a corridor to the Baltic Sea (the "Danzig Corridor"). Ducal Prussia became a Polish territory. At this time, the port city of Danzig (modern day Gdansk) was designated a "free city". The Protestant Reformation in the early to mid 1500s saw most Prussians convert to Protestantism whereas Poland remained, and still remains, solidly Roman Catholic. In 1525 Ducal Prussia became a hereditary duchy under Albrecht Hohenzollern, the last grand master of the Teutonic Knights. In 1657, after an invasion by the Swedes, Poland surrendered sovereignty over Ducal



Figure 3.6: The Flag of Prussia

Prussia which then became the Kingdom of Prussia headed by the Hohenzollern line. Prussia's power grew and in 1772, under King Friedrich II (Frederick the Great), consisted of the provinces of Brandenburg, Pomerania, Danzig, West Prussia and East Prussia. The new dignity achieved in 1701 by the Hohenzollern, as kings in Prussia, is only part of the reason for their growing prestige and power during the 18th century. Their underlying strength derives from the reform of the administration and the army undertaken by Frederick William (elector of Brandenburg from 1640, known as "the Great Elector") and continued by his son and grandson, the first two Prussian kings. Frederick William's internal policy has two main features. He establishes a permanent system of taxation, thus removing from the estates general their main source of power; and he spends a large slice of the resulting revenue on a standing army. This combination of an absolute monarch with a large and efficient army becomes characteristic of Prussia. By the time of the Great Elector's grandson, Frederick William I, the Prussian army amounts to 80,000 men, consisting of 4% of the population.

The system devised for keeping this many men under arms makes possible the maintenance of a highly trained citizen army without damage to the economy. Half the army is made up of foreign mercenaries. The other half is a shifting population of peasants from Brandenburg and Prussia. Each peasant is drafted into the army as a young man, but after completing his training he goes home to his everyday work for ten months of each year. Nobles are expected to serve their turn in the army too, but the mercantile classes are exempted. By means of a tightly controlled and lean bureaucracy, Frederick William I manages to combine this level of mobilization with healthy government finances. In 1740 he bequeaths to his son, Frederick II, a thriving economy, a large cash surplus and Europe's best-trained army. Better known as Frederick the Great, the son uses these advantages to immediate effect -

beginning the real expansion of Prussian influence in both Germany and Europe.

Charles VI dies unexpectedly on 20 October 1740. Less than two months later, on December 16, Frederick II astonishes Europe by marching a Prussian army into the rich Habsburg province of Silesia. The king of France, Louis XV, hearing the news, describes the young Prussian as a madman. Frederick himself says that the opportunity presented by Charles VI's death has the effect of giving "free rein to his fever". The new Habsburg ruler Maria Theresa (twenty-three to Frederick's twenty-eight) is also a woman of strong resolve, but Habsburg armies prove no match for Frederick's Prussians. Frederick's first victory over the Austrians (at Mollwitz in April 1741) persuades the French and Bavarians to join in against Maria Theresa. Their intervention is of great help to the Prussian adventurer, since it fragments Austria's response, but Frederick shows no interest in becoming involved in a wider European war. He continues to occupy Silesia and to fight battles only in defence of it. A series of three victories in 1745 display his military skill to such advantage that his contemporaries accord him the title by which he is known to history, Frederick the Great.

In the previous year the nature of the war has altered. It has become primarily a conflict between France and Britain. France's declaration of war on Britain in 1744 shifts the focus of hostilities away from central Europe. Britain, eager that Austrian armies shall concentrate on France, persuades Maria Theresa to come to terms with her real enemy, Frederick the Great. By the treaty of Dresden in 1745 she cedes the greater part of Silesia to Prussia. For the next few years Maria Theresa remains in the war as a half-hearted ally of Britain against France. Frederick has sufficient time on his hands to build the rococo summer palace of Sans Souci at Potsdam, in 1745-7. Both monarchs await the eventual settlement, which comes in 1748 at Aachen, or Aix-la-Chapelle.

The peace of Aix-la-Chapelle makes certain adjustments between Austria and Spain in the patchwork of Italy. Otherwise, with one exception, it restores to their previous owners the territories occupied during the eight years of the War of the Austrian Succession. Bavaria, occupied by the Austrians, has already been returned to the elector. Now the Austrian Netherlands, taken by the French, revert to Austria. The exception is Silesia. Its sudden seizure by Frederick the Great launched the war in 1740. Now the international community recognizes his sovereignty over the region, the possession of which adds about 50% to the population of Prussia.

The loss of Silesia naturally rankles with the empress Maria Theresa of Austria. Much of her diplomatic policy during the early 1750s is devoted to putting together an alliance which will enable her to recover her lost territory. In 1757 the Russians advance into Prussia and seem in a position to crush it. But mysteriously the Russian general withdraws. The probable reason is disagreement within the Russian royal family. The empress, Elizabeth, hates Prussia, but her heir, Peter, is a passionate admirer of Frederick the Great. Elizabeth's health is frail. A Russian general who

destroys Prussia at the wrong moment may blight his career. Frederick makes good use of the reprieve provided by Russia's withdrawal, and does so against great odds. Prussia is surrounded by enemies (Sweden, Austria and France in addition to Russia) and Prussian armies confront them alone on the battlefield. The campaign in the west, against France, is entrusted by Frederick to his brother-in-law Ferdinand, the duke of Brunswick.

Britain is Frederick's only ally, providing him with a useful financial subsidy but minimal practical support on the battlefield. There is no major British presence in the many battles fought in and around Germany during this war (a small force of some 8500 British soldiers serves under Ferdinand of Brunswick from the autumn of 1758). Britain's main contribution is through her war against France, at sea and in north America. In 1757-9 Frederick and Ferdinand achieve some remarkable victories, usually against much greater numbers and with fewer casualties on their own side. Frederick defeats a French and Austrian army at Rossbach in November 1757 and an Austrian army at Leuthen a month later. He holds his own against a much larger Russian force in a heavily contested encounter at Zorndorf in August 1758. Meanwhile Ferdinand defeats vast French armies at Krefeld in June 1758 and at Minden in August 1759. This summer of 1759 proves a disastrous period on all fronts for the French. It is also the moment when the tide turns in the other war going on at the same time - between Britain and France.

The year 1759, vastly improving the fortunes of Britain, does the opposite for Prussia. Within less than two weeks of his brother-in-law Ferdinand's victory over the French at Minden, in August, Frederick himself suffers a disastrous defeat by a Russian and Austrian army at Kunersdorf. Within a space of six hours he loses 18,000 men, more than a third of his army. During the next three years both Frederick and Ferdinand win some engagements and lose others. The early lustre of their campaign has gone. The war drags on. Prussian success seems impossible, eventual exhaustion and defeat very probable. Moreover by the end of 1761 Britain, well satisfied with her own successes elsewhere, is disinclined to continue subsidising Prussia in an endless continental war. The prospect for Frederick the Great seems bleak, until he is suddenly rescued by an event entirely beyond his control. It is an event which has been long and regularly expected, and which happens now just in time - from Frederick's point of view. On 5 January 1762 the ailing Russian empress, Elizabeth, dies. Her death transforms Russian policy overnight.

The new Russian tsar, Peter III, rapidly puts into effect his own pro-Prussian preferences. By May he has made peace with Frederick. There is an immediate knock-on effect. Austria, for whom it will be impossible to defeat Prussia without Russian support, loses heart for the battle. In the summer of 1762 French and Prussian armies are still engaging each other in battle from time to time in the western regions of Germany, but the combatants are ready for peace. The central discussion between Prussia and Austria begins at Hubertusburg, a hunting lodge between Dresden and

Leipzig, on the last day of 1762. Agreement is reached some six weeks later. The peace treaty agreed at Hubertusburg between Prussia and Austria maintains the recent status quo in central Europe. Frederick the Great, twice the aggressor, is again allowed to keep Silesia. This conclusion strengthens the influence of Prussia within the German empire and reduces that of the official imperial power, Habsburg Austria. It also leaves Poland flanked by two increasingly powerful neighbours, Prussia and Russia, who since 1762 have been in alliance. The development does not bode well for Poland's future. Austria too attends the feast, when it begins in 1772.

Prussia Reformed

Frederick the Great uses the years after the Seven Years' War for a thoroughgoing revision of his kingdom's administration. As with the reforms of Joseph II, his younger rival in Austria, the effect of Frederick's measures is to centralize the machinery of government and to concentrate it ever more in the royal pair of hands. As with Joseph, the intention is well-meaning even if the method is autocratic. In the shattered Prussian economy after the war, Frederick uses state subsidies to restore agriculture and to rebuild towns and villages. He funds these measures by much improved methods of tax collection and the establishment of various state monopolies. Public reserves of grain are built up, so that the price of bread can be kept down in years of famine. Standards of education are improved, with strict regulation of the part played by the religious orders. There is official encouragement for the sciences and the arts, and a new code of laws. Prussia becomes a society much regulated, but on the whole well regulated.

Frederick's long reign, his military successes, his ceaseless devotion to the furtherance of Prussia's interests, and his fame as the ruler called by Voltaire the 'philosopher king' all combine to make him the pre-eminent example of the enlightened despot so much admired in 18th-century political theory. Frederick in his old age, still devoting himself ceaselessly to the demands of government, is a familiar figure in Prussia in his threadbare military uniform. Inspiring both affection and alarm, he becomes known as *der alte Fritz*, equivalent to "old Fred". The weakness of enlightened despotism as a political system (quite apart from broader considerations of the subject's liberty) is that it depends entirely on the talents of the despot in whose hands all authority is gathered. Frederick the Great has to an exceptional degree the talents necessary for enlightened despotism. His successors - his nephew and great-nephew, Frederick William II and Frederick William III - prove less capable. Frederick William II, succeeding his uncle in 1786, scores a success requiring little talent or energy in Prussia's gains from the second and third partitions of Poland. But much of this gain is lost by Frederick William III, confronted early in his reign by the severe challenge of the Napoleonic wars.

In July 1785, Prussia made a treaty of friendship and a trade agreement with the

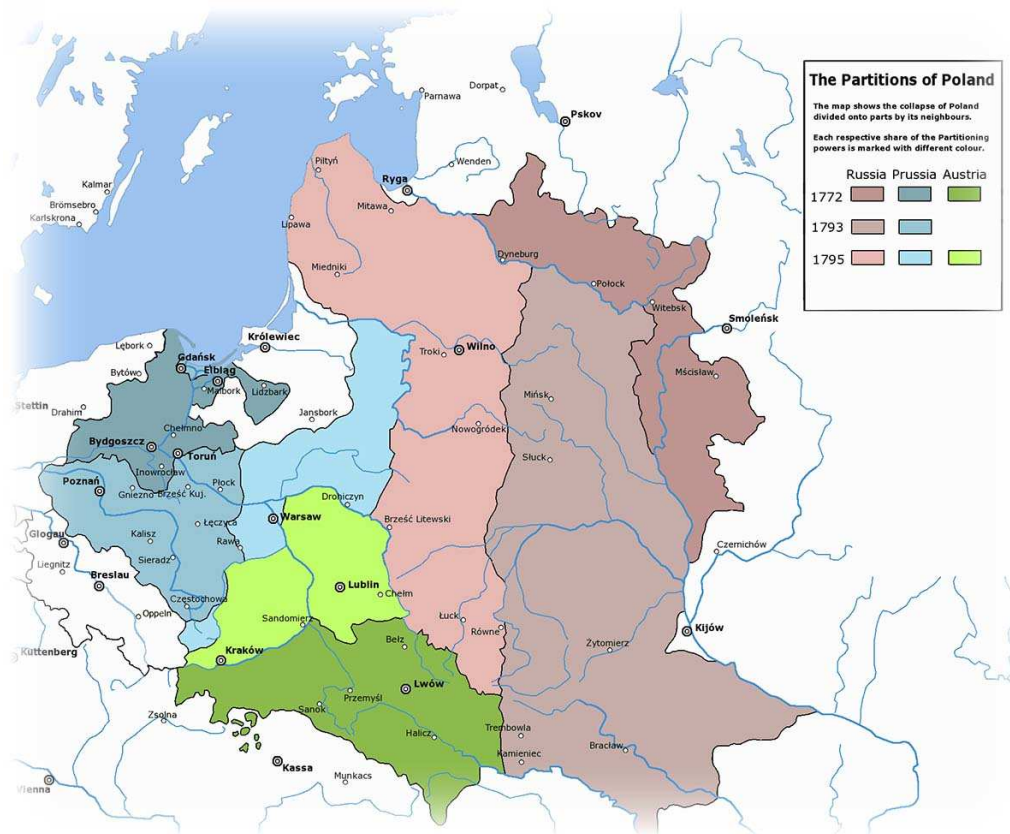


Figure 3.7: The three partitions of Poland by Prussia, Austria and Russia

United States: “His majesty, the King of Prussia, and the United States of America, wish to lay down the rules for commerce between their nations in a permanent and just manner.” The treaty was signed by Thomas Jefferson, Benjamin Franklin, John Adams and Frederick the Great. The London Monthly Review wrote: “This treaty is phenomenal in the history of nations - a treaty full of benevolence. It is the best lesson of humanity which a philosophical king together with a philosophic patriot could have given to the statesmen in the world.” George Washington wrote to Comte de Rochambeau: “The treaty ... brings a new age of negotiation. It is novel in many of its articles. It is the most liberal treaty ever conceived between powers.”

Three partitions of Poland: 1772-1796

Over a period of a quarter of a century Poland is dismembered and consumed by her neighbours. The process begins during the confusion of a war between Russia and Turkey. In 1769 Austria takes the opportunity of occupying part of Poland, to the south of Cracow. Frederick the Great follows suit in 1770, sending troops to seal off the coastal region between the two main parts of his realm (Brandenburg and the kingdom of Prussia). This valuable area, known as Polish royal Prussia, has long been part of the Polish kingdom. Frederick claims that he is acting only in

precaution against an outbreak of cattle plague. But acquiring royal Prussia would neatly unify his territory.

The first official annexation of Polish land is cynically agreed in 1772 between Russia, Prussia and Austria. Russia, at war with Turkey, has an interest in keeping Prussia and Austria in benign mood. She accepts the proposal that each of them should annexe part of Poland. Russia's influence in the kingdom means that she can force acceptance of the arrangement on the Poles. By the treaties of 1772 Austria acquires the region round Lvov. Frederick secures royal Prussia (with the exception at this stage of the port of Gdansk). And Russia takes a slice of northeast Poland.

The next two partitions occur when Russia finds new excuses to intervene in Poland's internal affairs. Russian armies enter the kingdom during a disturbance in 1792, and are on hand again to tackle a national insurrection in 1794. On both occasions Polish armies offer strong resistance to superior Russian forces. But force prevails. After a two-month siege, and a massacre of Poles in the suburbs, Warsaw falls in September 1794 to a combined Russian and Prussian army. The second partition, agreed in 1793, benefits only Prussia and Russia. Prussia now receives Gdansk and a swathe of land stretching south almost to Cracow. Russia takes a vast slice of eastern Poland, amounting to some 97,000 square miles. This is greater than the territory which Poland now retains, in a strip from the Baltic coast down to Cracow and Brody. A few years later, in treaties of 1795 and 1796, this final Polish remnant is divided between the three predators. Prussia is extended east to include Warsaw. The Austrian frontier moves north to the same area. Once again the lion's share, in the east, goes to Russia.

The Franco-Prussian War

The Franco-Prussian War, was a war in 1870-1871 lost by France to the German states under the leadership of Prussia. The underlying causes of the conflict were the determination of the Prussian statesman Prince Otto Edward Leopold von Bismarck to unify Germany under Prussian control and, as a step toward this goal, to eliminate French influence over Germany. On the other hand, Napoleon III, emperor of France from 1852 to 1870, sought to regain both in France and abroad the prestige lost as a result of numerous diplomatic reverses, particularly those suffered at the hands of Prussia in the Austro-Prussian War of 1866. In addition, the military strength of Prussia, as revealed in the war with Austria, constituted a threat to French dominance on the continent of Europe.

The event directly precipitating the Franco-Prussian War was the candidacy of Leopold, prince of Hohenzollern-Sigmaringen, for the throne of Spain, rendered vacant by the Spanish revolution of 1868. Leopold had accepted the candidacy under persuasion from Bismarck. The French government, alarmed at the possibility of a Prusso-Spanish alliance resulting from the occupancy of the Spanish throne by a

member of the Hohenzollern dynastic family, threatened Prussia with war if Leopold's candidacy was not withdrawn. The French ambassador to the Prussian court, Comte Vincente Benedetti, was dispatched to Ems, a spa in northwestern Germany being visited by William I, king of Prussia. Benedetti had been instructed to demand that the Prussian monarch order Prince Leopold to withdraw his candidacy. William, although angered, gave Benedetti permission to communicate directly with Leopold by telegraph. Leopold could not be reached, but his father, Prince Charles Anthony, wired a retraction of the candidacy in the name of his son.

On July 19, 1870, France declared war on Prussia. The south German states, in fulfillment of their treaties with Prussia, immediately joined King William in a common front against France. The French were only able to mobilize about 200,000 troops; the Germans, however, quickly marshaled an army of about 400,000 men. All German forces were under the supreme command of William, with the great strategist Helmuth Karl Bernhard, Graf von Moltke, as his chief of staff. Three German armies drove into France, led, respectively, by General Karl Friedrich von Steinmetz, Prince Frederick Charles, and Crown Prince Frederick William, later Frederick III of Prussia and emperor of Germany. The first engagement, a minor skirmish, was won by the French on August 2, when they drove a small Prussian detachment from the city of Saarbrücken, near the border between France and Germany. In the major battles at Weissenburg (August 4), at Wörth (August 6), and at Spichern (August 6), however, the French under Marie Edmé Patrice Maurice, comte de MacMahon were defeated. MacMahon was ordered to fall back on Châlons. Achille François Bazaine, in command of all French troops east of the city of Metz, was directed to maintain his positions. Metz itself was to be held at all costs. These orders split the French forces, which were unable thereafter to regain their unity or freedom of action. On August 12 the French emperor handed the supreme command over to Bazaine, who was badly beaten in the great battles of Vionville (August 15) and Gravelotte (August 18), and forced into Metz. There he was besieged by two German armies. MacMahon then was ordered to relieve Metz. On August 30 the Germans surprised and defeated MacMahon's leading corps at Beaumont, whereupon he decided to withdraw his army to the town of Sedan.

The decisive battle of the war opened in Sedan on the morning of September 1, 1870 (see Sedan, Battle of). At about 7:00 AM MacMahon was severely wounded, and an hour and a half later General Emmanuel Félix de Wimpffen received the chief command. The battle continued until 4:15 PM, when Napoleon, who meanwhile had arrived in Sedan, resumed command. Recognizing the hopelessness of the situation, he ordered the white flag to be hoisted. Terms of surrender were negotiated during the night, and on the following day Napoleon, together with 83,000 troops, surrendered to the Germans.

Upon receiving intelligence of the capture of the French emperor, Paris rose in rebellion, the Legislative Assembly was dissolved, and France was proclaimed a republic.



Figure 3.8: Prussia (marked in blue) as part of Imperial Germany

Before the close of September, Strasbourg, one of the last points at which the French had hoped to stem the German advance, capitulated, and Paris was completely surrounded. On October 7 the minister of the new French government, Léon Gambetta, made a dramatic escape from Paris by balloon, and with his chief assistant, Charles Louis de Saulces de Freycinet, established a provisional capital in the city of Tours. From there they led the organization and equipment of 36 military divisions. The efforts of these troops proved unavailing, however, and they were at length driven into Switzerland, where they were disarmed and interned.

On October 27 Marshal Bazaine surrendered at Metz with 173,000 men. Paris, meanwhile, was subjected to siege and bombardment. Its citizens, attempting to stave off the enemy with crude and makeshift weapons, and reduced to eating cats, dogs, and even rats, were at length compelled, on January 19, 1871, to open negotiations for surrender. A day earlier, January 18, an event had occurred that represented the culmination of Bismarck's unremitting efforts for the unification of Germany. William I, the Prussian king, was crowned emperor of Germany in the Hall of Mirrors at Versailles. The formal capitulation of Paris took place on January 28, following which an armistice of three weeks was arranged. A French national assembly, elected to negotiate the peace, convened at Bordeaux on February 13 and chose Adolphe Thiers as the first president of the Third Republic. In March Parisians broke out in revolt of the new assembly and organized a revolutionary government known as the Commune of Paris (see Commune of Paris, 1871). Opposing the armistice, they fought bitterly

against government troops sent by Thiers to suppress the revolt. The ensuing civil war lasted until May, when the revolutionaries surrendered.

The Treaty of Frankfurt, signed on May 10, 1871, ended the war between France and Germany. The treaty provided that the French province of Alsace (excepting Belfort) and part of Lorraine, including Metz, were to be ceded to the German Empire, and that France was to pay a war indemnity of 5 billion gold francs (\$1 billion), submitting to occupation by German troops until the amount was rendered in full. This heavy obligation was discharged in September 1873, and during the same month, after an occupation of almost three years, France was at last freed of German soldiers.

3.7 Imperial Germany

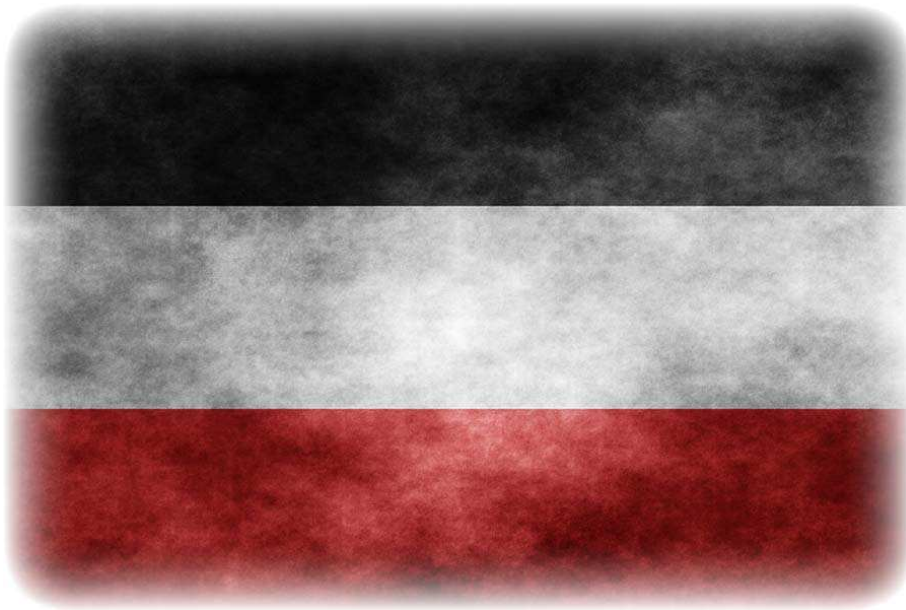


Figure 3.9: The flag of Imperial Germany.

The German Confederation had been created by an act of the Congress of Vienna on 8 June 1815 as a result of the Napoleonic Wars, after being alluded to in Article 6 of the 1814 Treaty of Paris.[14] German nationalism rapidly shifted from its liberal and democratic character in 1848, called Pan-Germanism, to Prussian prime minister Otto von Bismarck's pragmatic Realpolitik. Bismarck sought to extend Hohenzollern hegemony throughout the German states; to do so meant unification of the German states and the elimination of Prussia's rival, Austria, from the subsequent empire. He envisioned a conservative, Prussian-dominated Germany. Three wars led to military successes and helped to persuade German people to do this: the Second war of Schleswig against Denmark in 1864, the Austro-Prussian War in 1866, and the Franco-Prussian War against France in 1870–71.

The German Confederation ended as a result of the Austro-Prussian War of 1866 between the constituent Confederation entities of the Austrian Empire and its allies on one side and the Kingdom of Prussia and its allies on the other. The war resulted in the Confederation being partially replaced by a North German Confederation in 1867, comprising the 22 states north of the Main. The patriotic fervour generated by the Franco-Prussian War overwhelmed the remaining opposition in the four states south of the Main to a unified Germany, and during November 1870 they joined the North German Confederation by treaty.

There was a roar of nationalism throughout all German states. The German/Prussian army won nearly all battles against France, also reaching Paris. The title of a German Kaiser was put into the Reichsverfassung (constitution). The proclamation of

the Kaiser has been done on January 18th 1871 in the Hall of Mirrors in Versailles which finalized the creation of the Second German Reich. It's Kaiser was Wilhelm I with Otto von Bismarck as chancellor. The Kaiser gave speech with the words: "We assume the imperial dignity with the awareness of duty to protect the laws of the Reich with German loyalty and to preserve peace and the independence of Germany ... to be an enhancer of the Reich, not through military conquering but by goods and gifts of peace on the area of national welfare, freedom and ethos." Bismarck aligned his foreign policy on the Kaisers words: "Every great power that tries to influence, outside of their own sphere of influence, the politics of other nations, the great power which tries to steer and agitate outside their land which god has given to them, this great power conducts power politics and not interest-driven politics. Such great power works towards prestige. We won't do that."

The German Empire was the historical German nation state that existed from the unification of Germany in 1871 to the abdication of Kaiser Wilhelm II in November 1918, when Germany became a federal republic. The German Empire consisted of 27 constituent territories, with most being ruled by royal families. This included four kingdoms, six grand duchies, six duchies (five after 1876), seven principalities, three free Hanseatic cities, and one imperial territory. After 1850, the states of Germany had rapidly become industrialized, with particular strengths in coal, iron (and later steel), chemicals, and railways. In 1871 it had a population of 41 million people, and by 1913 this had increased to 68 million. A heavily rural collection of states in 1815, the united Germany became predominantly urban. During its 47 years of existence, the German Empire operated as an industrial, technological, and scientific giant, gaining more Nobel Prizes in science than any other country. Germany became a great power, boasting a rapidly growing rail network, the world's strongest army, and a fast-growing industrial base.[13] In less than a decade, its navy became second only to Britain's Royal Navy.

Although nominally a federal empire and league of equals, in practice the empire was dominated by the largest and most powerful state, Prussia. It stretched across the northern two thirds of the new Reich, and contained three-fifths of its population. The imperial crown was hereditary in the House of Hohenzollern, the ruling house of Prussia. With the exception of the years 1872–1873 and 1892–1894, the chancellor was always simultaneously the prime minister of Prussia. The other states retained their own governments, but had only limited aspects of sovereignty. For example, both postage stamps and currency were issued for the empire as a whole. Coins through one mark were also minted in the name of the empire, while higher valued pieces were issued by the states. However, these larger gold and silver issues were virtually commemorative coins and had limited circulation. While the states issued their own decorations, and some had their own armies, the military forces of the smaller ones were put under Prussian control. Those of the larger states, such as the Kingdoms of Bavaria and Saxony, were coordinated along Prussian principles and

would in wartime be controlled by the federal government.



Figure 3.10: Borders of Imperial Germany from 1871 till 1918.

Bismarck's domestic policies played an important role in forging the authoritarian political culture of the Kaiserreich. Less preoccupied by continental power politics following unification in 1871, Germany's semi-parliamentary government carried out a relatively smooth economic and political revolution from above that pushed them along the way towards becoming the world's leading industrial power of the time. Bismarck's "revolutionary conservatism" was a conservative state-building strategy designed to make ordinary Germans—not just the Junker elite—more loyal to state and emperor. According to Kees van Kersbergen and Barbara Vis, his strategy was: granting social rights to enhance the integration of a hierarchical society, to forge a bond between workers and the state so as to strengthen the latter, to maintain traditional relations of authority between social and status groups, and to provide a countervailing power against the modernist forces of liberalism and socialism.

Bismarck recognized the dangers of Marxism in Germany (where Karl Marx made it popular), which set its goal towards the destruction of all folk. In 1881, to forestall the revolutionary spirit, he was able to implement social reforms for the "positive support of the workers well-being" despite resistance from the parties. These included:

- 1883 - Public Healthcare

- 1884 - Corporate Accident Insurance
- 1889 - Pension Insurance and Disability Insurance

Similar policies were established much later in the other Nations, in Britain shortly after World War 2, in the USA and Canada in the 1960s. Kaiser Wilhelm I died in March 1888 and Bismarck was dismissed two years later after serving his country for 28 years by Kaiser Wilhelm II.

Bismarck's post-1871 foreign policy was conservative and sought to preserve the balance of power in Europe. British historian Eric Hobsbawm concludes that he "remained undisputed world champion at the game of multilateral diplomatic chess for almost twenty years after 1871, [devoting] himself exclusively, and successfully, to maintaining peace between the powers." His chief concern was that France would plot revenge after its defeat in the Franco-Prussian War. As the French lacked the strength to defeat Germany by themselves, they sought an alliance with Russia, which would trap Germany between the two in a war (as would ultimately happen in 1914). Bismarck wanted to prevent this at all costs and maintain friendly relations with the Russians, and thereby formed an alliance with them and Austria-Hungary (which by the 1880s was being slowly reduced to a German satellite), the Dreikaiserbund (League of Three Emperors). During this period, individuals within the German military were advocating a preemptive strike against Russia, but Bismarck knew that such ideas were foolhardy. He once wrote that "the most brilliant victories would not avail against the Russian nation, because of its climate, its desert, and its frugality, and having but one frontier to defend," and because it would leave Germany with another bitter, resentful neighbor.

Industrialisation progressed dynamically in Germany and German manufacturers began to capture domestic markets from British imports, and also to compete with British industry abroad, particularly in the U.S. The German textile and metal industries had by 1870 surpassed those of Britain in organisation and technical efficiency and superseded British manufacturers in the domestic market. Germany became the dominant economic power on the continent and was the second largest exporting nation after Britain. Technological progress during German industrialisation occurred in four waves: the railway wave (1877–86), the dye wave (1887–96), the chemical wave (1897–1902), and the wave of electrical engineering (1903–18).[32] Since Germany industrialised later than Britain, it was able to model its factories after those of Britain, thus making more efficient use of its capital and avoiding legacy methods in its leap to the envelope of technology. Germany invested more heavily than the British in research, especially in chemistry, motors and electricity. Germany's dominance in physics and chemistry was such that one-third of all Nobel Prizes went to German inventors and researchers. The German cartel system (known as *Konzerne*), being significantly concentrated, was able to make more efficient use of capital. Germany was not weighted down with an expensive worldwide empire

that needed defense. Following Germany's annexation of Alsace-Lorraine in 1871, it absorbed parts of what had been France's industrial base.

By 1900, the German chemical industry dominated the world market for synthetic dyes. The three major firms BASF, Bayer and Hoechst produced several hundred different dyes, along with the five smaller firms. In 1913, these eight firms produced almost 90% of the world supply of dyestuffs and sold about 80% of their production abroad. The three major firms had also integrated upstream into the production of essential raw materials and they began to expand into other areas of chemistry such as pharmaceuticals, photographic film, agricultural chemicals and electrochemicals.



Figure 3.11: The “Wacht am Rhein” was an additional, unofficial national anthem of Germany.

From the 1890s onwards, the most effective opposition to the monarchy came from the newly formed Social Democratic Party of Germany (SPD), which advocated Marxism. The threat of the SPD to the German monarchy and industrialists caused the state both to crack down on the party's supporters and to implement its own programme of social reform to soothe discontent. Germany's large industries provided significant social welfare programmes and good care to their employees, as long as they were not identified as socialists or trade-union members. The larger industrial firms provided pensions, sickness benefits and even housing to their employees.

3.8 Austria-Hungary

The union of Austria and Hungary, also known as the Dual (that of Emperor of Austria and King of Hungary) Monarchy, was a dualistic state (1867–1918 C.E.) in which Austria and Hungary each had a parliament to manage their domestic affairs.

A joint cabinet then handled foreign affairs, military affairs, and finances. The newly created Austro-Hungarian Empire was a good example of a marriage of convenience. The Italian and German campaigns for national unification altered the balance of power in continental Europe. These campaigns challenged the dominance of Austria's Habsburg Monarchy. Austria's defeat at the hands of French and Piedmont forces in 1859 and its crushing loss to Prussia in the Seven Weeks' War crippled Austria's influence in Europe and encouraged resistance within the borders of its empire. Faced with the dual threat of a rapidly industrializing German state and a unified Italy, Austria courted a new political partner to prevent the further erosion of its power. During the revolutions of 1848, Magyar leaders of Hungary and Czech leaders from Bohemia had asserted their independence from Austrian rule. Austrian military forces crushed the Czech revolt but the Hungarian Republic held out, until the arrival of 100,000 Russian troops helped the Austrian forces to prevail. In an effort to remain a world power and consolidate its crumbling empire in central and eastern Europe, Austria joined with Hungary to form the unusual alliance called the Austro-Hungarian Empire. This lasted 51 years before it was dissolved after World War I.

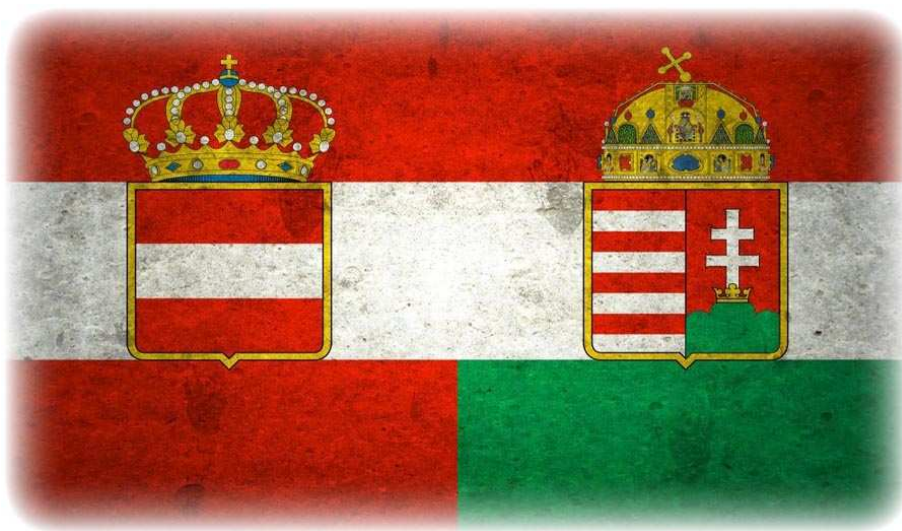


Figure 3.12: The flag of the Austria-Hungarian Dual Monarchy.

As in all through the history, the ambitions and fate of main protagonists of the mightiest political powers play the most important roles. So, in the European theatre of nineteenth century there was first Napoleon's defeat and exile in 1814, upon which the Congress of Vienna in 1815 re-established the House of Habsburg and its territories. Especially agile in all this was the Austrian chancellor, prince Clemens von Metternich, who, by a combination of conflict and diplomacy, made the Austrian Habsburg Empire the leading power on the continent, only to be swept aside by the 1848 rebellions in Europe, which forced many Royal houses to allow limited constitutional and social reforms. Much more fateful was, however, the antagonism between

Habsburgs and Hohenzollerns (Prussian) dynasties that started already well before in 1740. At question was the domination of the Deutcher Bund, a group of German speaking political entities in Europe, with the Austrian Emperor as its head. Thus, the then Prussian premier Otto von Bismarck used all the guile and political talent and eventually achieved—especially after crushing defeat of Austrian army at Graz in 1866—that Austria ceded Italy Venezia dynasty, Holstein to Prussia, and agreed to dissolve the Deutsche Bund. The way to eventual Greater Germany under Prussia , with all its later world wars, has thus begun. This may have been the final push for the Austrian Emperor to agree to the “Compromise.”

The Ausgleich (“Compromise”) of February 1867 which inaugurated the Empire’s dualist structure in place of the former unitary Austrian Empire (1804-1867) originated at a time when Austria had declined in strength and in power—both in the Italian peninsula (as a result of the Austro-Sardinian War of 1859) and in greater Germany (culminating in the Austro-Prussian War of 1866). Other factors in the constitutional changes included continued Hungarian dissatisfaction with rule from Vienna, and increasing national consciousness on the part of other nationalities of the Austrian Empire. Hungarian dissatisfaction grew partially from Austria’s suppression, with Russian support, of the Hungarian liberal revolution of 1848–1849. However, dissatisfaction with Austrian rule had grown for many years within Hungary, and had many causes. In an effort to shore up support for the monarchy, Emperor Franz Joseph of Austria began negotiations for a compromise with Hungary’s Magyar nobility to ensure their support. Some members of the government, such as Austrian prime minister Richard von Belcredi, advised the Emperor to make a more comprehensive constitutional deal with all of the nationalities that would have created a federal structure. Belcredi worried that an accommodation with the Magyar interests would alienate the other nationalities. However, Franz Joseph was unable to ignore the power of the Hungarian nobility, and they would not accept anything less than dualism between themselves and the traditional Austrian elites.

In particular, they received the Emperor’s coronation as King of Hungary, a separate parliament at Budapest with the powers to enact laws for the historic lands of the Hungarian crown (the lands of Stephen I), though on a basis which would preserve the political dominance of ethnic Hungarians (more specifically of the country’s large nobility and educated élite) and the exclusion from effective power of the country’s large Romanian and Slavic minorities: Slovaks, Bulgarians and other Balkan Slavs.

The Settlement of 1867 (also known as the Compromise of 1867) provided Habsburg rulers with a more stable empire in the short run by securing strength through numbers. The empire retained its place as a great power in Europe. Vienna later became a center for the modernist thrust in art, music, and psychology. However, the constitutional reforms, enacted in 1867, gave the general citizenry legal rights as never before and, probably, unparalleled, at least in the Czech part of the Empire in the last 50 years of the twentieth century. The Emperor (Franz Josef 1st) made the

Imperial Council, previously only an advisory entity, the only legal arbiter and, *de iure*, the parliament with ultimate legislative and control authority of its deputies. Owing to the lobby of, mostly, German bourgeoisie deputies, the new constitution now featured: installing universal law and order for everybody without exception, such as: freedom of conscience and of religion, freedom to assemble or to gather, freedom of speech, freedom of scientific research, freedom of movement, principle of universal equality vis-à-vis the law, inviolability of personal property. This represents the dream of every developing country in the twenty-first century. Apart from that, the judicial system was completely overhauled with the decreed (and generally upheld in practice) independence of judges on all levels and the “imperial court of law” was established to process complaints of citizens against the lawlessness of the regional (or local) governments. One very important element in this democratization process was enactment of the mandatory eight-year school-attendance and the abolition of church-control over the school system.

The Austro-Hungarian economy changed dramatically during the existence of the Dual Monarchy. Technological change accelerated industrialization and urbanization. The capitalist mode of production spread throughout the Empire during its 50-year existence. The old institutions of feudalism continued to disappear. Economic growth centered around Vienna, the Austrian lands (areas of modern Austria), the Alpine lands, and the Bohemian lands. In the later years of the nineteenth century rapid economic growth spread to the central Hungarian plain and to the Carpathian lands. As a result of this pattern wide disparities of development existed within the Empire. In general the western areas achieved far more development than the east. By the early twentieth century most of the Empire had started to experience rapid economic growth. The GNP per capita grew roughly 1.45 percent per year from 1870 to 1913. That level of growth compared very favorably to that of other European nations such as Britain (1.00 percent), France (1.06 percent), and Germany (1.51 percent) (see Good: 1984). However, the Empire’s economy as a whole still lagged considerably behind the economies of other powers, as it had only begun sustained modernization much later. Britain had a GNP per-capita almost three times larger than the Habsburg Empire, while Germany’s stood almost twice as high as Austria-Hungary’s. Nonetheless, these large discrepancies hide different levels of development within the Empire.

Rail transport expanded rapidly in the Austro-Hungarian Empire. Its predecessor state, the Habsburg Empire, had built a substantial core of railways in the west originating from Vienna by 1841. At that point the government realized the military possibilities of rail and began to invest heavily in their construction. Bratislava, Budapest, Prague, Kraków, Graz, Laibach (Ljubljana), and Venice became linked to the main network. By 1854 the Empire had almost 2000 kilometres of track, about 60 to 70 percent of it in state hands. At that point the government began to sell off large portions of track to private investors to recoup some of its investments and

because of the financial strains of the 1848 Revolution and of the Crimean War.

The territory of the Austro-Hungarian Empire expanded still further when the Russians defeated the Ottoman Turks in 1878. An international congress (the Congress of Berlin) was held to divide up the last Ottoman possessions. Austria-Hungary was given permission to administer the territories of Bosnia and Herzegovina, with other territories being divided up equally amongst the other powers and some becoming independent, with the most prominent of these independent states being Serbia. Lieven (2002) notes that while the Austro-Hungarian empire had one of the lowest military budgets they did not lose any territory in the five decades before 1918 and actually gained Bosnia and Herzegovina (341). In the meantime, the rise of a united Germany had created a German power to match that of the Austro-Hungarian empire. Defeated in a short conflict over control of some German states, the Austro-Hungarian Empire aligned itself with the united states of Germany. In 1879, Germany (which meant: Prussia) and the Empire signed a formal alliance, joined by Italy in 1882. The pact was called the Triple Alliance.

The Imperial (Austrian) and Royal (Hungarian) governments differed also to some extent in their attitude toward the Empire's common foreign policy. Politicians in Budapest particularly feared annexations of territory which would add to the kingdom's non-Hungarian populations. But the Empire's alliance with Germany against Russia from October 1879 and the above mentioned Triple Alliance commanded general acceptance, since Russia seemed the principal external military threat to both parts. Austro-Hungarian forces occupied the territory of Bosnia and Herzegovina from August 1878 under the 1878 Treaty of Berlin. The Empire annexed this territory in October 1908 as a common holding under the control of the finance ministry rather than attaching it to either territorial government. The annexation set up an anomalous situation which led some in Vienna to contemplate combining Bosnia and Herzegovina with Croatia to form a third component of the Empire, uniting its southern Slav regions under the domination of Croats (who might have proved more sympathetic to Vienna than to Budapest).

The Multi-Ethnic Empire

One of the major challenges for the dual monarchy was the nationalities problem. Franz Joseph's empire was a multiethnic state in which more than ten languages were spoken and all European religions were represented. One problem arose from the fact that the various ethnic groups did not have equal opportunities to shape the political process. Following the Compromise with Hungary the Magyars received special privileges alongside the German-speaking elites. This created opposition from the other nationalities, with the ethnic Slav groups in particular feeling disadvantaged. Czechs and Southern Slavs vociferously demanded increased federalization of the Monarchy. The Czechs, who had assumed the leading role among the Slav

peoples of the monarchy in the second half of the nineteenth century thanks to rapid economic and cultural development, demanded a position commensurate with their status the third largest nationality within the state as a whole. The hopes of the Czechs were dashed when the ‘Bohemian Compromise’ originally promised by Franz Joseph finally collapsed after opposition from the German-speaking groups in Bohemia in 1871. Closely connected to the nationalities issue was Austria-Hungary’s Balkan policy. Franz Joseph harboured ambitious plans for expansion in south-eastern Europe, seeing the Balkans as a substitute for the Italian territories he had lost. As the Ottoman Empire continued to decline, new states (Greece, Serbia and Rumania) had emerged during the nineteenth century. The European Great Powers were involved in this process as protecting powers. A huge conflict of interest arose between Austria-Hungary and Russia, which saw itself as the protecting power of the Orthodox Balkan Slavs.



Figure 3.13: Austria-Hungary, the multi-ethnic Dual-Monarchy.

In 1878, in keeping with the resolutions of the Congress of Berlin, the Ottoman provinces of Bosnia and Herzegovina were occupied, although they officially remained part of the Ottoman Empire. These underdeveloped territories were subsequently given the status of ‘Reichsland’ and were administered in common by the Imperial and Royal Ministry of Finance. This expansion of territory also had political consequences for the nationality issue as it resulted in an increase in the (south) Slav ethnic group and thus in the demand of all the ethnic Slav groups for trialism with

greater involvement of the Slav majority and an end to German and Magyar domination. The liberal-led governments had failed to find a solution to the Balkan question. They were followed in 1879 by the conservative government headed by Count Eduard Taaffe (1879-1893). The Taaffe era is notable for its franchise reforms. Through the reduction of the minimum tax base ('Zensus') required to qualify for a vote, broader sectors of the population, in particular from the lower middle classes and peasantry, gained a political voice in general elections. This would eventually result in the formation of the modern mass parties of the Christian Socialists and Social Democrats.

The decades after 1867 were marked by progress in the cultural and economic fields. In an era known as the 'Gründerzeit', the Habsburg Empire experienced an upswing, with the emergence of new branches of industry and a financially robust middle class. The Monarchy was transforming itself from a feudal agrarian state into an industrial society, even though enormous differences still remained between highly developed and the backward parts of the empire. Franz Joseph harboured an ambivalent attitude towards this social transformation. The Viennese court remained a stronghold of tradition and was regarded as the most elite in Europe. Although the new middle-class elites and the plutocracy became the representatives and patrons of the city's cultural life, as symbolized by the Ringstrasse in Vienna, they were not regarded by the court as the equal of the old-established aristocracy. However, the effect of Franz Joseph as a counterbalancing factor thanks to his personal authority during the latter decades of his reign should not be underestimated. Although he saw himself as a 'German prince' and regarded the primacy of German language and culture as the 'glue' that held the Monarchy together, in his personal dealings he never allowed even the slightest hint to emerge that he favoured one ethnic group over the other. Franz Joseph represented a pre-modern concept of nationhood and was unsympathetic to the conflicts between the various nationalities that beset his empire.

He also changed considerably in his attitude towards the various religious faiths. Whereas at the beginning of his reign Franz Joseph had represented an extremely reactionary political Catholicism, later on he committed himself to religious pluralism in his Monarchy, although still maintaining the unchallenged primacy of the Catholic Church. He regarded the other religious groups in his realm with benevolence; Jews and Muslims in particular saw him as a protector. During the boom years in the decades leading up to the turn of the century conditions in the Monarchy were stable, if not always free of tensions. Beneath the calm surface, however, unsolved social problems and political conflict between the various ethnic groups began to ferment.

3.9 Russian Empire

Ancient Russia (800-1200)

The early history of Russia, like those of many countries, is one of migrating peoples and ancient kingdoms. In fact, early Russia was not exactly "Russia," but a collection of cities that gradually coalesced into an empire. In the early part of the ninth century, as part of the same great movement that brought the Danes to England and the Norsemen to Western Europe, a Scandinavian people known as the Varangians crossed the Baltic Sea and landed in Eastern Europe. The leader of the Varangians was the semilegendary warrior Rurik, who led his people in 862 to the city of Novgorod on the Volkhov River. Whether Rurik took the city by force or was invited to rule there, he certainly invested the city. From Novgorod, Rurik's successor Oleg extended the power of the city southward. In 882, he gained control of Kiev, a Slavic city that had arisen along the Dnepr River around the 5th century. Oleg's attainment of rule over Kiev marked the first establishment of a unified, dynastic state in the region. Kiev became the center of a trade route between Scandinavia and Constantinople, and Kievan Rus', as the empire came to be known, flourished for the next three hundred years.



Figure 3.14: The flag of the Russian Empire.

By 989, Oleg's great-grandson Vladimir I was ruler of a kingdom that extended to as far south as the Black Sea, the Caucasus Mountains, and the lower reaches of the Volga River. Having decided to establish a state religion, Vladimir carefully considered a number of available faiths and decided upon Greek Orthodoxy, thus allying himself with Constantinople and the West. It is said that Vladimir decided against Islam partly because of his belief that his people could not live under a religion that prohibits hard liquor. Vladimir was succeeded by Yaroslav the Wise,

whose reign marked the apogee of Kievan Rus'. Yaroslav codified laws, made shrewd alliances with other states, and encouraged the arts. Unfortunately, he decided in the end to act like Lear, dividing his kingdom among his children and bidding them to cooperate and flourish. Of course, they did nothing of the sort. Within a few decades of Yaroslav's death (in 1054), Kievan Rus' had broken up into regional power centers. Internal divisions were made worse by the depredations of the invading Cumans (better known as the Kipchaks). It was during this time (in 1147 to be exact) that Yuri Dolgorukiy, one of the regional princes, held a feast at his hunting lodge atop a hill overlooking the confluence of the Moskva and Neglina Rivers. A chronicler recorded the party, thus providing us with the earliest mention of Moscow, the small settlement that would soon become the pre-eminent city in Russia.

The Mongols and the Emergence of Moscow (1237-1613)

Kievan Rus' struggled on into the 13th century, but was decisively destroyed by the arrival of a new invader—the Mongols. In 1237 Batu Khan, a grandson of Jenghiz Khan, launched an invasion into Kievan Rus' from his capital on the lower Volga (at present-day Kazan). Over the next three years the Mongols (or Tatars) destroyed all of the major cities of Kievan Rus' with the exceptions of Novgorod and Pskov. The regional princes were not deposed, but they were forced to send regular tribute to the Tatar state, which became known as the Empire of the Golden Horde. Invasions of Russia were attempted during this period from the west as well, first by the Swedes (1240) and then by the Livonian Brothers of the Sword (1242), a regional branch of the fearsome Teutonic Knights. In the best news of the era for Russia, both were decisively defeated by the great warrior Alexander Nevsky, a prince of Novgorod who earned his surname from his victory over the Swedes on the Neva River.

For the next century or so, very little seems to have happened in Russia, which other than the exorbitant tax requirement was relatively left alone by the Mongols. With the Tatars off to the southwest, the northeastern cities gradually gained more influence—first Tver, and then, around the turn of the 14th century, Moscow. As a sign of the city's importance, the patriarchate of the Russian Orthodox Church was transferred to the city, making it the spiritual capital of Russia. By the latter part of the century, Moscow felt strong enough to challenge the Tatars directly, and in 1380 a Muscovite prince named Dmitri Donskoy had the audacity to attack them. His decisive victory at Kulikovo Field immediately made him a popular hero, though the Tatar retaliation two years later maintained their rule over the city. It wasn't until 1480, after another century had passed, that Moscow was strong enough to throw off Tatar rule for good. Its ruler at that time was Grand Duke Ivan III, better known as Ivan the Great. Ivan began by subjugating most of Moscow's rival cities, and by the time he tore up the charter binding it to Tatar tribute he was effectively in control of the entire country. However, it wasn't until the reign of his grandson, Ivan IV (the

Terrible), that Russia became a unified state.

Ivan the Terrible succeeded his father Vasily III as Grand Duke of Moscow in 1533 at the age of three. His mother served as regent until she too died, when Ivan was eight. For the next eight years, the young Grand Duke endured a series of regents chosen from among the boyars (the nobility). Finally in 1547, he adopted the title of tsar and set about crushing the power of the boyars, reorganizing the military, and preparing to smite the Tatars. In 1552 he conquered and sacked Kazan (the famous St. Basil's Cathedral was built in commemoration of this victory), and in 1556 Astrakhan, having thus destroyed the lingering power of the Golden Horde. Ivan's Tatar campaigns opened vast new areas for Russian expansion, and it was during his reign that the conquest and colonization of Siberia began. Believe it or not, Ivan was not supposed to have been very terrible at all during the early years of his reign. However, as he grew older his temper worsened, and by the 1560s he carried out a pretty horrific campaign against the boyars, confiscating their land and executing or exiling those who displeased him. In 1581, in a rage, he struck his son and heir Ivan with an iron rod, killing him.

When Ivan the Terrible died in 1584, he was succeeded by his son Fyodor, who left most of the management of the kingdom to his brother-in-law, Boris Godunov, and it was not long before Godunov began to work to secure the succession for himself. In 1591, he murdered Fyodor's younger brother Dmitri in the ancient town of Uglich, a spot now marked by the magnificent Church of St. Demetrius on the Blood. When Fyodor died in 1598, Godunov was made tsar, but his rule was never accepted as entirely legitimate. Within a few years a pretender arose in Poland, claiming to be Dmitri, and in 1604 he invaded Russia. Godunov died suddenly the next year, and the "Time of Troubles" began. For the next eight years both the first and a second false Dmitri laid claims to the throne, both supported by invading Polish armies. Finally, in 1613, the Poles were ousted from Moscow, and the boyars unanimously elected Michael Romanov as Tsar. The Romanov dynasty was to rule Russia for the next 304 years, until the Russian Revolution brought an end to the Tsarist state.

The Romanovs (1613-1825)

For the first few generations, the Romanovs were happy to maintain the status quo in Russia. They continued to centralize power, but they did very little to bring Russia up to speed with the rapid changes in economic and political life that were taking place elsewhere in Europe. Peter the Great decided to change all of that. Peter the Great was his father's youngest son and the child of his second wife. When his father, Tsar Alexis, died in 1676 Peter's brother Feodor became Tsar, but his poor health brought an early death in 1682. The family of Peter's mother succeeded in having him chosen over his mentally retarded brother Ivan to be Tsar, but no sooner was he established than the Ivan's family struck back. Gaining the support of the

Kremlin Guard, they launched a coup d'état, which resulted in a joint Tsar-ship, with both Peter and Ivan placed under the regency of Ivan's elder sister Sophia.

In 1689, just as Peter was to come of age, Sophia attempted another coup—this time, however, she was defeated and confined to Novodevichiy Convent. Six years later Ivan died, leaving Peter in sole possession of the throne. Rather than taking up residence and rule in Moscow, his response was to embark on a Grand Tour of Europe. He spent about two years there, not only meeting monarchs and conducting diplomacy but also travelling incognito and even working as a ship's carpenter in Holland. He amassed a considerable body of knowledge on western European industrial techniques and state administration, and became determined to modernize the Russian state and to westernize its society. In 1698, still on tour, Peter received news of yet another rebellion by the Kremlin Guard, instigated by Sophia despite her confinement to Novodevichiy. He returned, defeated the coup attempt and hung all of the rebels. The following day he began his program to recreate Russia in the image of Western Europe by personally clipping off the beards of his nobles.

Peter's return to Russia hit the country like a hurricane. He banned traditional Muscovite dress for all men, introduced military conscription, established technical schools, replaced the church patriarchy with a holy synod answerable to himself, simplified the alphabet, tried to improve the manners of the court, changed the calendar, changed his title from Tsar to Emperor, and introduced a hundred other reforms, restrictions, and novelties. In 1703 he transferred the capital from Moscow to a new city to be built from scratch on the Gulf of Finland. Over the next nine years, at tremendous human and material cost, St. Petersburg was created.

Peter himself died in 1725, and he remains one of the most controversial figures in Russian history. Although he was deeply committed to making Russia a powerful new member of modern Europe, it is questionable whether his reforms resulted in significant improvements to the lives of his subjects. Certainly he modernized Russia's military and its administrative structure, but both of these reforms were financed at the expense of the peasantry, who were increasingly forced into serfdom. After Peter's death Russia went through a great number of rulers in a distressingly short time, none of whom had much of an opportunity to leave a lasting impression. Many of Peter's reforms failed to take root in Russia, and it was not until the reign of Catherine the Great that his desire to make Russia into a great European power was in fact achieved.

Catherine the Great

The future Catherine the Great was born a German princess in one of the tiny German states, but turned out to be a powerful and enlightened ruler of the vast Russian Empire. In 1745 she was married to prince Carl Peter Ulrich, the heir to the Russian throne (the future Emperor Peter III). Being a bright personality with a

strong sense of determination she joined the Russian Orthodox Church, learned the Russian language and by doing a lot of reading acquired a brilliant education. In June 1762 she took an active part in a coup against her husband Emperor Peter III. He was overthrown and soon killed "in an accident", while Catherine became Russia's ruler.

Catherine went on to become the most powerful sovereign in Europe. She continued Peter the Great's reforms of the Russian state, further increasing central control over the provinces. Russia's influence in European affairs, as well as its territory in Eastern and Central Europe, were increased and expanded. Catherine was also an enthusiastic patron of the arts. She built and founded the Hermitage Museum, commissioned buildings all over Russia, founded academies, journals, and libraries, and corresponded with the French Encyclopedists, including Voltaire, Diderot, and d'Alembert. Although Catherine did in fact have many lovers, some of them trusted advisors and confidants, stories alleging her to have had an excessive sexual appetite are unfounded.

With the onset of the French Revolution, Catherine became strikingly conservative and increasingly hostile to criticism of her policies. From 1789 until her death, she reversed many of the liberal reforms of her early reign. One notable effect of this reversal was that, like Peter the Great, Catherine ultimately contributed to the increasingly distressing state of the peasantry in Russia. When Catherine the Great died in 1796, she was succeeded by her son Paul I. Paul's reign lasted only five years and was by all accounts a complete disaster. Paul was succeeded by his son Alexander I, who is remembered mostly for having been the ruler of Russia during Napoleon Bonaparte's epic Russian Campaign.

Napoleon's Invasion

In June of 1812, Napoleon began his fatal Russian campaign, a landmark in the history of the destructive potential of warfare. Virtually all of continental Europe was under his control, and the invasion of Russia was an attempt to force Tsar Alexander I to submit once again to the terms of a treaty that Napoleon had imposed upon him four years earlier. Having gathered nearly half a million soldiers, from France as well as all of the vassal states of Europe, Napoleon entered Russia at the head of the largest army ever seen. The Russians, under Marshal Kutuzov, could not realistically hope to defeat him in a direct confrontation. Instead, they began a defensive campaign of strategic retreat, devastating the land as they fell back and harassing the flanks of the French. As the summer wore on, Napoleon's massive supply lines were stretched ever thinner, and his force began to decline. By September, without having engaged in a single pitched battle, the French Army had been reduced by more than two thirds from fatigue, hunger, desertion, and raids by Russian forces.

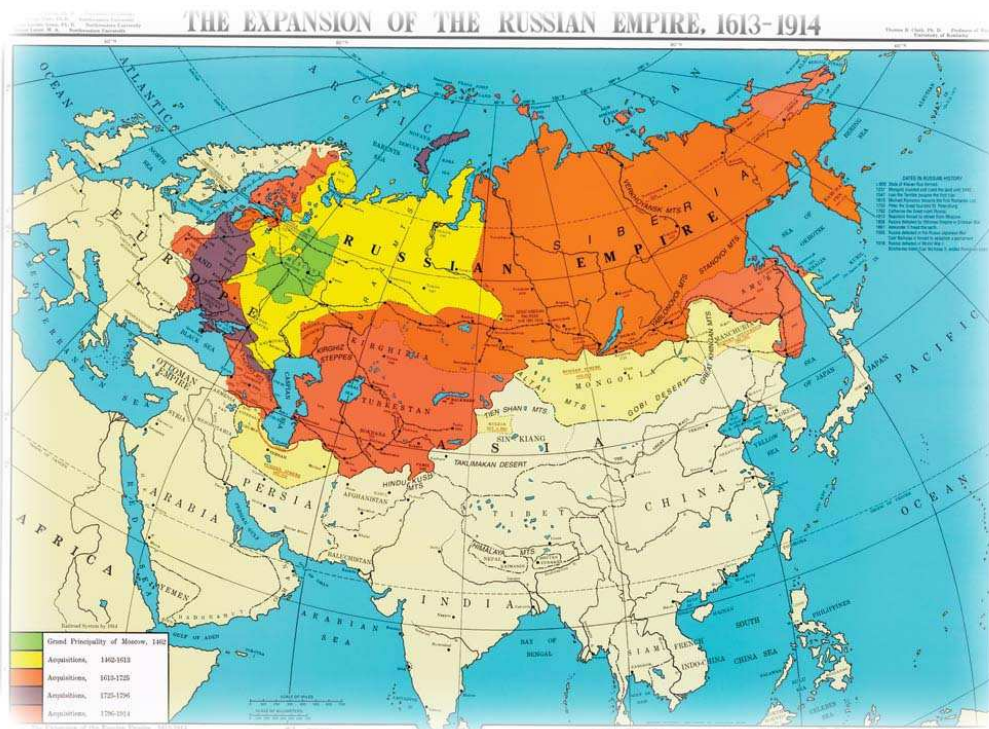


Figure 3.15: Map of the Russian Empire.

Nonetheless, it was clear that unless the Russians engaged the French Army in a major battle, Moscow would be Napoleon's in a matter of weeks. The Tsar insisted upon an engagement, and on September 7, with winter closing in and the French army only 70 miles (110 km) from the city, the two armies met at Borodino Field. By the end of the day, 108,000 men had died—but neither side had gained a decisive victory. Kutuzov realized that any further defense of the city would be senseless, and he withdrew his forces, prompting the citizens of Moscow to begin a massive and panicked exodus. When Napoleon's army arrived on September 14, they found a city depopulated and bereft of supplies, a meager comfort in the face of the oncoming winter. To make matters much, much worse, fires broke out in the city that night, and by the next day the French were lacking shelter as well.

After waiting in vain for Alexander to offer to negotiate, Napoleon ordered his troops to begin the march home. Because the route south was blocked by Kutuzov's forces (and the French were in no shape for a battle) the retreat retraced the long, devastated route of the invasion. Having waited until mid-October to depart, the exhausted French army soon found itself in the midst of winter—in fact, in the midst of an unusually early and especially cold winter. Temperatures soon dropped well below freezing, Cossacks attacked stragglers and isolated units, food was almost non-existent, and the march was five hundred miles. Ten thousand men survived. The campaign ensured Napoleon's downfall and Russia's status as a leading power in post-Napoleonic Europe. Yet even as Russia emerged more powerful than ever from

the Napoleonic era, its internal tensions began to increase.

The Path to Revolution (1825-1905)

Since the reign of Ivan the Terrible, the Russian Tsars had followed a fairly consistent policy of drawing more political power away from the nobility and into their own hands. This centralization of authority in the Russian state had usually been accomplished in one of two ways—either by simply taking power from the nobles and braving their opposition (Ivan the Terrible was very good at this), or by compensating the nobles for decreased power in government by giving them greater power over their land and its occupants. Serfdom, as this latter system was known, had increased steadily in Russia from the time of Ivan the Terrible, its inventor. By the time of Catherine the Great, the Russian Tsars enjoyed virtually autocratic rule over their nobles. However, they had in a sense purchased this power by granting those nobles virtually autocratic power over the serfs, who by this time had been reduced to a state closer to slavery than to peasantry.

By the nineteenth century, both of these relationships were under attack. In the Decembrist revolt in 1825, a group of young, reformist military officers attempted to force the adoption of a constitutional monarchy in Russia by preventing the accession of Nicholas I. They failed utterly, and Nicholas became the most reactionary leader in Europe. Nicholas' successor, Alexander II, seemed by contrast to be amenable to reform. In 1861, he abolished serfdom, though the emancipation didn't in fact bring on any significant change in the condition of the peasants. As the country became more industrialized, its political system experienced even greater strain. Attempts by the lower classes to gain more freedom provoked fears of anarchy, and the government remained extremely conservative. As Russia became more industrialized, larger, and far more complicated, the inadequacies of autocratic Tsarist rule became increasingly apparent. By the twentieth century conditions were ripe for a serious convulsion.

At the same time, Russia had expanded its territory and its power considerably over the nineteenth century. Its borders extended to Afghanistan and China, and it had acquired extensive territory on the Pacific coast. The foundation of the port cities of Vladivostok and Port Arthur there had opened up profitable avenues for commerce, and the construction of the Trans-Siberian Railway (constructed from 1891-1905) linked the European Russia with its new eastern territories. In 1894 Nicholas II acceded to the throne. He was not the most competent of political leaders, and his ministers were almost uniformly reactionaries. To make matters worse, the increasing Russian presence in the far east provoked the hostility of Japan. In January of 1905, the Japanese attacked, and Russia experienced a series of defeats that dissolved the tenuous support held by Nicholas' already unpopular government. Nicholas was forced to grant concessions to the reformers, including most notably a constitution and a parliament, or Duma. The power of the reform movement was founded on a

new and powerful force that entered Russian politics. The industrialization of the major western cities and the development of the Batu oil fields had brought together large concentrations of Russian workers, and they soon began to organize into local political councils, or soviets (“soviet” means council or advice). It was in large part the power of the soviets, united under the Social Democratic party, that had forced Nicholas to accept reforms in 1905.

3.10 England

Edward III (1312-1377) succeeded his father at the age of 15 and reigned for 50 years. His reign was marked by the beginning of the Hundred Years' War (1337-1416) and epidemics of bubonic plague ("Black Death"), which killed one third of England (and Europe's) population. Edward III was often fighting in France, and the government was controlled de facto by his third son John of Gaunt, Duke of Lancaster. John of Gaunt's son, Henry Bolingbroke, took advantage of his cousin Richard II's absence to proclaim himself King Henry IV (1367-1413). Escaping several assassination attempts, Henry also had to deal with the revolt of Owen Glendower, who declared himself Prince of Wales in 1400, then with the rebellion of the Earl of Northumberland.

Henry V (1387-1422), famously defeated the French at the Battle of Agincourt in 1415, but his pious and peace-loving son Henry VI (1421-1471), who inherited the throne at just one year old, was to have a much more troubled reign. The regent lost most of the English possessions in France to a 17-year old girl (Joan of Arc) and in 1455, the Wars of the Roses broke out. This civil war opposed the House of Lancaster (the Red Rose, supporters of Henry VI) to the House of York (the White Rose, supporters of Edward IV). The Yorks argued that the crown should have passed to Edward III's second son, Lionel of Antwerp, rather than to the Lancasters descending from John of Gaunt.

Edward IV's son, Edward V, only reigned for one year, before being locked in the Tower of London by his evil uncle, Richard III (1452-1485), although probably not as evil as Shakespeare depicted him in his play. The reason is that Lancastrian Henry Tudor (1457-1509), the half-brother of Henry VI, defeated Richard III at the Battle of Bosworth Field in 1485, and became Henry VII, founder of the House of Tudor, for which Shakespeare wrote. Henry Tudor's son is maybe England's most famous and historically important ruler, the magnificent Henry VIII (1491-1547). He is remembered in history as one of the most powerful kings of England. Except for getting married six times, desperate for a male heir, Henry changed the face of England, passing the Acts of Union with Wales (1536-1543), thus becoming the first English King of Wales, then changing his title of Lord of Ireland into that of (also first) King of Ireland (1541).

In 1533, Henry divorced his first wife, Catherine of Aragon (Queen Mary's mother, see Peterborough) to remarry Anne Boleyn (Queen Elizabeth I's mother), the Pope excommunicated Henry, and in return, Henry proclaimed himself head of the Church of England. To assure the control over the clergy, Henry dissolved all the monasteries in the country (1536-1540) and nationalised them, becoming immensely rich in the process. Henry VIII was the last English king to claim the title of King of France, as he lost his last possession there, the port of Calais (although he tried to recover it, taking Tournai for a few years, the only town in present-day Belgium to have been



Figure 3.16: Flag of the British Empire.

under English rule). It was also under Henry VIII that England started exploring the globe and trading outside Europe, although this would only develop to colonial proportions under his daughters, Mary I and especially Elizabeth I (after whom Virginia was named).

The 10-year old Edward VI inherited the throne at his father's death in 1547, but died 6 years later and was succeeded by his elder half-daughter Mary. Mary I (1516-1558), a staunch Catholic, intended to restore Roman Catholicism to England, executing over 300 religious dissenters in her 5-year reign (which earned her the nickname of Bloody Mary). She married the powerful King Philip II of Spain, who also ruled over the Netherlands, the Spanish Americas and the Philippines (named after him), and was the champion of the Counter-Reform (read "Inquisition"). Mary died childless of ovarian cancer in 1558, and her half-sister Elizabeth ascended the throne. The great Virgin Queen Elizabeth I (1533-1603) saw the first golden age of England. It was an age of great navigators like Sir Francis Drake and Sir Walter Raleigh, an age of enlightenment with the philosopher Francis Bacon (1561-1626), and playwrights such as Christopher Marlowe (1564-1593) and William Shakespeare (1564-1616).

Her reign was also marked by conflicts with France and Scotland (bound by a common queen, Mary Stuart), then Spain and Ireland. Elizabeth was an undecisive and prudent ruler. She never married, and when Mary Stuart tried and failed to take over the throne of England, Elizabeth kept her imprisoned for 19 years (most of the time in Chatsworth House under the guard of the Earl of Shrewsbury), before finally signing her act of execution. Elizabeth died in 1603, and ironically, Mary Stuart's son, James VI of Scotland, succeeded Elizabeth as King James I of England - thus creating the United Kingdom.

James I (1566-1625) was a Protestant, like Elizabeth, and aimed at improving relations with the Catholics. But 2 years after he was crowned, a group of Catholic extremists led by Guy Fawkes attempted to place a bomb at the parliament's state opening, when the king and his entourage would be present, so as to get rid of all the Protestant aristocracy in one fell swoop. The conspirators were betrayed by one of their number just hours before the plan's enactment. The failure of the Gunpowder Plot, as it is known, is still celebrated throughout Britain on Guy Fawkes' night (5th November), with fireworks and bonfires burning effigies of the conspirators' leader. The divide between Catholics and Protestant worsened after this incident. James's successor Charles I (1600-1649) was eager to unify Britain and Ireland, and wanted to do so as an absolute ruler of divine right, like his French counter-part Louis XIV. Despite being an (Anglican) Protestant, his marriage with a French Roman Catholic combined with policies at odd with Calvinist ideals and his totalitarian handling of the Parliament eventually culminated in the English Civil War (1642-1651). The country was torn between Royalist and Parliamentary troops, and most of the medieval castles still standing were destroyed during that period.

Charles was beheaded, and the puritan leader of the Parliamentarians, Oliver Cromwell (1599-1658)(more on him later), ruled the country as a dictator from 1649 to his death. He was briefly succeeded by his son Richard at the head of the Protectorate, but his political inability prompted the Parliament to restore the monarchy in 1660, calling in Charles I' exiled son, Charles II (1630-1685). The "Merry Monarch", as Charles II was known, was better at handling Parliament than his father, although as ruthless with other matters. It is during his reign that the Whig and Tory parties were created, and that the Dutch colony of New Amsterdam became English and was renamed New York, after Charles' brother, James, Duke of York (and later James II).

Charles II was the patron of the arts and sciences. He helped found the Royal Society and sponsored architect Sir Christopher Wren, who rebuilt the City of London of the Great Fire of 1666, and constructed some of England's greatest edifices. Charles acquired Bombay and Tangiers through his Portuguese wife, thus laying the foundation for the British Empire. Although Charles produced countless illegitimate children, 14 of whom he acknowledged (including the Duke of Monmouth, the Duke of Northumberland, the Duke of Grafton, the Duke of Cleveland, the Duke of Richmond and the Duke of St Albans), his wife couldn't bear an heir, and when he died in 1685 the throne passed to his Catholic and unpopular brother James.

James II's religious inclinations and despotism led to his quick removal from power in the Glorious Revolution of 1688. His Protestant daughter Mary, married to his equally Protestant nephew, William of Orange. The couple was "invited" by the Protestant aristocracy to conduct an invasion from the Netherlands. They defeated James' troops at the Battle of the Boyne, and deposed James II with limited bloodshed. James was allowed to escape to France, where he remained the rest of his life

under the protection of Louis XIV. His son and grandson later attempted to come back to the throne, but without success. The new ruling couple became known as the "Grand Alliance". The parliament ratified that all kings or queens would have to be Protestant from then on. After Mary's death in 1694, then William's in 1702, James's second daughter, Anne, ascended the throne. In 1707, the Act of Union joined the Scottish and the English Parliaments thus creating the single Kingdom of Great Britain and centralising political power in London. Anne died heirless in 1714, and a distant German cousin, George of Hanover, was called to rule over the UK.

When George I (1660-1727) arrived in England, he couldn't speak a word of English, and the legend has it that he was mistakenly arrested while strolling around his palace's garden when questioned by his staff who weren't familiar with his appearance. The king's inability to communicate well with his government and subjects led him to appoint a de facto Prime Minister in the person of Robert Walpole (1676-1745). This marked a turning point in British politics, as future monarchs were also to remain more passive figures, letting the reins of the government to the Prime Minister. George II (1683-1760) was also German born, and combined the title of Duke of Brunswick-Lüneburg, Archtreasurer and Prince-Elector of the Holy Roman Empire to that of King of Great-Britain and Ireland. He was a powerful ruler, and the last British monarch to personally lead his troops into battle.

The British Empire expanded considerably during his reign and the song "God Save the King" also developed during that period. Some other notable changes include the replacement of the Julian Calendar by the Gregorian Calendar in 1752, and the New Year was officially moved from 25 March to 1 January. The first Hanoverian king to be born in England with English as his native language, George III (1738-1820) had one of the most troubled and interesting reign in British history. He ascended the throne during the Seven Years' War (1756-1763) opposing almost all the major Western powers in two teams, chiefly British against French, and ended in a de facto victory for the UK, which acquired New France (Quebec), Florida, and most of French India in the process.

However, 13 years later, the American War of Independence (1776-1782) started after the British government imposed a series of taxes on the colonies. The 13 American colonies were finally granted their independence in 1782 and formed the United States of America. 7 years later, the French Revolution broke out, and Louis XVI was guillotined. George III suffered from an hereditary disease known as porphyria, and his mental health seriously deteriorated from 1788. By 1811 he was permanently insane. In 1800, the Act of Union merged the Kingdoms of Great Britain and Ireland. During that time, Britain had to face the ambitions of Napoleon to conquer the whole of Europe. Admiral Nelson's naval victory at Trafalgar (off the coast of Spain) in 1805, and Wellington's decisive victory at Waterloo saved the UK, and further reinforced its international position. The 19th century would be

dominated by the British Empire, spreading on all five continents, from Canada and the Caribbeans to Australia and New Zealand, via Africa, India and South-East Asia.

Another notable fact of George III's reign was the start of the Industrial Revolution, with James Watt's famous steam engine and the mechanisation of the manufacturing industry transforming the face of England to this day. Great industrial cities such as Birmingham, Manchester, Liverpool, Leeds and Sheffield emerged as the new economic centres of the country, their population booming several fold.

In 1837, William IV died of liver disease and the throne passed to the next in line, his 18-year old niece Victoria (1819-1901), although she did not inherit the Kingdom of Hanover, where the Salic Law forbid women to rule. Victoria didn't expect to become queen, was still unmarried and inexperienced in politics, and had to rely on her Prime Minister, Lord Melbourne (1779-1848), after whom the Australian city is named. She finally got married to her first cousin, Prince Albert of Saxe-Coburg-Gotha (1819-1861), and both were respectively niece and nephew of the first King of the Belgians, Leopold I (of Saxe-Coburg-Gotha). Prince Albert organised the Great Exhibition (the first World Fair) in 1851, and the profits were used to found the great South Kensington Museum (later renamed the Victoria and Albert Museum) in London.

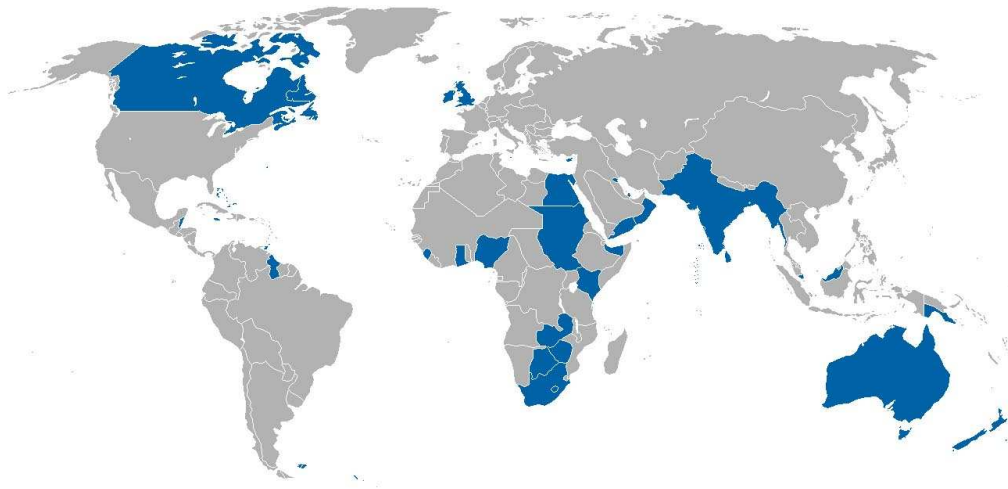


Figure 3.17: The British Empire before World War 1.

Britain asserted its hegemony on virtually every part of the globe, although this resulted in numerous wars, as for example the Opium Wars (1839-42 & 1856-60) with Qing China, or the Boer Wars (1880-81 & 1899-1902) with the Dutch-speaking settlers of South Africa. In 1854, the the United Kingdom was brought into the Crimean War (1854-56) on the side of the Ottoman Empire and against Russia. In 1861, Albert died prematurely at the age of 42. Victoria was devastated and retired in a semi-permanent state of mourning. The latter years of her reign were dominated by two influential Prime Ministers, Benjamin Disraeli (1808-1881) and his rival William Ewart Gladstone (1809-1898). The former was the favourite of the

Queen, and crowned her “Empress of India“ in 1876, in return of which Victoria creating him Earl of Beaconsfield. Gladstone was a liberal, and often at odd with both Victoria and Disraeli, but the strong support he enjoyed from within his party kept him in power for a total of 14 years between 1868 and 1894. He legalised trade unions, advocated both universal education and universal suffrage (well, at least for men).

Queen Victoria was to have the longest reign of any British monarch (64 years), but also the most glorious, as she ruled over 40% of the globe and a quarter of the world’s population.

4. The Money Lenders and their Game

4.1 English Revolution

The Edict of Expulsion was an act of Edward I which expelled all Jews from the kingdom of England. To understand why why Edward acted in this way, you have to go back in history. Biblical exhortations against the lending of money led to an attitude among the inhabitants of Christian Europe that the lending of money at interest was at best, un-Christian, and at worst, sinful and evil. The Jewish religion attached no such stigma to lending money, and as a result many Jews offered that service to Christians. In the years following the Conquest of 1066 the Jews were an important part of Norman English society. The nobility of England were constantly in need of money, and as a result, they borrowed heavily from Jewish moneylenders. William the Conqueror recognized the importance of the Jewish moneylenders to Norman society, and offered them special protection under law. Jews were declared to be direct subjects of the king, not subjects of their local feudal lord.

Because of this special status, however, English kings saw the Jewish moneylenders as a convenient source of funds. The king could levy taxes against Jews without needing the prior approval of Parliament. So when a king needed money - as they often did - he could simply levy a special tax on the Jews. This system would work as long as the Jews were allowed to accumulate money, but that was about to change. Throughout the period following the Norman invasion the medieval world underwent a gradual shift towards religious heterodoxy (emphasis on a single belief system), epitomized by the Fourth Lateran Council of 1215. The Lateran, among other measures, required Jews and Muslims to wear special dress so that they could easily be distinguished from Christians. England enforced this proclamation by requiring Jews to wear a special badge.

Church proclamations like those of the Fourth Lateran Council really gave official approval to attitudes that were already prevalent in medieval society. The large landowners resented their indebtedness to the moneylenders. Attitudes of religious persecution became more and more evident. Even before the Lateran Council, outbreaks of mob violence aimed at Jews was not uncommon in England, for example, in 1190 a mob killed hundreds of Jews in York. At the same time as attitudes of intolerance were becoming more common - and more acceptable to both the Church and the state - the emergence of the Italian system of merchant banking made the Jewish moneylenders less vital to the nobility. Measures of punitive taxation against the Jews became more common, with the result that there were fewer Jewish moneylenders with ready cash to lend. In 1285 the Statute of Jewry banned all usury,

even by Jews, and gave Jews 15 years to end their practice. Unfortunately, given prevailing attitudes towards Jews in trade, few avenues of livelihood were open to those affected by the Statute.

These matters came to a head in 1287 when Edward I peremptorily seized all Jewish property and transferred all debts to his name. In other words, everyone who had previously owed money to a Jewish moneylender now owed it directly to Edward himself. On 18 July, 1290, Edward I issued what came to be called the Edict of Expulsion. The same day that the Edict was proclaimed writs were sent to the sheriffs of most counties advising that all Jews in their counties had until 1 November to leave the realm. Any Jews remaining after this date were liable to be seized and executed. To rub salt into the wound a special tax on the Jews was agreed in Parliament. How many people were affected by the Edict of Expulsion? Records are inexact for this period, but it seems likely that about 3000 Jews were forced to leave England. Edward's Edict to banish the Jews was followed by his fellow Christian monarch in France, Philip le Bel, sixteen years later.

The moneylenders had been evicted not only from England but from other European countries. They had regrouped in Holland, where they plotted their return; but the English kings and queens staunchly resisted their advances. The king did not need to borrow money when he had the sovereign right to issue it himself. For a brief period in the 1500s, King Henry VIII relaxed the laws concerning usury when he broke away from the Catholic Church; but when Queen Mary took the throne, she tightened the laws again. The result was to seriously contract the money supply, but Queen Elizabeth I (Mary's half-sister) was determined to avoid the usury trap. She solved the problem by supplementing the money supply with metal coins issued by the public treasury.

The coins were made of metal, but their value came from the stamp of the sovereign on them. This was established as a matter of legal precedent in 1600, when Queen Elizabeth issued relatively worthless base metal coins as legal tender in Ireland. All other coins were annulled and had to be returned to the mints. When the action was challenged in the highest court of the land, the court ruled that it was the sovereign's sole prerogative to create the money of the realm. What the sovereign declared to be money was money, and it was treason for anyone else to create it. Zarlenga states that this decision was so detested by the merchant classes, the goldsmiths, and later the British East India Company that they worked incessantly to destroy it. According to Alexander Del Mar, writing in 1895:

“This was done by undermining the Crown and then passing the free coinage act of 1666, opening the way for the foreign element to establish a new Monarch, and to reconstitute the money prerogative in the hands of a specific group of financiers – not elected, not representing society, and in large part not even English.”

When King Charles I was brought into disagreement with his Parliament a Jewish

Money-Baron in Holland, named Manasseh Ben Israel, had his agents contact Oliver Cromwell. They offered him large sums of money if he would carry out their plan to overthrow the British Throne. Manasseh Ben Israel, and other German and French moneylenders financed Cromwell. Fernandez Carvajal of Portugal, often referred to in history as The Great Jew, became Cromwell's Chief Military Contractor. He re-organized the Round Heads into a model army. He provided them with the best arms and equipment money could buy. Once the conspiracy was under way, hundreds of trained revolutionaries were smuggled into England and were absorbed into the Jewish Underground. Once the revolution had been decided upon, the Jewish plotters introduced Calvinism into England to split Church and State, and divide the people. Contrary to general belief, Calvinism is of Jewish origin. It was deliberately conceived to split the adherents of the Christian religions, and divide the people. Calvin's real name was Cohen! When he went from Geneva to France to start preaching his doctrine he became known as Cauin. Then in England it became Calvin. History proves that there is hardly a revolutionary plot that wasn't hatched in Switzerland; there is hardly a Jewish revolutionary leader who hasn't changed his name.



Figure 4.1: Portraits of Oliver Cromwell (left) and William of Orange (right).

Britain thrived with government-issued currency (tallies and coins) until the king's sovereign authority was eroded by Cromwell's revolt in the mid-seventeenth century. The middle classes (the traders, manufacturers and small farmers) sided with Parliament under Cromwell, who was a Puritan Protestant. Cromwell allowed the Jews to settle again in England if they lend him money to fight the king. The nobles and

gentry sided with the King – Charles I, son of James I, who followed the Church of England, the English Catholic Church. The Protestants were more lenient than the Catholics toward usury and toward the Dutch moneylenders who practiced it. The moneylenders agreed to provide the funds to back Parliament, on condition that they be allowed back into England and that the loans be guaranteed. That meant the permanent removal of King Charles, who would have repudiated the loans had he gotten back into power. Charles' recapture, trial, and execution were duly arranged and carried out to secure the loans. After Cromwell's death, Charles' son Charles II was invited to return; but Parliament had no intention of granting him the sovereign power over the money supply enjoyed by his predecessors. When the king needed a standing army, Parliament refused to vote the funds, forcing him to borrow instead from the English goldsmiths at usurious interest rates. The final blow to the royal prerogative was the Free Coinage Act of 1666, which allowed anyone to bring gold or silver to the mint to have it stamped into coins. The power to issue money, which had for centuries been the sole right of the king, was transferred into private hands, giving bankers the power to cause inflations and depressions at will by issuing or withholding their gold coins.

None of the earlier English kings or queens would have agreed to charter a private central bank that had the power to create money and lend it to the government. Since they could issue money themselves, they had no need for loans. But King William III, who followed Charles II, was a Dutchman and a tool of the powerful Wisselbank of Amsterdam. In the intervening period Jews were required to obtain a special license to visit the realm, though it seems very likely that some Jews resettled in England while keeping their religion secret.

The man who would become King William III began his career as a Dutch aristocrat. He was elevated to Captain General of the Dutch Forces and then to Prince William of Orange with the backing of Dutch moneylenders. His marriage was arranged to Princess Mary of York, eldest daughter of the English Duke of York, and they were married in 1677. The Duke, who was next in line to be King of England, died in 1689, and William and Mary became King and Queen of England. William was soon at war with Louis XIV of France. To finance his war, he borrowed 1.2 million pounds in gold from a group of moneylenders, whose names were to be kept secret. The money was raised by a novel device that is still used by governments today: the lenders would issue a permanent loan on which interest would be paid but the principal portion of the loan would not be repaid.⁶ The loan also came with other strings attached. They included:

- The lenders were to be granted a charter to establish a Bank of England, which would issue banknotes that would circulate as the national paper currency.
- The Bank would create banknotes out of nothing, with only a fraction of them backed by coin. Banknotes created and lent to the government would be backed

mainly by government I.O.U.s, which would serve as the “reserves” for creating additional loans to private parties (fractional reserve banking).

- Interest of 8 percent would be paid by the government on its loans, marking the birth of the national debt.
- The lenders would be allowed to secure payment on the national debt by direct taxation of the people. Taxes were immediately imposed on a whole range of goods to pay the interest owed to the Bank.

The Bank of England has been called “the Mother of Central Banks.” It was chartered in 1694 to William Paterson, a Scotsman who had previously lived in Amsterdam. A circular distributed to attract subscribers to the Bank’s initial stock offering said, “The Bank hath benefit of interest on all moneys which it, the Bank, creates out of nothing.” The negotiation of additional loans caused England’s national debt to go from 1.2 million pounds in 1694 to 16 million pounds in 1698. By 1715, the debt was up to 885 million pounds, largely due to the compounding of interest. The lenders not only reaped huge profits, but the indebtedness gave them substantial political leverage. The Bank’s charter gave the force of law to the “fractional reserve” banking scheme that put control of the country’s money in a privately owned company. The Bank of England had the legal right to create paper money out of nothing and lend it to the government at interest. It did this by trading its own paper notes for paper bonds representing the government’s promise to pay principal and interest back to the Bank – the same device used by the U.S. Federal Reserve and other central banks today.

Popular acceptance of the bankers’ privately-issued money scheme is credited to the son of a Scottish goldsmith named John Law, who has been called “the father of finance.” In 1705, Law published a series of pamphlets on trade, money and banking, in which he claimed to have found the true “Philosopher’s Stone,” referring to a mythical device used by medieval alchemists to turn base material into gold. Paper could be converted into gold, Law said, through the alchemy of paper money. He proposed the creation of a national paper money supply consisting of banknotes redeemable in “specie” (hard currency in the form of gold or silver coins), which would be officially recognized as money.

Law planned to open a National Bank in Scotland on the model of the Bank of England; but William Paterson, who held the charter for the Bank of England, had the plan halted in the Scottish Parliament. Law then emigrated to France. He had another reason for leaving the country. Notorious for escapades of all sorts, he had gotten into a duel over a woman, which he had won; but he had wound up with a murder conviction in England. In France, Law was able to put his banking theories into practice, when the French chose him to head the “Banque Generale” in 1716. Like the Bank of England, it was a private bank chartered by the government for the purpose of creating money in the form of paper notes.



Figure 4.2: The Bank of England, created in 1694.

This scheme became the basis of the banking system known as “central banking,” which remains in use today. A private central bank is chartered as the nation’s primary bank and lends to the national government. It lends the central bank’s own notes (printed paper money), which the government swaps for bonds (its promises to pay) and circulates as a national currency. The government’s debt is never paid off but is just rolled over from year to year, becoming the basis of the national money supply. Law’s enduring Ponzi scheme was the one that escaped detection, the “Philosopher’s Stone” by which a national money supply could be created from government debt that had been “monetized,” or turned into paper money by private bankers. The reason this sleight of hand never got detected was that the central bank never demanded the return of its principal. If the bankers had demanded the money back, the government would have had to levy taxes, rousing the people and revealing what was up the wizard’s sleeve. But the wily bankers just continued to roll over the debt and collect the interest, on a very lucrative investment that paid (and continues to pay) like a slot machine year after year.

Until the twentieth century, banks followed the model of the goldsmiths and literally printed their own supply of notes against their own gold reserves. These were then multiplied many times over on the “fractional reserve” system. The bank’s own name was printed on the notes, which were lent to the public and the government. Today, federal governments have taken over the printing; but in most countries the notes are still drawn on private central banks. In the United States, they are printed by the U.S. Bureau of Engraving and Printing at the request of the Federal Reserve, which “buys” them for the cost of printing them and calls them “Federal Reserve Notes.”

Today, however, there is no gold on “reserve” for which the notes can be redeemed. Like the illusory ghosts in the Haunted House at Disneyland, the dollar is the fractal of a hologram, the reflection of a debt for something that does not exist.

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“This was done by undermining the Crown and then passing the free coinage act of 1666, opening the way for the foreign element to establish a new Monarch, and to reconstitute the money prerogative in the hands of a specific group of financiers – not elected, not representing society, and in large part not even English.

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4.2 American Revolution

The American colonies were an experiment in utopia. In an uncharted territory, you could design new systems and make new rules. Paper money was already in use in England, but it had fallen into the hands of private bankers who were using it for private profit at the expense of the people. In the American version of this new medium of exchange, paper money was issued and lent by provincial governments, and the proceeds were used for the benefit of the people. The colonists' new paper money financed a period of prosperity that was considered remarkable for isolated colonies lacking their own silver and gold. By 1750, Benjamin Franklin was able to write of New England:

“There was abundance in the Colonies, and peace was reigning on every border. It was difficult, and even impossible, to find a happier and more prosperous nation on all the surface of the globe. Comfort was prevailing in every home. The people, in general, kept the highest moral standards, and education was widely spread. The distinction of being the first local government to issue its own paper money went to the province of Massachusetts. The year was 1691, three years before the charter of the Bank of England.”

The idea of a paper currency had been suggested in 1650, in an anonymous British pamphlet titled “The Key to Wealth, or, a New Way for Improving of Trade: Lawfull, Easie, Safe and Effectual.” The paper currency proposed by the pamphleteer, however, was modeled on the receipts issued by London goldsmiths and silversmiths for the precious metals left in their vaults for safekeeping. The problem for the colonies was that they were short of silver and gold. They had to use foreign coins to conduct trade; and since they imported more than they exported, the coins were continually being drained off to England and other countries, leaving the colonists without enough money for their own internal needs. The Massachusetts Assembly therefore proposed a new kind of paper money, a “bill of credit” representing the government’s “bond” or I.O.U. – its promise to pay tomorrow on a debt incurred today. The paper money of Massachusetts was backed only by the “full faith and credit” of the government.

Other colonies then followed suit with their own issues of paper money. Some were considered government I.O.U.s, redeemable later in “hard” currency (silver or gold). Other issues were “legal tender” in themselves. Legal tender is money that must legally be accepted in the payment of debts. It is “as good as gold” in trade, without bearing debt or an obligation to redeem the notes in some other form of money later. When confidence in the new paper money waned, Cotton Mather, who was then the most famous minister in New England, came to its defense. He argued: “Is a Bond or Bill-of-Exchange for £1000, other than paper? And yet is it not as valuable as so much Silver or Gold, supposing the security of Payment is sufficient? Now what is the security of your Paper-money less than the Credit of the whole Country?”

Mather had redefined money. What it represented was not a sum of gold or silver. It was credit: “the credit of the whole country.”

Benjamin Franklin was such an enthusiast for the new medium of exchange that he has been called “the father of paper money.” He learned his trade on the job, and his trade happened to be printing. In 1729, he wrote and printed a pamphlet called “A Modest Enquiry into the Nature and Necessity of a Paper-Currency,” which was circulated throughout the colonies. It became very popular, earning him contracts to print paper money for New Jersey, Pennsylvania, and Delaware. Franklin wrote his pamphlet after observing the remarkable effects that paper currency had had in stimulating the economy in his home province of Pennsylvania. He said, “Experience, more prevalent than all the logic in the World, has fully convinced us all, that [paper money] has been, and is now of the greatest advantages to the country.” Paper currency secured against future tax revenues, he said, turned prosperity tomorrow into ready money today. The government did not need gold to issue this currency, and it did not need to go into debt to the banks. In America, the land of opportunity, this ready money would allow even the poor to get ahead. Franklin wrote, “Many that understand ... Business very well, but have not a Stock sufficient of their own, will be encouraged to borrow Money; to trade with, when they have it at a moderate interest.”

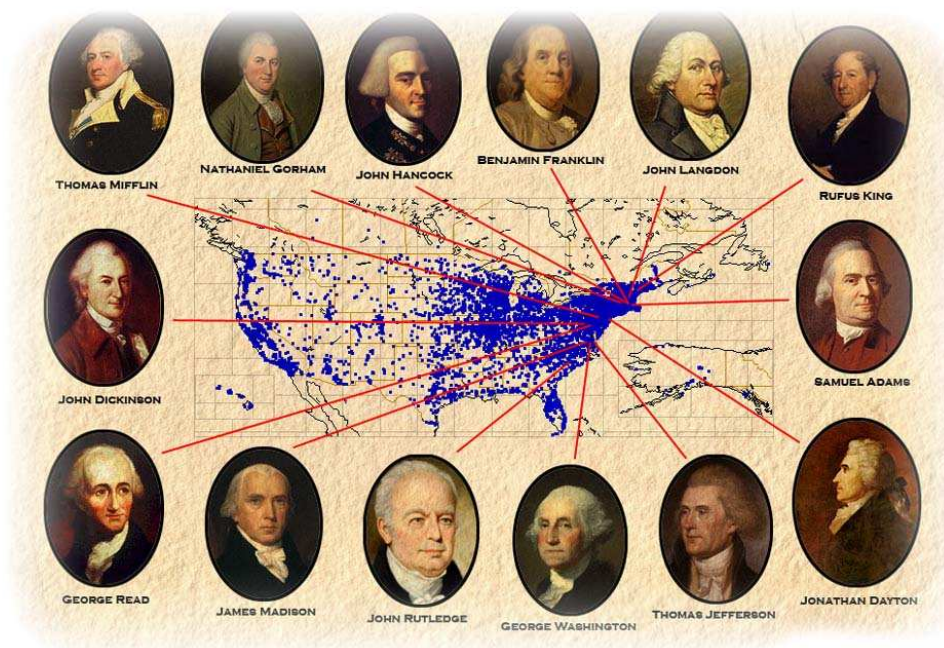


Figure 4.3: The Founding Fathers of the United States of America.

He also said, “The riches of a country are to be valued by the quantity of labor its inhabitants are able to purchase and not by the quantity of gold and silver they possess.” When gold was the medium of exchange, money determined production

rather than production determining the money supply. When gold was plentiful, things got produced. When it was scarce, men were out of work and people knew want. The virtue of government-issued paper scrip was that it could grow along with productivity, allowing potential wealth to become real wealth. The government could pay for services with paper receipts that were basically community credits. In this way, the community actually created supply and demand at the same time. The farmer would not farm, the teacher would not teach, the miner would not mine, unless the funds were available to compensate them for their labors. Paper “scrip” underwrote the production of goods and services that would not otherwise have been on the market. Anything for which there was a buyer and a producer could be produced and traded. If A had what B wanted, B had what C wanted, and C had what A wanted, they could all get together and trade. They did not need the moneylenders’ gold, which could be hoarded, manipulated, or lent only at usurious interest rates.

Representation Without Taxation

The new paper money did more than make the colonies independent of the British bankers and their gold. It actually allowed the colonists to finance their local governments without taxing the people. Alvin Rabushka, a senior fellow at the Hoover Institution at Stanford University, traces this development in a 2002 article called “Representation Without Taxation.” He writes that there were two main ways the colonies issued paper money. Most colonies used both, in varying proportions. One was a direct issue of notes, usually called “bills of credit” or “treasury notes.” These were I.O.U.s of the government backed by specific future taxes; but the payback was deferred well into the future, and sometimes the funds never got returned to the treasury at all. Like in a bathtub without a drain, the money supply kept increasing without a means of recycling it back to its source. However, the funds were at least not owed back to private foreign lenders, and no interest was due on them. They were just credits issued and spent into the economy on goods and services. The recycling problem was solved when a second method of issue was devised. Colonial assemblies discovered that provincial loan offices could generate a steady stream of revenue in the form of interest by taking on the lending functions of banks. A government loan office called a “land bank” would issue paper money and lend it to residents (usually farmers) at low rates of interest. The loans were secured by mortgages on real property, silver plate, and other hard assets. Franklin wrote, “Bills issued upon Land are in Effect Coined Land.” New money issued and lent to borrowers came back to the loan office on a regular payment schedule, preventing the money supply from over-inflating and keeping the values of paper loan-office bills stable in terms of English sterling. The interest paid on the loans also went into the public coffers, funding the government. Colonies relying on this method of issuing paper money thus wound up with more stable currencies than those relying heavily on new issues of bills of

credit. The most successful loan offices were in the middle colonies – Pennsylvania, Delaware, New York and New Jersey. The model that earned the admiration of all was the loan office established in Pennsylvania in 1723. The Pennsylvania plan showed that it was quite possible for the government to issue new money in place of taxes without inflating prices. From 1723 until the French and Indian War in the 1750s, the provincial government collected no taxes at all.

The paper currencies of the New England colonies – Massachusetts, Rhode Island, Connecticut and New Hampshire – were less successful than those of the middle colonies, mainly because they failed to limit their issues to these “proper proportions,” or to recycle the money back to the government. The paper money of the New England colonies helped to finance development and growth that would not otherwise have occurred, but the currencies did not maintain their value, because bills of credit were issued in far greater quantities than the provincial governments ever hoped to redeem. Because the money was pumped into the economy without flowing back to the government, the currency depreciated and price inflation resulted.

King George Steps In

Rapid depreciation of the New England bills eventually threatened the investments of British merchants and financiers who were doing business with the colonies, and they leaned on Parliament to prohibit the practice. In 1751, King George II enacted a ban on the issue of all new paper money in the New England colonies, forcing the colonists to borrow instead from the British bankers. This ban was continued under King George III, who succeeded his father in 1752. In 1764, Franklin went to London to petition Parliament to lift the ban. When he arrived, he was surprised to find rampant unemployment and poverty among the British working classes. “The streets are covered with beggars and tramps,” he observed. When he asked why, he was told the country had too many workers. The rich were already overburdened with taxes and could not pay more to relieve the poverty of the working classes. Franklin was then asked how the American colonies managed to collect enough money to support their poor houses. He reportedly replied:

“We have no poor houses in the Colonies; and if we had some, there would be nobody to put in them, since there is, in the Colonies, not a single unemployed person, neither beggars nor tramps.”

His English listeners had trouble believing this, since when their poor houses and jails had become too cluttered, the English had actually shipped their poor to the Colonies. The directors of the Bank of England asked what was responsible for the booming economy of the young colonies. Franklin replied:

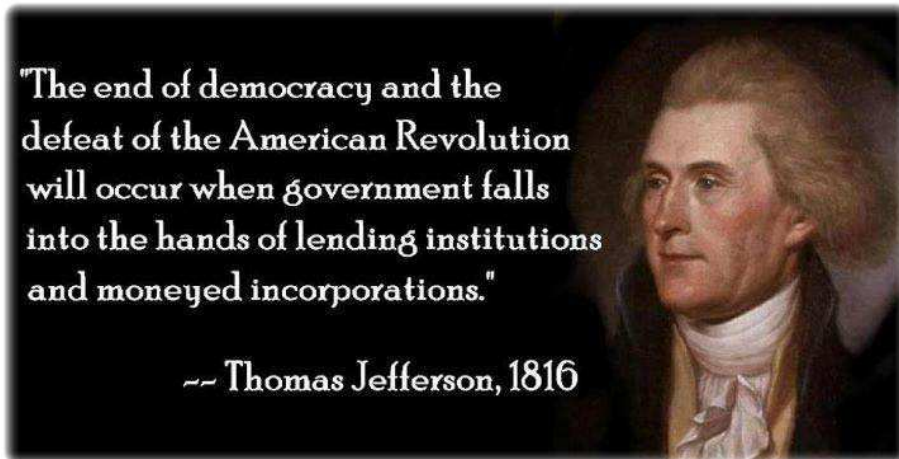
“That is simple. In the colonies we issue our own money. It is called Colonial Scrip. We issue it to pay the government’s approved expenses and charities. We make sure

it is issued in proper proportions to make the goods pass easily from the producers to the consumers... In this manner, creating for ourselves our own paper money, we control its purchasing power, and we have no interest to pay to no one. You see, a legitimate government can both spend and lend money into circulation, while banks can only lend significant amounts of their promissory bank notes, for they can neither give away nor spend but a tiny fraction of the money the people need. Thus, when your bankers here in England place money in circulation, there is always a debt principal to be returned and usury to be paid. The result is that you have always too little credit in circulation to give the workers full employment. You do not have too many workers, you have too little money in circulation, and that which circulates, all bears the endless burden of unpayable debt and usury.“

Banks were limited to lending money into the economy; and since more money was always owed back in principal and interest (or “usury“) than was lent in the original loans, there was never enough money in circulation to pay the interest and still keep workers fully employed. The government, on the other hand, had two ways of getting money into the economy: it could both lend and spend the money into circulation. It could spend enough new money to cover the interest due on the money it lent, keeping the money supply in “proper proportion“ and preventing the “impossible contract“ problem — the problem of having more money owed back on loans than was created by the loans themselves.

After extolling the benefits of colonial scrip to the citizens of Pennsylvania, Franklin told his listeners, “New York and New Jersey have also increased greatly during the same period, with the use of paper money; so that it does not appear to be of the ruinous nature ascribed to it.“ Jason Goodwin observes that it was a tricky argument to make. The colonists had been stressing to the mother country how poor they were — so poor, they were forced to print paper money for lack of precious metals. Franklin’s report demonstrated to Parliament and the British bankers that the pretext for allowing paper money had been removed. The point of having colonies was not, after all, to bolster the colonies’ economies. It was to provide raw materials at decent rates to the mother country. In 1764, the Bank of England used its influence on Parliament to get a Currency Act passed that made it illegal for any of the colonies to print their own money. The colonists were forced to pay all future taxes to Britain in silver or gold.

Only a year later, Franklin said, the streets of the colonies were filled with unemployed beggars, just as they were in England. The money supply had suddenly been reduced by half, leaving insufficient funds to pay for the goods and services these workers could have provided. He maintained that it was “the poverty caused by the bad influence of the English bankers on the Parliament which has caused in the colonies hatred of the English and ... the Revolutionary War.“ This, he said, was the real reason for the Revolution: “The colonies would gladly have borne the little tax on tea and other matters had it not been that England took away from the



colonies their money, which created unemployment and dissatisfaction.“ John Twells, an English historian, confirmed this view of the Revolution, writing:

“In a bad hour, the British Parliament took away from America its representative money, forbade any further issue of bills of credit, these bills ceasing to be legal tender, and ordered that all taxes should be paid in coins. Consider now the consequences: this restriction of the medium of exchange paralyzed all the industrial energies of the people. Ruin took place in these once flourishing Colonies; most rigorous distress visited every family and every business, discontent became desperation, and reached a point, when human nature rises up and asserts its rights.“

Alexander Hamilton, the nation’s first Treasury Secretary, said that paper money had composed three-fourths of the total money supply before the American Revolution. When the colonists could not issue their own currency, the money supply had suddenly shrunk, leaving widespread unemployment, hunger and poverty in its wake. Unlike in the Great Depression of the 1930s, people in the 1770s were keenly aware of who was responsible for their distress. One day they were trading freely with their own paper money. The next day it was gone, banned by order of a king an ocean away, who demanded tribute in the coin of the British bankers. The outraged populace ignored the ban and went back to issuing their own paper money. In his illuminating monetary history *The Lost Science of Money*, Stephen Zarlenga quotes historian Alexander Del Mar, who wrote in 1895:

“The creation and circulation of bills of credit by revolutionary assemblies ... coming as they did upon the heels of the strenuous efforts made by the Crown to suppress paper money in America were acts of defiance so contemptuous and insulting to the Crown that forgiveness was thereafter impossible ... There was but one course for the Crown to pursue and that was to suppress and punish these acts of rebellion Thus the Bills of Credit of this era, which ignorance and prejudice have attempted to belittle into the mere instruments of a reckless financial policy were really the standards of the Revolution. They were more than this: they were the Revolution

itself!“

The Cornerstone of the Revolution

Like Massachusetts nearly a century earlier, the colonies suddenly found themselves at war and without the means to pay for it. The first act of the new Continental Congress was to issue its own paper scrip, popularly called the Continental. Most of the Continentals were issued as I.O.U.s or debts of the revolutionary government, to be redeemed in coinage later.¹¹ Eventually, 200 million dollars in Continental scrip were issued. By the end of the war, the scrip had been devalued so much that it was essentially worthless; but it still evoked the wonder and admiration of foreign observers, because it allowed the colonists to do something that had never been done before. They succeeded in financing a war against a major power, with virtually no “hard“ currency of their own, without taxing the people. Franklin wrote from England during the war, “the whole is a mystery even to the politicians, how we could pay with paper that had no previously fixed fund appropriated specifically to redeem it. This currency as we manage it is a wonderful machine.“ Thomas Paine called it a “corner stone“ of the Revolution:

“Every stone in the Bridge, that has carried us over, seems to have claim upon our esteem. But this was a corner stone, and its usefulness cannot be forgotten.“

The Continental’s usefulness was forgotten, however, with a little help from the Motherland ...

Economic Warfare: The Bankers Counterattack

The British engaged in a form of economic warfare that would be used again by the bankers in the nineteenth century against Lincoln’s Greenbacks and in the twentieth century against a variety of other currencies: they attacked their competitor’s currency and drove down its value. In the 1770s, when paper money was easy to duplicate, its value could be diluted by physically flooding the market with counterfeit money. In modern times, as we’ll see later, the same effect is achieved by another form of counterfeiting known as the “short sale.“ During the Revolution, Continentals were shipped in by the boatload and could be purchased in any amount, essentially for the cost of the paper on which they were printed. Thomas Jefferson estimated that counterfeiting added \$200 million to the money supply, effectively doubling it; and later historians thought this figure was quite low. Zarlenga quotes nineteenth century historian J. W. Schuckers, who wrote, “The English Government which seems to have a mania for counterfeiting the paper money of its enemies entered into competition with private criminals.“

The Continental was battered but remained viable. Schuckers quoted a confidential

letter from an English general to his superiors, stating that “the experiments suggested by your Lordships have been tried, no assistance that could be drawn from the power of gold or the arts of counterfeiting have been left untried; but still the currency ... has not failed.” The beating that did take down the Continental was from speculators – mostly northeastern bankers, stockbrokers and businessmen – who bought up the revolutionary currency at a fraction of its value, after convincing people it would be worthless after the war. The Continental had to compete with other currencies, rendering it vulnerable to speculative attack in the same way that foreign currencies left to “float“ in international markets are vulnerable today.

The Continental had to compete with the States’ paper notes and the British bankers’ gold and silver coins. Gold and silver were regarded as far more valuable than the paper promises of a revolutionary government that might not prevail, and the States’ paper notes had the taxation power to back them. The problem might have been avoided by making the Continental the sole official currency, but the Continental Congress did not yet have the power to enforce that sort of order. It had no courts, no police, and no authority to collect taxes to redeem the notes or contract the money supply. The colonies had just rebelled against taxation by the British and were not ready to commit to that burden from the new Congress.¹⁴ Speculators took advantage of these weaknesses by buying up Continentals at a deeper and deeper discount until they became virtually worthless, giving rise to the expression “not worth a Continental.”

Small Overview of the War

The Rothschilds heard of this they realized the opportunity to exploit the situation with considerable profit to themselves. The obvious thing to do was to have a law passed prohibiting the Colonial officials from issuing their own money and make it compulsory for them to obtain the money they required through the medium of the Banks. Amschel Mayer Rothschild was still in Germany but he was supplying the British Government with Mercenary Troops at 8 British pounds per man. Such was his influence that in 1764 he succeeded, through the Directors of the Bank of England, in having laws passed in accordance with his dictates.

On April 19th 1775, the first armed clashes between British and Colonials took place at Lexington and Concord. On May 10th the Second Continental Congress met at Philadelphia and George Washington was placed at the head of the Naval and Military Force. He took command at Cambridge. On July 4th, 1776 Congress adopted the Declaration of Independence. For the next seven years the International money-lenders urged and financed the Colonial War. The Rothschilds made plenty of money supplying the British with German Hessian soldiers with which to fight the Colonists. The average Britisher had no quarrel with his American cousins. He secretly sympathized with them. On October 19th, 1781 the British Commander,

General Cornwallis, surrendered his whole army, including what was left of the Hessians. On September 3rd, 1783 the Independence of the United States was recognized by the Peace Treaty of Paris. The only real losers were the British people. Their National Debt had been increased tremendously.

The vast majority of the United States' citizens consider the Constitution an honoured, and almost sacred, document. All laws passed since then are SUPPOSED to conform with the provisions of the Constitution. The fact that subsequent legislation dealing with finance and currency, have been in violation of the provisions laid down in Article 1, Section 8, paragraph 5, proves how powerful the bankers have been in the political field. The history of how the international money-lenders obtained economic control of the United States in order to further their long range plans is decidedly interesting. Using the good old reliable Joint Stock Company principle, the Directors of the Bank of England appointed one of their hirelings named Alexander Hamilton, to represent their interests in the United States. In 1780 this man, a supposed patriot, proposed the establishment of a Federal Bank. It was to be owned by private interests as an alternative to those who insisted the issue and control of money should remain in the hands of the government elected by the people. But more about this in a later chapter.



Figure 4.4: George Washington leading his troops into battle. Shown is the death of General Mercer at the Battle of Princeton.

For more than a decade before the outbreak of the American Revolution in 1775, tensions had been building between colonists and the British authorities. Attempts by the British government to raise revenue by taxing the colonies (notably the Stamp Act of 1765, the Townshend Tariffs of 1767 and the Tea Act of 1773) met with heated

protest among many colonists, who resented their lack of representation in Parliament and demanded the same rights as other British subjects. Colonial resistance led to violence in 1770, when British soldiers opened fire on a mob of colonists, killing five men in what was known as the Boston Massacre. After December 1773, when a band of Bostonians dressed as Mohawk Indians boarded British ships and dumped 342 chests of tea into Boston Harbor, an outraged Parliament passed a series of measures (known as the Intolerable, or Coercive Acts) designed to reassert imperial authority in Massachusetts.

In response, a group of colonial delegates (including George Washington of Virginia, John and Samuel Adams of Massachusetts, Patrick Henry of Virginia and John Jay of New York) met in Philadelphia in September 1774 to give voice to their grievances against the British crown. This First Continental Congress did not go so far as to demand independence from Britain, but it denounced taxation without representation, as well as the maintenance of the British army in the colonies without their consent, and issued a declaration of the rights due every citizen, including life, liberty, property, assembly and trial by jury. The Continental Congress voted to meet again in May 1775 to consider further action, but by that time violence had already broken out. On April 19, local militiamen clashed with British soldiers in Lexington and Concord, Massachusetts, marking the first shots fired in the Revolutionary War.

When the Second Continental Congress convened in Philadelphia, delegates—including new additions Benjamin Franklin and Thomas Jefferson—voted to form a Continental Army, with Washington as its commander in chief. On June 17, in the Revolution's first major battle, colonial forces inflicted heavy casualties on the British regiment of General William Howe at Breed's Hill in Boston. The engagement (known as the Battle of Bunker Hill) ended in British victory, but lent encouragement to the revolutionary cause. Throughout that fall and winter, Washington's forces struggled to keep the British contained in Boston, but artillery captured at Fort Ticonderoga in New York helped shift the balance of that struggle in late winter. The British evacuated the city in March 1776, with Howe and his men retreating to Canada to prepare a major invasion of New York.

By June 1776, with the Revolutionary War in full swing, a growing majority of the colonists had come to favor independence from Britain. On July 4, the Continental Congress voted to adopt the Declaration of Independence, drafted by a five-man committee including Franklin and John Adams but written mainly by Jefferson. That same month, determined to crush the rebellion, the British government sent a large fleet, along with more than 34,000 troops to New York. In August, Howe's Redcoats routed the Continental Army on Long Island; Washington was forced to evacuate his troops from New York City by September. Pushed across the Delaware River, Washington fought back with a surprise attack in Trenton, New Jersey, on Christmas night and won another victory at Princeton to revive the rebels' flagging hopes before making winter quarters at Morristown.

British strategy in 1777 involved two main prongs of attack, aimed at separating New England (where the rebellion enjoyed the most popular support) from the other colonies. To that end, General John Burgoyne's army aimed to march south from Canada toward a planned meeting with Howe's forces on the Hudson River. Burgoyne's men dealt a devastating loss to the Americans in July by retaking Fort Ticonderoga, while Howe decided to move his troops southward from New York to confront Washington's army near the Chesapeake Bay. The British defeated the Americans at Brandywine Creek, Pennsylvania, on September 11 and entered Philadelphia on September 25. Washington rebounded to strike Germantown in early October before withdrawing to winter quarters near Valley Forge.

Howe's move had left Burgoyne's army exposed near Saratoga, New York, and the British suffered the consequences of this on September 19, when an American force under General Horatio Gates defeated them at Freeman's Farm (known as the first Battle of Saratoga). After suffering another defeat on October 7 at Bemis Heights (the Second Battle of Saratoga), Burgoyne surrendered his remaining forces on October 17. The American victory at Saratoga would prove to be a turning point of the American Revolution, as it prompted France (which had been secretly aiding the rebels since 1776) to enter the war openly on the American side, though it would not formally declare war on Great Britain until June 1778. The American Revolution, which had begun as a civil conflict between Britain and its colonies, had become a world war.

During the long, hard winter at Valley Forge, Washington's troops benefited from the training and discipline of the Prussian military officer Baron Friedrich von Steuben (sent by the French) and the leadership of the French aristocrat Marquis de Lafayette. On June 28, 1778, as British forces under Sir Henry Clinton (who had replaced Howe as supreme commander) attempted to withdraw from Philadelphia to New York, Washington's army attacked them near Monmouth, New Jersey. The battle effectively ended in a draw, as the Americans held their ground, but Clinton was able to get his army and supplies safely to New York. On July 8, a French fleet commanded by the Comte d'Estaing arrived off the Atlantic coast, ready to do battle with the British. A joint attack on the British at Newport, Rhode Island, in late July failed, and for the most part the war settled into a stalemate phase in the North.

The Americans suffered a number of setbacks from 1779 to 1781, including the defection of General Benedict Arnold to the British and the first serious mutinies within the Continental Army. In the South, the British occupied Georgia by early 1779 and captured Charleston, South Carolina in May 1780. British forces under Lord Charles Cornwallis then began an offensive in the region, crushing Gates' American troops at Camden in mid-August, though the Americans scored a victory over Loyalist forces at King's Mountain in early October. Nathanael Green replaced Gates as the American commander in the South that December. Under Green's command, Gen-

eral Daniel Morgan scored a victory against a British force led by Colonel Banastre Tarleton at Cowpens, South Carolina, on January 17, 1781.

By the fall of 1781, Greene's American forces had managed to force Cornwallis and his men to withdraw to Virginia's Yorktown peninsula, near where the York River empties into Chesapeake Bay. Supported by a French army commanded by General Jean Baptiste de Rochambeau, Washington moved against Yorktown with a total of around 14,000 soldiers, while a fleet of 36 French warships offshore prevented British reinforcement or evacuation. Trapped and overpowered, Cornwallis was forced to surrender his entire army on October 19. Claiming illness, the British general sent his deputy, Charles O'Hara, to surrender; after O'Hara approached Rochambeau to surrender his sword (the Frenchman deferred to Washington), Washington gave the nod to his own deputy, Benjamin Lincoln, who accepted it.



Figure 4.5: Following the Declaration of Independence, the supreme laws of the United States were created in 1789, the U.S. Constitution.

Though the movement for American independence effectively triumphed at Yorktown, contemporary observers did not see that as the decisive victory yet. British forces remained stationed around Charleston, and the powerful main army still resided in New York. Though neither side would take decisive action over the better part of the next two years, the British removal of their troops from Charleston and Savannah in late 1782 finally pointed to the end of the conflict. British and American negotiators in Paris signed preliminary peace terms in Paris late that November, and on September 3, 1783, Great Britain formally recognized the independence of the United States in the Treaty of Paris. At the same time, Britain signed separate peace treaties with France and Spain (which had entered the conflict in 1779), bringing the American Revolution to a close after eight long years.

4.3 French Revolution

France was a colonial rival of Britain. It had suffered heavy defeats to the British in the Seven Years War - especially its American theatre, the French-Indian War - only years earlier. France thus wanted to help colonists get independent. The Americans also needed help so they sent Benjamin Franklin to France to form an alliance with France's King Louis XVI. The Lodge Les Neuf Sœurs was a prominent lodge attached to the Grand Orient de France that was particularly influential in organising French support for the American Revolution and later in the intellectual ferment that preceded the French Revolution. Benjamin Franklin was a member of this Lodge when he was serving as liaison in Paris. Benjamin Franklin was received with great Enthusiasm in France. They saw the revolution as an opportunity to strip Britain of their North American possessions in retaliation for France's loss of Canada a decade before. At first France sent agents to observe the war, sent secret supplies like muskets, pistols, ships, drums, food, money, and much more and began preparations for war against Britain in support of the rebels. When the American army at Saratoga captured the British army in 1777, the France saw their chance to openly declare themselves as allies of the revolutionists.

The two countries signed the Treaty of Amity and Commerce and the Treat of Alliance on February 6th, 1778. Now fully committed to the war, France supplied arms, ammunitions, supplies and uniforms. French troops and naval power were also sent to America, reinforcing and protecting Washington's Continental Army. American General Washington and French General Lafayette got an army ready to attack British General Cornwallis at Yorktown. French Admiral De Grasse blockaded by the York river to the north stopping a British fleet from retrieving Cornwallis. The Americans and French won the battle capturing Cornwallis and thousands of English soldiers thus ending the hostilities. French won the war in favor of America. French became the first country to recognize the Declaration of Independence, signed in 1776. Benjamin Franklin, American General, George Washington and French General, Lafayette who won the war of independence of America and resultanty put France in huge financial debt of Jewish Bankers were all Freemasons.

France spent 1.3 billion livres to support the Americans directly, in addition to the money it spent fighting Britain on land and sea outside the U.S (wiki) which could be another billion livres. Prior to that French had conducted another costly war The Seven Years War, lasting from 1756 to 1763. That war had cost France 1.8 billion livres. All this money was borrowed as debt from International financiers. By 1780 financial paralysis was firmly established and International Bankers and financiers were in complete control. "They possessed so large a share of the world's gold and silver stocks, that they had most of Europe in their debt, certainly France." So writes Mr McNair Wilson in his Life of Napoleon, and continues on page 38: "A change of a fundamental kind had taken place in the economic structure of Europe whereby the

old basis had ceased to be wealth and had become debt. In the old Europe wealth had been measured in lands, crops, herds and minerals; but a new standard had now been introduced, namely, a form of money to which the title 'credit' had been given."

Basing his arguments on logic and sound reasoning, Mayer Rothschild pointed out that the financial results obtained as the result of the English Revolution would be as nothing when compared to the financial rewards to be obtained by a French Revolution provided those present agreed to unity of purpose and put into effect his carefully thought out and revised revolutionary plan. The project would be backed by all the power that could be purchased with their pooled resources. This agreement reached, Mayer Rothschild unfolded his revolutionary plan. By clever manipulation of their combined wealth it would be possible to create such adverse economic conditions that the masses would be reduced to a state bordering on starvation by unemployment. By use of cleverly conceived propaganda it would be easy to place the blame for the adverse economic conditions on the King, His Court, the Nobles, the Church, Industrialists, and the employers of labour. Their paid propagandists would arouse feelings of hatred and revenge against the ruling classes by exposing all real and alleged cases of extravagance, licentious conduct, injustice, oppression, and persecution. They would also invent infamies to bring into disrepute others who might, if left alone, interfere with their overall plans.

In 1785 a courier was galloping madly on horseback from Frankfort to Paris carrying detailed information regarding the World Revolutionary Movement in general, and instructions for the planned French Revolution in particular. The instructions originated with the Jewish Illuminati in Germany and were addressed to Grand Master of the Grand Orient Masons in France. The Grand Orient Lodges had been established as the revolutionary underground by the Duc D'Orleans after he, as Grand Master of French Masonry, had been initiated into the Jewish Illuminati in Frankfort by Mirabeau. The courier was struck by lightning while passing through Ratisbon, and killed. The documents he carried fell into the hands of the police who turned them over to the Bavarian Government. A record of historical events told in chronological order connects the House of Rothschild with the Jewish Illuminati in Frankfort and the Illuminati within French Free Masonry known as the Grand Orient Lodges as will be shown.

The moneylenders, certain High Priests, Directors, and Elders decided to organize a very secret society to serve their evil purpose — they named it "The Illuminati". The word Illuminati is derived from the word Lucifer, which means Bearer of the Light, or Being of extraordinary brilliance. The Supreme Council decided they would use the Ingoldstadt Lodge to organize a campaign by which the agents or Cells of the Illuminati would infiltrate into Continental Freemasonry and, under the cloak of social enjoyment and public philanthropy, organize their revolutionary underground. Those who infiltrated into Continental Freemasonry were ordered to establish Lodges of the Grand Orient and use them for proselytism so they could quickly contact

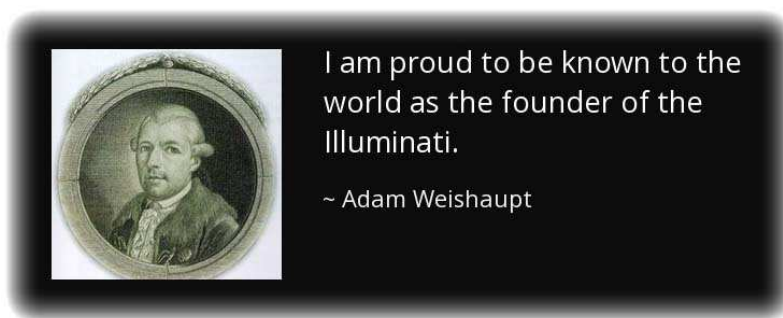


Figure 4.6: Adam (Spartacus) Weishaupt: Founder of the Order of the Illuminati.

non-Jews of wealth, position, and influence connected with both Church and State. Then, by using the age-old methods of bribery, corruption and graft, they could make them become willing, or unwilling, disciples of Illuminism. Once this policy had been decided upon, agents of the Supreme Council contacted the Marquis of Mirabeau as the most likely person in France to serve their ends. He belonged to the nobility. He had great influence in court circles, he was an intimate friend of the Duc D'Orleans whom they had decided they would use as Front Man to lead the French Revolution. But more important still, the Marquis of Mirabeau was devoid of morals and his licentious excesses had led him heavily into debt.

It was a simple matter for the money-lenders to have their agents contact Mirabeau, the famous French orator. Under the guise of friends and admirers they offered to help him out of his financial difficulties. What they actually did was lead him down the "Primrose Path" into the very depths of vice and debauchery until he was so deeply in their debt that he was forced to do their bidding. At a meeting to consolidate his debts, Mirabeau was introduced to Moses Mendelssohn, one of the big Jewish financiers who took him in hand. Mendelssohn in due time introduced Mirabeau to a woman, famous for her personal beauty and charm but without moral scruples. This stunning Jewess was married to a man named Herz, but, to a man like Mirabeau, the fact that she was married only made her more desirable. It wasn't long before she was spending more time with Mirabeau than she was spending with her husband. Heavily in debt to Mendelssohn, tightly ensnared by Mrs. Herz, Mirabeau was completely helpless ... He had swallowed their bait hook, line, and sinker. But, like good fishermen, they played him gently for a time. If they exerted too great a pressure the leader might break and their fish might get away. Their next move was to have him initiated into Illuminism. He was sworn to secrecy and unlimited obedience under pain of death. The next move was to lead him into compromising situations which mysteriously became public. This method of destroying a man's character became known as the practice of L'Infamie. Because of scandals and organized detraction, Mirabeau was ostracized by many of his social equals. His resentment produced a desire for revenge and thus he embraced the revolutionary Cause.

Mirabeau's task was to induce the Duc D'Orleans to lead the Revolutionary Movement in France. It was implied that once the King had been forced to abdicate he would become the Democratic Ruler of France. The real plotters of the French Revolution were careful not to let either Mirabeau or the Duc D'Orleans know they intended to murder the King and Queen, and thousands of the nobility. They made Mirabeau and the Duc D'Orleans believe that the purpose of the revolution was to free politics and religion from superstition and despotism. Another factor which made the men who were The Secret Power behind the revolutionary movement decide that the Duc D'Orleans should be their Front man was the fact that he was Grand Master of French Freemasonry.

Adam (Spartacus) Weishaupt was given the task of adapting the ritual and rites of Illuminism for use of initiation into the Grand Orient Masonry. He also lived in Frankfurt, Germany. Mirabeau introduced the Duc D'Orleans and his friend Talleyrand to Weishaupt who initiated them into the secrets of Grand Orient Masonry. By the end of 1773 Phillipe, Duc D'Orleans had introduced the Grand Orient Ritual into French Freemasonry. By 1788 there were more than two thousand lodges in France affiliated with Grand Orient Masonry and the number of individual adepts exceeded one hundred thousand. Thus the Jewish Illuminati under Moses Mendelssohn was introduced into Continental Freemasonry by Weishaupt under the guise of Lodges of the Grand Orient. The Jewish Illuminati next organized secret revolutionary committees within the lodges. Thus the revolutionary underground directors were established throughout France. Once Mirabeau had succeeded in having the Duc D'Orleans amalgamate the Blue or National freemasonry in France with the Grand Orient rites, he led his friend down the same "Primrose Path" which had led to his own social ostracism. In exactly four years, the Duc D'Orleans was so heavily in debt that he was PERSUADED to engage in every form of illegal traffic and trade to recuperate his losses. But in some mysterious manner his ventures always seemed to go wrong and he lost more and more money.

By 1780 he owed 800,000 livres. Once again the money-lenders came forward and offered him advice in regard to his business transactions and financial aid. They very nicely manoeuvred him into the position of signing over to them as security for their loans, his palace, his estates, his house, and the Palais Royal. The Duc D'Orleans signed an agreement under which his Jewish financiers were authorized to manage his properties and estates so as to ensure him sufficient income to meet his financial obligations and leave him a steady and adequate income. The Duc D'Orleans had never been too bright in regard to financial matters. To him the agreement he signed with his Jewish Bankers appeared to be a sound financial deal. They had offered to manage his business affairs and turn them from a dismal failure into a great financial success. What more could he want ? It is doubtful if the Duc D'Orleans even suspected that there was a nigger hidden deep in the wood-pile. It is doubtful if he even suspected he had sold himself body and soul to the Agents of the Devil...

But he had done so. He was completely in their hands. The Secret Powers directing the French Revolution appointed Choderlos de Laclos to manage the Palais Royal and the Duc D'Orleans' estates. De Laclos is thought to have been a Jew of Spanish origin. When he was appointed manager of the Palais Royal he was acclaimed as the author of *Les Liaisons Dangereuses* and other pornographic works. He publicly defended his extreme immorality on the grounds that he studied the politics of love in all its varied aspects because of his love of politics.

It matters little who Choderlos de Laclos was, it is what he did that is of importance. He turned the Palais Royal into the greatest and most notorious house of ill-fame the world has ever known. In the Palais Royal he established every kind of lewd entertainment, licentious conduct, shameless shows, obscene picture galleries, pornographic libraries, and staged public exhibitions of the most bestial forms of sexual depravity. Special opportunities were provided for men and women who wished to indulge in every form of debauchery. The Palais Royal became the centre in which details of the campaign for the systematic destruction of the French religious faith and public morals were conceived and carried out. This was done on the Cabalistic theory that the best revolutionary is a youth devoid of morals. Associated with de Laclos was a Jew from Palermo named Cagliostro, alias Joseph Balsamo. He turned one of the Duc's properties into a printing house from which he issued revolutionary pamphlets. Balsamo organized a staff of revolutionary propagandists. In addition to literature they organized concerts, and plays, and debates calculated to appeal to the very lowest instincts of human nature and further the revolutionary cause. Balsamo also organized the Spy-rings which enabled the men who were The Secret Power behind the revolutionary movement to put into operation their plan of L'Infamie to be used for systematic character assassination. Men and women, who were enticed into the Web spun by de Laclos and Balsamo, could be blackmailed into doing their bidding. Thus it was the Duc D'Orleans' estates were turned into the Centre of Revolutionary Politics while, under the guise of Lecture Halls, Theatres, Art Galleries, and Athletic Clubs, the gambling rooms, brothels, and wine and drug shops did a roaring trade.

In this revolutionary underworld potential leaders were first ensnared. Their consciences were at first deadened by evil associations and then killed by indulgence in evil practices. The estates of the Duc D'Orleans were turned into factories in which the Secret Power behind the World Revolutionary Movement manufactured the Pieces they intended to use in their game of International Chess. Scudder, who wrote "Prince of the Blood" says of the Palais Royal : "It gave the police more to do than all other parts of the city". But as far as the public was concerned, this infamous place was owned by the Duc D'Orleans, the cousin of the king. Only a mere handful of men and women knew that the moneylenders controlled it and used it to create a revolutionary organization which was to be the instrument of their revenge and their manual of action to further their secret aims and ambitions.

After the secret documents of the Illuminati found on the body of the Courier had been read by the police, the documents were passed on to the Bavarian Government. The Bavarian Government ordered the police to raid the headquarters of the Illuminati. Further evidence was obtained which exposed the wide-spread ramifications of the World Revolutionary Movement. The Governments of France, England, Poland, Germany, Austria and Russia were informed of the International Nature of the revolutionary plot, but as has happened repeatedly since, the governments concerned took no serious action to stop the diabolical conspiracy. Why ? The only answer to this question is this : The power of the men behind the world revolutionary movement is greater than the power of any elected government. This fact will be proved time and time again as the story unfolds. A few illustrations will be given to show how individuals and governments have remained just as stupid and naive in regard to warnings given them concerning the evil mechanism of the real leaders of the World Revolutionary Movement. After various governments failed to act on the information made known by the Bavarian police in 1785, the sister of Marie Antoinette wrote her personal letters warning her of the revolutionary plot; the connection of the International Bankers; the part Freemasonry was destined to play, and her own danger. Marie Antoinette (1755 - 1793) was the daughter of the Emperor Francis I of Austria. She married Louis XVI of France. She just couldn't bring herself to believe the terrible things her own sister told her were being plotted by the Illuminati.

To the repeated warnings sent by her sister, Marie Antoinette wrote long letters in reply. In regard to her sister's claim that evidence had been obtained that the Illuminati operating under the guise of Philanthropic Freemasonry planned to destroy both the Church and State in France, Marie Antoinette replied : "I believe that as far as France is concerned, you worry too much about Freemasonry. Here it is far from having the significance it may have elsewhere in Europe." How wrong she proved to be is a matter of history. Because she refused consistently to heed her sister's repeated warnings she and her husband died under the guillotine. The majority of students of history believe Marie Antoinette was a woman who entered fully into the spirit and gaiety of the French Court. It is generally accepted as a fact that she engaged in many affairs d'amour with her husband's close friends, and indulged in reckless extravagances. That is the picture Balsamo and his propagandists painted of her. The fact that they made their L'Infamie stick enabled them to have the mob demand her life. But their version of the conduct of Marie Antoinette is a pack of lies, as historians have proved. In order to defame Marie Antoinette, Weishaupt and Mendelssohn thought up the idea of the Diamond Necklace. At the time, the financial resources of France were at their lowest ebb and the government of France was begging the International Money-Barons to grant them further credit. A secret agent of the arch-conspirators ordered a fabulous diamond necklace to be made by the Court Jewellers. The order for this necklace, the estimated value of which was a quarter of a million livres, was placed in the name of the Queen. When the Court Jewellers brought the Diamond Necklace to the Queen for her acceptance she refused

to have anything to do with it.

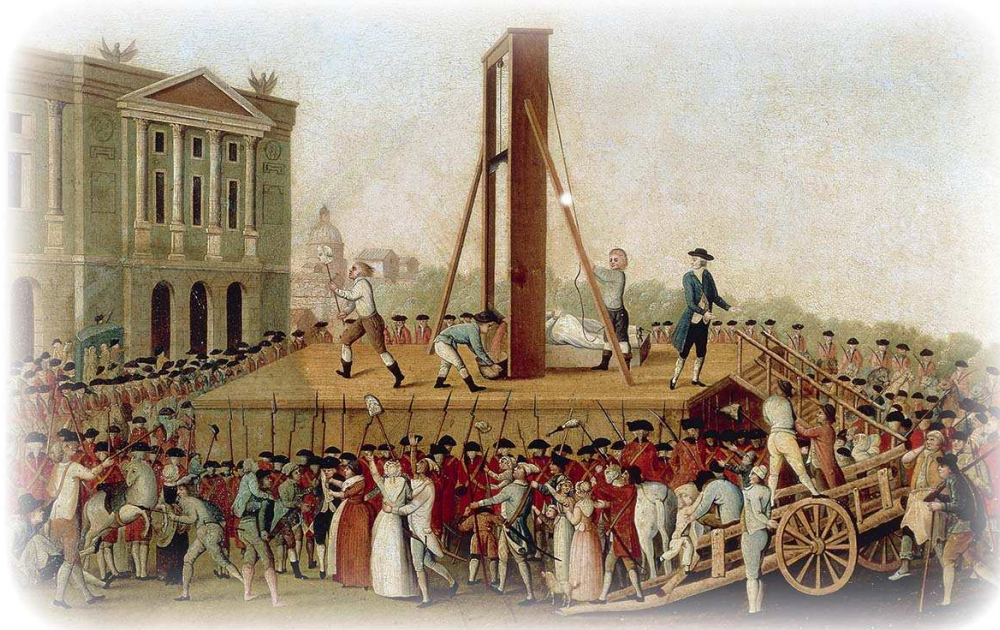


Figure 4.7: French Revolution: Being progressive in a conservative way.

She disclaimed all knowledge of the transaction. But the news of the fabulous necklace leaked out as the plotters intended it should. Balsamo put his propaganda machine into operation. Marie Antoinette was deluged with criticism; her character was smeared; her reputation dragged in the mire by a whispering campaign of character assassination. And, as usual, nobody could ever put a finger on the person or persons who started the slanders. After this build-up, Balsamo uncorked his own special master-piece. His printing presses turned out thousands upon thousands of pamphlets which claimed a secret lover of the Queen's had sent the necklace as a mark of appreciation for her favours. But those who operated *L'Infamie* thought up even more diabolical slanders to circulate regarding the Queen. They wrote a letter to Cardinal Prince de Rohan to which they forged the signature of the Queen. In the letter he was asked to meet her at the Palais Royal about midnight to discuss the matter of the diamond necklace. A prostitute from the Palais Royal was engaged to disguise herself as the Queen, and involve the Cardinal. The incident was played up in newspapers and pamphlets and the foulest innuendoes were circulated involving two of the highest personages of both Church and State. Knowledge of the methods these men used to manoeuvre the French Government into financial difficulty is of importance, because it set the pattern they followed in America, Russia, Spain and other countries afterwards.

Sir Walter Scott in Vol. two of *The Life of Napoleon*, gives a clear story of the initial moves. He then sums up the situation with these words — “These financiers used the Government (French) as bankrupt prodigals are treated by usurious money-lenders

who, feeding the extravagance with one hand, with the other wring out of their ruined fortunes the most unreasonable recompenses for their advances. By a long succession of these ruinous loans, and various rights granted to guarantee them, the whole finances of France were brought to a total confusion". After the Government of France was forced into the position of seeking huge loans because of debts incurred in fighting wars to further the secret ambitions of the International Conspirators, they very kindly offered to supply the money providing they could write the terms of the agreement. On the surface their terms were most lenient. But again they had placed a nigger in the wood-pile in the person of one M. Necker. He was to be appointed to the French King's Council as his Chief Minister of Financial Affairs. The Jewish financiers pointed out that this financial wizard would pull France out of her monetary troubles in less than no time at all. What he actually did during the next four years was to involve the French Government so badly with the Jewish financiers that the National Debt increased to £170,000,000.

Captain A.H.M. Ramsay sums up the situation aptly in *The Nameless War*. He says: "Revolution is a blow struck at a paralytic. ... When the debt-grip has been firmly established, control of every form of publicity and political activity soon follows, together with a full grip on industrialists, [both management and labour]. The stage is then set for the revolutionary blow. The grip of the right hand of finance establishes the paralysis; while the revolutionary left hand that holds the dagger and deals the fatal blow. Moral corruption facilitates the whole process." While Balsamo's propaganda sheets damned the higher officials of both Church and State, special agents of the Illuminati organized the men who were to be used as leaders in the Reign of Terror planned to accompany the revolutionary effort. Among these leaders were Robespierre, Danton, and Marat. To conceal their real purpose, the men who were to release the prisoners and lunatics to create the necessary atmosphere for instituting the preconceived Reign of Terror, met in the Jacobean Convent. Within the walls of the sacred edifice the details of the bloody plan were worked out. The lists of reactionaries marked down for liquidation were compiled. It was explained that while the criminals and lunatics ran wild terrorizing the population by committing mass murders and publicly performing rapes, the organized underground workers, under direction of Manuel, Procurer of the Commune, would round up all the important political figures, heads of the clergy, and military officers known to be loyal to the King.

The men who were to emerge from the Jewish organized underground were formed into Jacobin Clubs. Under leaders, who were well versed in the duties required of them to direct the "Reign of Terror", they conducted the mass atrocities so they would serve the purpose of their hidden masters, and move them further towards their ultimate goal. Empty stomachs do not sustain a revolution. Leaders need to be enriched to be continually involved. Sustained false propaganda needs money. Among the Jewish bankers who helped finance the French Revolution are Daniel Itzig

(1722-1799), David Friedlander (1750-1834), Herz Cerfbeer (1730-1793), Benjamin Goldsmid (1755- 1808), Abraham Goldsmid (1756-1810), and Moses Mocatta (1768-1857), partner the Goldsmid brothers, and uncle of Sir Moses Montefiore. Marquis de Mirabeau is known to have been financed by Moses Mendelssohn, head of the Jewish Illuminati. He was not only an early figure-head in French Freemasonry in the respectable years, but introduced Illuminism into France. Moses Mendelssohn is the 'learned Jew' who is quoted as saying that: "Judaism is not a religion. It is a law religionized". International Jewish Bankers and Freemasons created artificial financial crisis. They are also accused of buying and hoarding all the grain, preventing grain laden ships from anchoring at crucial times thereby creating artificial scarcity and raising price. This became catalyst for French revolution. The Bastille storming was planned at and led from "Palais Royal" headquarters of French Masonry.

4.4 Organizing Behind the Scenes

On October 13, 1843, in Sinsheimer's Café in New York City, twelve German Jewish freemasons, representing the twelve tribes of Israel, founded B'nai B'rith International, an order exclusively for Jews and half-Jews. They were Henry Jones, Isaac Rosenbourg, William Renau, Reuben Rodacher, Henry Kling, Isaac Dittenhoefer, Jonas Hecht, and a few other German-Jewish immigrants. In Benjamin Disraeli's 1852 novel, *Coningsby*, the character Sidonia mentions the dozens of Jews involved in the intellectual movement, those acting as financiers behind the European thrones and in multiple commercial and investment interests. He speaks of those involved in the recent revolutions and in an imminent revolution in Germany. He refers to the Jews who monopolize the professorial positions in Germany and even the foundations of Spiritual Christianity. Sidonia says that when he reads of peace and war in the newspapers, and that sovereigns want treasure, it is the Jews that always provide the loans. He elaborates on the Jewish diplomats and their connections between belligerent countries that always favor Jewish interests. He lists numerous countries, Russia, Spain, Prussia or Holland, which, in every case, a Jew or a Nuevo Christiano is usually the influential decision-maker. After this account, he says, "So you see, my dear Coningsby, that the world is governed by very different personages from what is imagined by those who are not behind the scenes." People often fail to cite the circumstances of that last sentence, but leave it to the reader's imagination to determine the identity of those people "behind the scenes."

In 1862, the Alliance Israélite Universelle created a network of schools in order to disseminate a multicultural, humanistic education to over a million children. The organization, in its schools, promotes the significance of maintaining a special bond among Jews. The schools teach students how to create a liberal atmosphere, encourage community consensus, and how to engage in Jewish activism in their own communities. Initially, the Masonic Alliance Israélite Universelle functioned as a

powerful organization for the extension of Jewish power over gentile nations, by whatever means possible, and it used the B'nai B'rith as its executive organ. They largely developed an institutional network in the bigger urban communities. By the twentieth century, every major urban community in Germany would have Jewish hospitals, orphanages, old-age homes, and other institutions dealing with social problems. The main organizations were the B'nai B'rith lodges and the Jüdische Frauenbund.

In 1871, the elites utilized the Anglo-Jewish association to mastermind Jewish interests in Britain to work with the Alliance Israélite Universelle. The Sassoons, Rothschilds, Montefiores, and Goldsmids have always been the most prominent members. The Anglo-Jewish association later initiated daily communication with the central committee of the Alliance Israélite Universelle, an organization that often intercedes for Jewish criminals so they may escape justice. In 1878, leaders at the Congress of Berlin officially recognized the organization, whose goal was to enhance Jewish political power. The first objective was to infiltrate the governments of Rumania, Serbia, and Bulgaria to force the emancipation of the Jews in those countries. Rumania reneged on their obligation.

On June 4, 1878, just prior to the Congress of Berlin, Disraeli, the British Prime Minister (1874-1880), established a secret alliance with the Ottoman Empire against Russia. This agreement permitted Britain to occupy the strategic island of Cyprus and enabled Disraeli to make demands and threaten warfare against Russia if that nation failed to accommodate Turkish demands. British and Austrian officials managed to find common ground—Britain agreed to support Austrian demands, while Austria would support British demands, particularly relative to any proposals about Bosnia and Herzegovina. All of these events set the stage for more warfare within the next three to four decades.

Jean Izoulet (1854-1929), a prominent freemason in the Grand Orient and member of the Alliance Israélite Universelle, wrote, "The meaning of the history of the last century has been that three hundred Jewish financiers, all masters of the chair, will rule the world." Crémieux, grand master of the Alliance, collaborating with the Grand Orient in England, created a union to plan for the Masonic world revolution. Crémieux proclaimed the goals of the freemasons: "Nations must disappear. Religions must cease to exist. Israel alone will continue to exist, since its people have been chosen by God."

Samuel Morse, an American counterintelligence officer, admitted that an extensive British espionage network functioned in America before the Civil War, with B'nai B'rith as its center. It incorporated the leading figures in the Democrat Party, Southern secessionists, abolitionists, and others, all attempting to destroy America. Palmerston, then foreign minister, with B'nai B'rith's help created the International Zionist Movement by 1860. He allegedly helped create Zionism, only one of numerous Masonic-based cults, some Jewish and some Christian, which agents disseminated

throughout Europe and America. Freemasons created B'nai B'rith as an extension of the Jewish Rite of freemasonry in America. Barbara W. Tuchman wrote *Bible and Sword: England and Palestine from the Bronze Age to Balfour*, published in 1956, which portrays Britain's centuries-old involvement with the people known as the Israelites. Whether she depicts history accurately or not, she certainly promoted the "prophesied" acquisition of Palestine, previously under Ottoman control, by just one of the Israelite tribes, the "returning" Jews. Her grandfather, Henry Morgenthau Sr., a member of the infamous Pilgrims Society, was in the unique position as ambassador to the Ottoman Empire (1913-1916) and certainly influenced its domestic and foreign policies. Individuals typically underestimate or fail to understand the impact that ambassadors, persuasive highranking diplomats, have in their host countries.

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5. United States of America

5.1 The First Bank

President John Adams is quoted as saying, “There are two ways to conquer and enslave a nation. One is by the sword. The other is by debt.” Sheldon Emry, expanding on this concept two centuries later, observed that conquest by the sword has the disadvantage that the conquered are likely to rebel. Continual force is required to keep them at bay. Conquest by debt can occur so silently and insidiously that the conquered don’t even realize they have new masters. On the surface, nothing has changed. The country is merely under new management. “Tribute” is collected in the form of debts and taxes, which the people believe they are paying for their own good. “Their captors,” wrote Emry, “become their ‘benefactors’ and ‘protectors.’ . . . Without realizing it, they are conquered, and the instruments of their own society are used to transfer their wealth to their captors and make the conquest complete.”

Colonies in the seventeenth and eighteenth centuries all had the same purpose – to enhance the economy of the mother country. That was how the mother country saw it, but the American colonists had long opposed any plan that would systematically drain their money supply off to England. The British had considered the idea of a land bank as far back as 1754, as a way to provide a circulating medium of exchange for the colonies; but the idea was rejected by the colonists when they learned that the interest the bank generated would be subject to appropriation by the King.² It was only after the American Revolution that British bankers and their Wall Street vassals succeeded in pulling this feat off by stealth, by acquiring a controlling interest in the stock of the new United States Bank. The first step in that silent conquest was to discredit the paper scrip issued by the revolutionary government and the States. By the end of the Revolution, that step had been achieved. Rampant counterfeiting and speculation had so thoroughly collapsed the value of the Continental that the new country’s leaders were completely disillusioned with what they called “unfunded paper.”

The Founding Fathers were so disillusioned with paper money that they simply omitted it from the Constitution. Congress was given the power only to “coin money, regulate the value thereof,” and “to borrow money on the credit of the United States” An enormous loophole was thus left in the law. Creating and issuing money had long been considered the prerogative of governments, but the Constitution failed to define exactly what “money” was. Was “to coin money” an eighteenth-century way of saying “to create money”? Did this include creating paper money? If not, who did have the power to create paper money? Congress was authorized to “borrow”

money, but did that include borrowing paper money or just gold? The presumption was that the paper notes borrowed from the bankers were “secured“ by a sum of silver or gold; but in the illusory world of finance, then as now, things were not always as they seemed

While the Founding Fathers were pledging their faith in gold and silver as the only “sound“ money, those metals were quickly proving inadequate to fund the new country’s expanding economy. The national war debt had reached \$42 million, with no silver or gold coins available to pay it off. The debt might have been avoided if the government had funded the war with Continental scrip that was stamped “legal tender,“ making it “money“ in itself; but the revolutionary government and the States had issued much of their paper money as promissory notes payable after the war. The notes represented debt, and the debt had now come due. The bearers expected to get their gold, and the gold was not to be had. There was also an insufficient supply of money for conducting trade. Tightening the money supply by limiting it to coins had quickly precipitated another depression. In 1786, a farmers’ rebellion broke out in Massachusetts, led by Daniel Shays. Farmers brandishing pitchforks complained of going heavily into debt when paper money was plentiful. When it was no longer available and debts had to be repaid in the much scarcer “hard“ coin of the British bankers, some farmers lost their farms. The rebellion was defused, but visions of anarchy solidified the sense of an urgent need for both a strong central government and an expandable money supply. The solution of Treasury Secretary Hamilton was to “monetize“ the national debt,ⁱ by turning it into a source of money for the country.

He proposed that a national bank be authorized to print up banknotes and swap them for the government’s bonds.⁵ The government would pay regular interest on the debt, using import duties and money from the sale of public land. Opponents said that acknowledging the government’s debt at face value would unfairly reward the speculators who had bought up the country’s I.O.U.s for a pittance from the soldiers, farmers and small businessmen who had actually earned them; but Hamilton argued that the speculators had earned this windfall for their “faith in the country.“ He thought the government needed to enlist the support of the speculators, or they would do to the new country’s money what they had done to the Continental. Hamilton thought that the way to keep wealthy speculators from destroying the new national bank was to give them a financial stake in it. His proposal would do this and dispose of the government’s crippling debts at the same time, by allowing creditors to trade their government bonds or I.O.U.s for stock in the new bank. Jefferson, Hamilton’s chief political opponent, feared that giving private wealthy citizens an ownership interest in the bank would link their interests too closely with it. The government would be turned into an oligarchy, a government by the rich at war with the working classes. A bank owned by private stockholders, whose driving motive was profit, would be less likely to be responsive to the needs of the public than one that was

owned by the public and subject to public oversight. Stockholders of a private bank would make their financial decisions behind closed doors, without public knowledge or control. But Hamilton's plan had other strategic advantages, and it won the day. Besides neatly disposing of a crippling federal debt and winning over the "men of wealth," it secured the loyalty of the individual States by making their debts too exchangeable for stock in the new Bank. The move was controversial; but by stabilizing the States' shaky finances, Hamilton got the States on board, thwarting the plans of the pro-British faction that hoped to split them up and establish a Northern Confederacy.

Hamilton argued that to promote the General Welfare, the country needed a monetary system that was independent of foreign masters; and for that, it needed its own federal central bank. The bank would handle the government's enormous war debt and create a standard form of currency. Jefferson remained suspicious of Hamilton and his schemes, but Jefferson also felt strongly that the new country's capital city should be in the South, in his home state of Virginia. Hamilton (who did not care where the capital was) agreed on the location of the national capital in exchange for Jefferson's agreement on the bank. When Hamilton called for a tax on whiskey to pay the interest on the government's securities, however, he went too far. Jefferson's supporters were furious. In the type of political compromise still popular today, President Washington proposed moving the capital even closer to Mt. Vernon. In 1789, Congress passed Hamilton's bill; but the President still had to sign it. Washington was concerned about the continued opposition of Jefferson and the Virginians, who thought the bill was unconstitutional. The public would have to use the bank, but the bank would not have to serve the public. Hamilton assured the President that to protect the public, the bank would be required to retain a percentage of gold in "reserve" so that it could redeem its paper notes in gold or silver on demand. Hamilton was eloquent; and in 1791, Washington signed the bill into law.

The new banking scheme was hailed as a brilliant solution to the nation's economic straits, one that disposed of an oppressive national debt, stabilized the economy, funded the government's budget, and created confidence in the new paper dollars. If the new Congress had simply printed its own paper money, speculators would have challenged the currency's worth and driven down its value, just as they had during the Revolution. To maintain public confidence in the national currency and establish its stability, the new Republic needed the illusion that its dollars were backed by the bankers' gold, and Hamilton's bank successfully met that challenge. It got the country up and running, but it left the bank largely in private hands, where it could still be manipulated for private greed. Worse, the government ended up in debt for money it could have generated itself, indeed should have generated itself under the Constitution.

The charter for the new bank fixed its total initial capitalization at ten million dollars. Eight million were to come from private stockholders and two million from



Figure 5.1: The first Central Bank of the United States, chartered for a term of twenty years, by the United States Congress on February 25, 1791, located at 120 South Third Street Philadelphia, Pennsylvania.

the government. But the government did not actually have two million dollars, so the bank (now a chartered lending institution) lent the government the money at interest. The bank, of course, did not have the money either. The whole thing was sleight of hand. The rest of the bank's shares were sold to the public, who bought some in hard cash and some in government securities (the I.O.U.s that had been issued by the revolutionary government and the States). The government had to pay six percent interest annually on all the securities now held by the bank – those exchanged for the “loan“ of the government's own money, plus the bonds accepted by the bank from the public. The bank's shareholders were supposed to pay one-fourth the cost of their shares in gold; but only the first installment was actually paid in hard money, totaling \$675,000. The rest was paid in paper banknotes. Some came from the Bank of Boston and the Bank of New York; but most of this paper money was issued by the new U.S. Bank itself and lent back to its new shareholders, through the magic of “fractional reserve“ lending. Within five years, the government had borrowed \$8.2 million from the bank. The additional money was obviously created out of thin air, just as it would have been if the government had printed the money itself; but the government now owed principal and interest back to the bank. To reduce its debt to the bank, the government was eventually forced to sell its shares, largely to British financiers. Zarlenga reports that Hamilton, to his credit, Hamilton opposed these sales. But the sales went through, and the first Bank of the United States wound up largely under foreign ownership and control.

The first Bank of the United States was modeled on the Bank of England, the same private bank against which the colonists had just rebelled. Years later, Jefferson would say that Hamilton had tricked him into approving the bank's charter. Jefferson had always suspected Hamilton of monarchical sympathies, and his schemes all seemed tainted with corruption. Jefferson would go so far as to tell Washington he thought Hamilton was a dangerous traitor. He complained to Madison about Hamilton's bookkeeping:

"I do not at all wonder at the condition in which the finances of the United States are found. Hamilton's object from the beginning was to throw them into forms which should be utterly indecipherable."

Hamilton, for his part, thought little better of Jefferson. The feud between the two Founding Fathers resulted in the two-party system. Hamilton's party, the Federalists, favored a strong central government funded by a centralized federal banking system. Jefferson's party, the Democratic Republicans or simply Republicans, favored State and individual rights. Jefferson's party was responsible for passing the Bill of Rights. Hamilton had worked with Aaron Burr in New York City to establish the Manhattan Company, which would eventually become the Chase Manhattan Bank. But Hamilton broke with Burr and the Boston Federalists when he learned that they were plotting to split the northern States from the Union. Hamilton's first loyalty was to the Republic. Burr and his faction were working closely with British allies, who would later try to break up the Union by backing the Confederacy in the Civil War. Hamilton swung his support to Jefferson against Burr in the presidential election of 1800, and other patriotic Federalists did the same. The Federalist Party ceased to be a major national party after the War of 1812, when the Boston Federalists sided with England, which lost.

In 1801, Jefferson became President with Hamilton's support, while Burr became Vice President. In 1804, when Burr sought the governorship of New York, he was again defeated largely through Hamilton's opposition. In the course of the campaign, Hamilton accused Burr in a newspaper article of being "a dangerous man" who "ought not to be trusted with the reins of government." When Hamilton refused to apologize, Burr challenged him to a duel; and at the age of 49, Hamilton was dead. He remains a controversial figure, but Hamilton earned his place in history. He succeeded in stabilizing the shaky new economy and getting the country on its feet, and his notions of "monetizing" debt and "federalizing" the banking system were major innovations. He restored the country's credit, gave it a national currency, made it economically independent, and incorporated strong federal provisions into the Constitution that would protect and nurture the young country according to a uniquely American system founded on "promoting the General Welfare."

Those were his positive contributions, but Hamilton also left a darker legacy. Lurking behind the curtain in his new national bank, a privileged class of financial middlemen were now legally entitled to siphon off a perpetual tribute in the form of interest;

and because they controlled the money spigots, they could fund their own affiliated businesses with easy credit, squeezing out competitors and perpetuating the same class divisions that the “American system“ was supposed to have circumvented. The money power had been delivered into private hands; and they were largely foreign hands, the same interests that had sought to keep America in a colonial state, subservient to an elite class of oligarchical financiers. Who were these foreign financiers, and how had they acquired so much leverage? The Yellow Brick Road takes us farther back in history, back to when the concept of “usury“ was first devised

5.2 The Second Bank

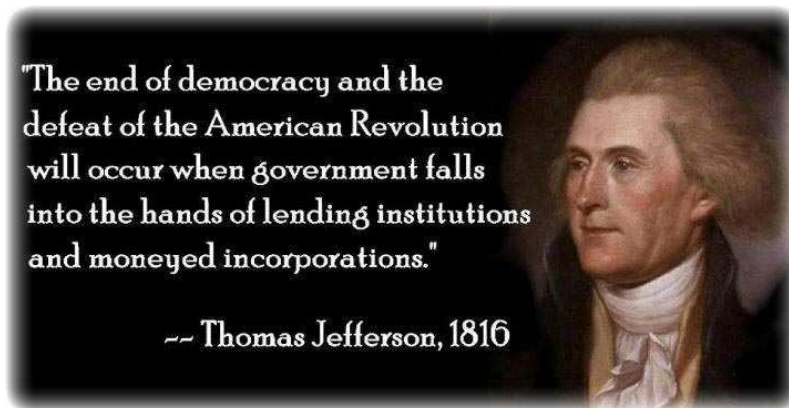
The foreign moneylenders who had conquered Britain set the same debt traps in America, and they did it by the same means: they provoked a series of wars. British financiers funded the opposition to the American War for Independence, the War of 1812, and both sides of the American Civil War. In each case, war led to inflation, heavy government debt, and the chartering of a private “Bank of the United States“ to fund the debt, delivering the power to create money to private interests. In each case, opposition to the bank was opposed by a few alert leaders. Opposition to the First U.S. Bank was led by Thomas Jefferson, the country’s third President; while opposition to the Second U.S. Bank was led by Andrew Jackson, the country’s seventh President. The two leaders did not have much else in common – Jefferson was of the landed gentry, while Jackson was called the “roughshod President“ – but they shared a deep suspicion of any private arrangement for issuing the national currency. Both were particularly concerned that the nation’s banking system had fallen into foreign hands. Jefferson is quoted as saying:

“If the American people ever allow the banks to control the issuance of their currency, first by inflation and then by deflation, the banks and corporations that will grow up around them will deprive the people of all property, until their children will wake up homeless on the continent their fathers occupied.“

A similar wakeup call is attributed to Jackson, who told Congress in 1829:

“If the American people only understood the rank injustice of our money and banking system, there would be a revolution before morning.“

Jefferson was instrumental in Congress’s refusal to renew the charter of the first U.S. Bank in 1811. When the Bank was liquidated, Jefferson’s suspicions were confirmed: 18,000 of the Bank’s 25,000 shares were owned by foreigners, mostly English and Dutch. The foreign domination the Revolution had been fought to eliminate had crept back in through the country’s private banking system. Congressman Desha of Kentucky, speaking in the House of Representatives, declared that “this accumulation of foreign capital was one of the engines for overturning civil liberty,“ and that he had “no doubt King George III was a principal stockholder.“ When Congress later



renewed the Bank's charter, Andrew Jackson vetoed it. He too expressed concern that a major portion of the Bank's shareholders were foreigners. He said in his veto bill:

"Is there no danger to our liberty and independence in a bank that in its nature has so little to bind it to our country? ... Of the course which would be pursued by a bank almost wholly owned by the subjects of a foreign power, ... there can be no doubt... Controlling our currency, receiving our public monies, and holding thousands of our citizens in dependence, it would be more formidable and dangerous than a naval and military power of the enemy."



Figure 5.2: The second Bank of the United States. Located at 420 Chestnut Street Philadelphia, Pennsylvania.

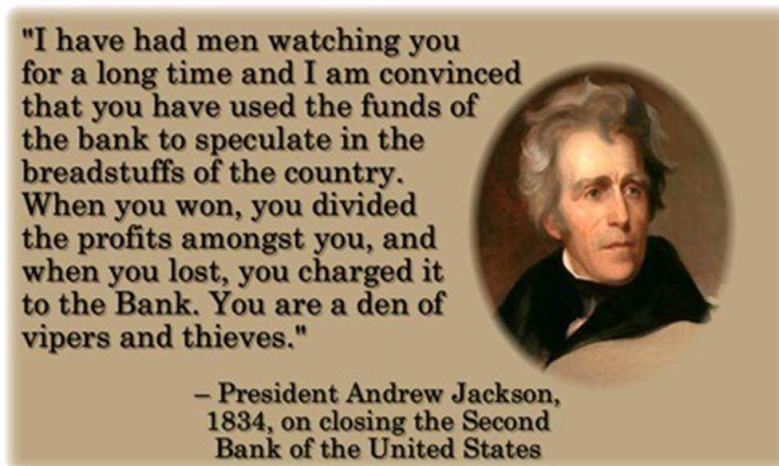
Jefferson was out of town when the Constitution was drafted, serving as America's minister to France during the dramatic period leading up to the French Revolution.

But even if he had been there, he would probably have gone along with the majority and voted to omit paper money from the Constitution. After watching the national debt mushroom, he wrote to John Taylor in 1798, “I wish it were possible to obtain a single amendment to our constitution . . . taking from the federal government the power to borrow money. I now deny their power of making paper money or anything else a legal tender.”⁵ It would be several decades before Jefferson realized that the villain was not paper money itself. It was private debt masquerading as paper money, a private debt owed to bankers who were merely “pretending to have money.” Jefferson wrote to Treasury Secretary Gallatin in 1815:

The treasury, lacking confidence in the country, delivered itself bound hand and foot to bold and bankrupt adventurers and bankers pretending to have money, whom it could have crushed at any moment. Jefferson wrote to John Eppes in 1813, “Although we have so foolishly allowed the field of circulating medium to be filched from us by private individuals, I think we may recover it The states should be asked to transfer the right of issuing paper money to Congress, in perpetuity.” He told Eppes, “the nation may continue to issue its bills [paper notes] as far as its needs require and the limits of circulation allow. Those limits are understood at present to be 200 millions of dollars.”⁶ Writing to Gallatin in 1803, Jefferson said of the private national bank, “This institution is one of the most deadly hostility against the principles of our Constitution [S]uppose a series of emergencies should occur [A]n institution like this . . . in a critical moment might overthrow the government.” He asked, “Could we start toward independently using our own money to form our own bank?” The Constitution gave Congress the power only to “coin money,” but Jefferson argued that Constitutions could be amended. He wrote to Samuel Kercheval in 1816:

Some men look at constitutions with sanctimonious reverence, and deem them like the ark of the Covenant, too sacred to be touched. They ascribe to the men of the preceding age a wisdom more than human, and suppose what they did to be beyond amendment [L]aws and institutions must go hand in hand with the progress of the human mind. . . . [A]s that becomes more developed, more enlightened, as new discoveries are made, institutions must advance also, to keep pace with the times. . . . We might as well require a man to wear still the coat which fitted him when a boy as civilized society to remain forever under the regimen of their barbarous ancestors.

During the congressional debates over a Second U.S. Bank, Senator John Calhoun proposed a plan for a truly “national” bank along the lines suggested by Jefferson. A wholly government-owned national bank could issue the nation’s own credit directly, without having to borrow from a private bank that issued it. This plan was later endorsed by Senator Henry Clay, but it would be several more decades before the Civil War would provide the pretext for Abraham Lincoln to authorize Congress to issue its own money. The Second U.S. Bank chartered in 1816 was 80 percent privately owned.



Who were these “subjects of a foreign power“ who owned the bank? In *The History of the Great American Fortunes*, published in 1936, Gustavus Myers pointed to the formidable British banking dynasty the House of Rothschild. Myers wrote: “Under the surface, the Rothschilds long had a powerful influence in dictating American financial laws. The law records show that they were the power in the old Bank of the United States.“

The Rothschilds and their friends sent in their financial termites to destroy America because it was becoming “prosperous beyond precedent.“ The first documentable evidence of Rothschild involvement in the financial affairs of the United States came in the late 1820s and early 1830s when the family, through their agent Nicholas Biddie, fought to defeat Andrew Jackson’s move to curtail the international bankers. The Rothschilds lost the first round when in 1832, President Jackson vetoed the move to renew the charter of the ‘Bank of the United States’ (a central bank controlled by the international bankers). In 1836 the bank went out of business.

Like the German Hanoverian kings, the Rothschild banking empire was British only in the sense that it had been in England for a long time. Its roots were actually in Germany. The House of Rothschild was founded in Frankfurt in the mid-eighteenth century, when a moneylender named Mayer Amschel Bauer changed his name to Amschel Rothschild and fathered ten children. His five sons were sent to the major capitals of Europe to open branches of the family banking business. Nathan, the most astute of these sons, went to London, where he opened the family branch called N. M. Rothschild & Sons. Nathan’s brothers managed N. M. Rothschild’s branches in Paris, Vienna, Berlin and Naples. The family fortunes got a major boost in 1815, when Nathan pulled off the mother of all insider trades. He led British investors to believe that the Duke of Wellington had lost to Napoleon at the Battle of Waterloo. In a matter of hours, British government bond prices plummeted. Nathan, who had advance information, then swiftly bought up the entire market in government bonds, acquiring a dominant holding in England’s debt for pennies on the pound. Over the course of the nineteenth century, N. M. Rothschild would become the biggest bank

in the world, and the five brothers would come to control most of the foreign-loan business of Europe. “Let me issue and control a nation’s money,” Nathan Rothschild boasted in 1838, “and I care not who writes its laws.”

In 1811, when the U.S. Congress declined to renew the charter of the first U.S. Bank, Nathan Rothschild already possessed substantial political clout in England and was lending money to the U.S. government and certain States. “Either the application for renewal of the Charter is granted,” he is reported to have threatened, “or the United States will find itself in a most disastrous war.” When the charter was not granted, the United States did find itself in another war with England, the War of 1812. War again led to inflation and heavy government debt. This and an inability to collect taxes were the reasons given for chartering the Second Bank of the United States as a private national bank. The twenty-year charter was signed by President James Madison in 1816. It authorized the Bank and its branches to issue the nation’s money in the form of bank notes, again shifting the power to create the national money supply into private hands.

Andrew Jackson was a hero of the War of 1812 and a leader with enormous popular appeal. He was the first of the “unlettered Scarecrows” to reach the White House, to be followed by the even mightier Abraham Lincoln (who actually looked like a Scarecrow). Jackson received an honorary degree from Harvard College in 1833. After the Federalists ceased to be a major national party, the Democratic-Republicans dominated the political scene alone for a time. In 1824, four candidates ran for President as Democratic-Republicans from different States: Andrew Jackson, John Quincy Adams, William Crawford, and Henry Clay. Jackson easily won the popular vote, but he did not have enough electoral votes to win the Presidency, so the matter went to the House of Representatives, where Clay threw his support to Adams, who won. But popular sentiment remained with Jackson, who won by a wide margin against Adams in the election of 1828.

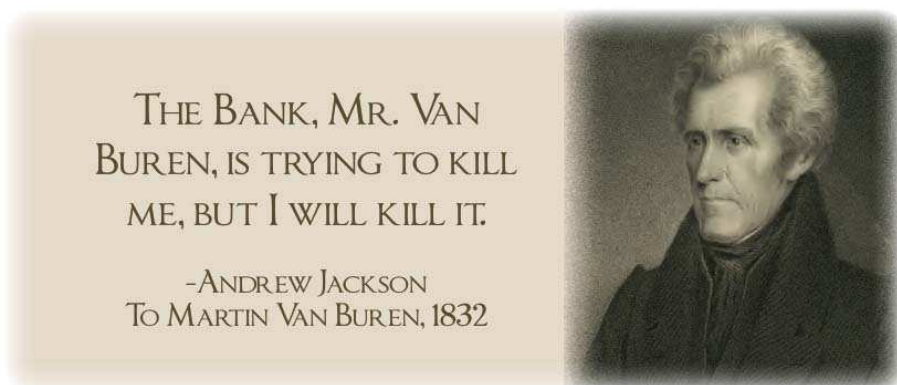


Figure 5.3: Andrew Jackson, 7th President of the United States. The man who killed the Bank.

Jackson believed in a strong Presidency and a strong union. He stood up to the

bankers on the matter of the bank, which he viewed as operating mainly for the upper classes at the expense of working people. He warned in 1829:

“The bold efforts the present bank has made to control the government are but premonitions of the fate that awaits the American people should they be deluded into a perpetuation of this institution or the establishment of another like it.”

Whether Congress itself had the right to issue paper money, Jackson said, was not clear; but “If Congress has the right under the Constitution to issue paper money, it was given them to be used by themselves, not to be delegated to individuals or to corporations.” His grim premonitions about the Bank appeared to be confirmed, when mismanagement under its first president led to financial disaster, depression, bankruptcies, and unemployment. But the Bank began to flourish under its second president, Nicholas Biddle, who petitioned Congress for a renewal of its charter in 1832. Jackson, who was then up for re-election, expressed his views to this bid in no uncertain terms. “You are a den of vipers and thieves,” he railed at a delegation of bankers discussing the Bank Renewal Bill. “I intend to rout you out, and by the eternal God, I will rout you out.” He called the bank “a hydra-headed monster eating the flesh of the common man.” He swore to do battle with the monster and to slay it or be slain by it.

Jackson succeeded in vetoing the bill for renewal of the bank charter, but he knew that his battle with the Bank was just beginning. “The hydra of corruption is only scotched, not dead,” he exclaimed. Boldly taking the hydra by the horns, he ordered his new Treasury Secretary to start transferring the government’s deposits from the Second U.S. Bank into state banks. When the Secretary refused, Jackson fired him and appointed another. When that Secretary refused, Jackson appointed a third. When the third Secretary proceeded to do as he was told, Jackson was triumphant. “I have it chained,” he said of the banking monster. “I am ready with screws to draw every tooth and then the stumps.” But Biddle and his Bank were indeed only scotched, not dead. Biddle used his influence to get the Senate to reject the new Secretary’s nomination. Then he threatened to cause a national depression if the Bank were not rechartered.

Biddle proceeded to make good on his threat by sharply contracting the money supply. Old loans were called in and new ones were refused. A financial panic ensued, followed by a deep economic depression. Biddle blamed it all on Jackson, and the newspapers picked up the charge. Jackson was officially censured by a Senate resolution. The tide turned, however, when the Governor of Pennsylvania (where the Bank was located) came out in support of the President and strongly critical of the Bank; and Biddle was caught boasting in public about the Bank’s plan to crash the economy. In April 1834, the House of Representatives voted 134 to 82 against re-chartering the Bank, and a special committee was established to investigate whether it had caused the crash.



Figure 5.4: Jackson fighting the multi-headed Hydra, high finance.

In January 1835, in what may have been his finest hour, Jackson paid off the final installment on the national debt. He had succeeded in doing something that had never been done before and has not been done since: he reduced the national debt to zero and accumulated a surplus.ⁱ The following year, the charter for the Second Bank of the United States expired; and Biddle was later arrested and charged with fraud. He was tried and acquitted, but he died while tied up in civil suits. Jackson had beaten the Bank. His personal secretary, Nicholas Trist, called it “the crowning glory of A.J.’s life and the most important service he has ever rendered his country.” The Boston Post compared it to Jesus throwing the moneychangers out of the Temple. But Jackson, like Jesus, found that taking on the moneychangers was risky business. “The Bank is trying to kill me,” he said, “but I will kill it;” He was the victim of an assassination attempt, but both the assassin’s shots missed.

Abraham Lincoln would not be so lucky.

5.3 The War of 1812

At the outset of the 19th century, Great Britain was locked in a long and bitter conflict with Napoleon Bonaparte’s France. In an attempt to cut off supplies from reaching the enemy, both sides attempted to block the United States from trading

with the other. In 1807, Britain passed the Orders in Council, which required neutral countries to obtain a license from its authorities before trading with France or French colonies. The Royal Navy also outraged Americans by its practice of impressment, or removing seamen from U.S. merchant vessels and forcing them to serve on behalf of the British. In 1809, the U.S. Congress repealed Thomas Jefferson's unpopular Embargo Act, which by restricting trade had hurt Americans more than either Britain or France. Its replacement, the Non-Intercourse Act, specifically prohibited trade with Britain and France. It also proved ineffective, and in turn was replaced with a May 1810 bill stating that if either power dropped trade restrictions against the United States, Congress would in turn resume non-intercourse with the opposing power. After Napoleon hinted he would stop restrictions, President James Madison blocked all trade with Britain that November. Meanwhile, new members of Congress elected that year—led by Henry Clay and John C. Calhoun—had begun to agitate for war, based on their indignation over British violations of maritime rights as well as Britain's encouragement of Native American hostility against American expansion in the West.

In the fall of 1811, Indiana's territorial governor William Henry Harrison led U.S. troops to victory in the Battle of Tippecanoe. The defeat convinced many Indians in the Northwest Territory (including the celebrated Shawnee chief Tecumseh) that they needed British support to prevent American settlers from pushing them further out of their lands. Meanwhile, by late 1811 the so-called "War Hawks" in Congress were putting more and more pressure on Madison, and on June 18, 1812, the president signed a declaration of war against Britain. Though Congress ultimately voted for war, both House and Senate were bitterly divided on the issue. Most Western and Southern congressmen supported war, while Federalists (especially New Englanders who relied heavily on trade with Britain) accused war advocates of using the excuse of maritime rights to promote their expansionist agenda.

In order to strike at Great Britain, U.S. forces almost immediately attacked Canada, then a British colony. American officials were overly optimistic about the invasion's success, especially given how underprepared U.S. troops were at the time. On the other side, they faced a well-managed defense coordinated by Sir Isaac Brock, the British soldier and administrator in charge in Upper Canada (modern Ontario). On August 16, 1812, the United States suffered a humiliating defeat after Brock and Tecumseh's forces chased those led by Michigan William Hull across the Canadian border, scaring Hull into surrendering Detroit without any shots fired.

Things looked better for the United States in the West, as Commodore Oliver Hazard Perry's brilliant success in the Battle of Lake Erie in September 1813 placed the Northwest Territory firmly under American control. Harrison was subsequently able to retake Detroit with a victory in the Battle of Thames (in which Tecumseh was killed). Meanwhile, the U.S. navy had been able to score several victories over the Royal Navy in the early months of the war. With the defeat of Napoleon's armies

in April 1814, however, Britain was able to turn its full attention to the war effort in North America. As large numbers of troops arrived, British forces raided the Chesapeake Bay and moved in on the U.S. capital, capturing Washington, D.C., on August 24, 1814, and burning government buildings including the Capitol and the White House.

On September 13, 1814, Baltimore's Fort McHenry withstood 25 hours of bombardment by the British Navy. The following morning, the fort's soldiers hoisted an enormous American flag, a sight that inspired Francis Scott Key to write a poem he titled "The Star-Spangled Banner." (Set to the tune of an old English drinking song, it would later be adopted as the U.S. national anthem.) British forces subsequently left the Chesapeake Bay and began gathering their efforts for a campaign against New Orleans.



Figure 5.5: The Burning of Washington was a British attack against Washington, D.C., the capital of the United States, during the War of 1812. On August 24, 1814, after defeating the Americans at the Battle of Bladensburg, a British force led by Major General Robert Ross occupied Washington and set fire to many public buildings, including the White House (known as the Presidential Mansion at the time) and the Capitol, as well as other facilities of the U.S. government.

By that time, peace talks had already begun at Ghent (modern Belgium), and Britain moved for an armistice after the failure of the assault on Baltimore. In the negotiations that followed, the United States gave up its demands to end impressment, while Britain promised to leave Canada's borders unchanged and abandon efforts to create an Indian state in the Northwest. On December 24, 1814, commissioners signed the Treaty of Ghent, which would be ratified the following February. On January 8, 1815, unaware that peace had been concluded, British forces mounted a major attack on New Orleans, only to meet with defeat at the hands of future U.S. president Andrew Jackson's army. News of the battle boosted sagging U.S. morale and left Americans with the taste of victory, despite the fact that the country had

achieved none of its pre-war objectives.

Though the War of 1812 is remembered as a relatively minor conflict in the United States and Britain, it looms large for Canadians and for Native Americans, who see it as a decisive turning point in their losing struggle to govern themselves. In fact, the war had a far-reaching impact in the United States, as the Treaty of Ghent ended decades of bitter partisan infighting in government and ushered in the so-called "Era of Good Feelings." The war also marked the demise of the Federalist Party, which had been accused of being unpatriotic for its antiwar stance, and reinforced a tradition of Anglophobia that had begun during the Revolutionary War. Perhaps most importantly, the war's outcome boosted national self-confidence and encouraged the growing spirit of American expansionism that would shape the better part of the 19th century.

5.4 Money, Lincoln and the Civil War

In April 1836 the Administration pushed a series of monetary reforms through Congress. One of these required all banks to cease issuing paper notes under five dollars. The figure later was increased to twenty dollars, and its purpose was to compel the nation to return to the use of gold and silver coin for everyday use, leaving bank notes primarily for large commercial transactions. The White House also announced that, in the future, all federal land sales would require full payment in lawful money, which, of course, meant precious metal coins.

It must be remembered that even though the Bank of the United States was dead, banking was very much alive, and so were Jackson's enemies. Much to the disappointment of the hard-money advocates, these measures were not sufficient to usher in the millennium. Not only were they inadequate by themselves, they were soon circumvented by the development of new banking techniques and eventually were dismantled completely by a fickle Congress.

In 1837, as the Bank of the United States slipped into history, the nation was at the tail end of an economic boom. Professor Rothbard tells us that this expansion and the accompanying inflation had been "fueled by the central bank". Total money in circulation had risen by 84% in just four years. Then, as inevitable as the setting sun, that portion of the money supply which had been created by fractional reserve banking began to contract. 16% of all the nation's money totally disappeared in just that first year. Again, men were put out of work, businesses went into bankruptcy, homes and savings were lost. Many banks folded also but their operators walked away with the spoils. Only the depositors were left holding the empty bag.

There were numerous proposals advanced regarding how to infuse stability into the banking system. But, then as now, none of them dealt with the real problem, which was fractional reserve banking itself. Some of these proposals were (1) to

base money on bank assets, (2) to protect deposits with a safety fund, (3) to base money on securities and (4) to back money with state credit. The fourth proposal for producing something out of nothing was to back the issuance of money by the full faith and credit of the state. This was the method tried by many of the Southern states and it, too, has survived to become one of the cornerstones of our modern-day banking system.

Alabama, for example, in 1835 created a state bank funded by a public bond issue of \$13,800,000. Instant money flooded through the economy and people were joyous over the miracle prosperity. The legislators were so intoxicated with the scheme that they completely abolished direct taxation and decided to run the government on bank money instead. In other words, instead of raising state revenue through taxes, they found it easier to raise it through inflation. Like all the others, this bubble also burst in the panic of 1837. A postmortem examination of the Bank showed that \$6,000,000 of its assets were completely worthless. The people who had loaned their real money to the venture, backed by the full faith and credit of the state, lost almost all of their investment, in addition to what they had paid through inflation.

Money, based on the full faith and credit of the state, met similar fates in Illinois, Kentucky, Florida, Tennessee, and Louisiana. When the state bank collapsed, in Illinois in 1825, all of the “full-faith“ bank notes left in its possession were ceremoniously burned at the public square. Another bank was formed in 1835 and collapsed in 1842. So devastating were these experiences that the Illinois Constitution of 1848 stipulated that, henceforth, the state should never again create a bank or own banking stock.

The Mirage of free Banking

There was a parallel development at this time called “free banking“. The name is an insult to truth. What was called free banking was merely the conversion of banks from corporations to private associations. Aside from no longer receiving a charter from the state, practically every other aspect of the system remained the same, including a multitude of government controls, regulations, supports, and other blocks against the free market. The free banks were no less fraudulent than the chartered banks. The old custom was revived of rushing gold coins from one bank to another just ahead of the bank examiners, and of “putting ballast of lead and broken glass“ in the box under a thinner. (In earlier times, when the banks issued money backed by gold, meaning paper money could always be exchanged back to gold, there existed examiners going from bank to bank to make sure that the banks had enough gold. Of course the banks did not have enough gold, but to fool the examiners, the banks transported the gold from one bank to another faster than the examiners travelled.) When one such free bank collapsed in Massachusetts, it was discovered that its bank note circulation of \$500,000 was backed by exactly \$86.48.

For banking to have been truly free, the states would have had to do only two things: (1) enforce banking contracts the same as any other contract, and then (2) step out of the picture. By enforcing banking contracts, the executives of any bank which failed to redeem its currency in specie would have been sent to prison, an eventuality which soon would have put a halt to currency overissue. By stepping out of the picture and dropping the pretense of protecting the public with a barrage of rules, regulations, safety funds, and guarantees, people would have realized that it was their responsibility to be cautious and informed. But instead the banks continued to enjoy the special privilege of suspending payment without punishment, and the politicians clamored to convince the voters that they were taking care of everything.

In short, throughout this entire period of bank failures, economic chaos, and fleecing of both investors and taxpayers, America tried everything except full redemption by gold and silver. As the name of Andrew Jackson faded into history, so did the dream of honest banking.

The Union in Jeopardy

Economic conflict always played a major role, if not the only role, in fomenting war. There is not time in history in which there was more economic conflict between segments of the population than there was prior to the Civil War. It is not surprising that this period led into the nation's bloodiest war.

There are many popular myths about the cause of the War between the States. Just as the Bolshevik Revolution is commonly believed to have been a spontaneous mass uprising against the tyrannical aristocracy, so, too, it is generally accepted that the Civil War was fought over the issue of slavery. That, at best, is a half-truth. Slavery was an issue, but the primary force for war was a clash between economic interests of the North and the South. Even the issue of slavery itself was based on economics. It may have been a moral issue in the North where prosperity was derived from the machines of heavy industry, but in the agrarian South, where field had to be tended by vast work forces of human labor, the issue was primarily a matter of economics.

The relative unimportance of slavery as a cause for war was made clear by Lincoln himself during his campaign for Presidency in 1860, and he repeated that message in his first inaugural address:

“Apprehension seems to exist among the people of the Southern States that by the accession of a Republican administration their property and their peace and personal security are to be endangered... I have no purpose, directly or indirectly, to interfere with the institution of slavery in the states where it now exists. I believe I have no lawful right to do so, and I have no inclination to do so.”

Even after the outbreak of war in 1861, Lincoln confirmed his previous stand. He declared:



Figure 5.6: Map of the borders of 1861, the year the war began. North vs. South, The Union vs. The Confederacy.

“My paramount object in this struggle is to save the Union, and it is not either to save or destroy slavery. If I could save the Union without freeing any slave, I would do it; and if I could save it by freeing all the slaves, I would do it; and if I could do it by freeing some and leaving others, I would also do that.”

It may come as a surprise to learn that, by strict definition, Abraham Lincoln was a white supremacist. In his fourth debate with Senator Stephen Douglas, he addressed the subject bluntly:

“I am not nor ever have been in favor of bringing about in any way the social and political equality of the white and black races - that I am not nor ever have been in favor of making voters or jurors of Negroes, nor of qualifying them to hold office, nor to intermarry with white people; and I will say in addition to this that there is a physical difference between the white and black races which I believe will forever forbid the two races living together on terms of social and political equality. And inasmuch as they cannot so live, while they do remain together there must be the position of superior and inferior, and I as much as any other man am in favor of having the superior position assigned to the white race.

If Lincoln’s primary goal in the War was not the abolition of slavery but simply to preserve the Union, the question arises: Why did the Union need preserving? Or, more pointedly, why did the Southern states want to secede?

Legal Plunder, the Cause for War

The South being predominantly an agricultural region, had to import practically all of its manufactured goods from the Northern States and from Europe, both of which reciprocated by providing a market for the South's cotton. However, many of the textiles and manufactured items were considerably cheaper from Europe, even after the cost of shipping had been added. The Southern states, therefore, often found it to their advantage to purchase these European goods rather than those made in the North. This put considerable competitive pressure on the American manufacturers to lower their prices and operate more efficiently.

The Republicans were not satisfied with that arrangement. They decided to use the power of the federal government to tip the scales of competition in their favor. Claiming that this was in the national interest, they levied stiff import duties on almost every item coming from Europe that was also manufactured in the North. Surprisingly, there was no duty applied to cotton which, presumably, was not a commodity in the national interest. One result was that European countries countered by stopping the purchase of US cotton, which badly hurt the Southern economy. The other result was that manufacturers in the North were able to charge higher prices without fear of competition, and the South was forced to pay more for practically all of its necessities. It was a classic case of legalized plunder in which the law was used to enrich one group of citizens at the expense of another.

Pressure from the North against slavery in the South made matters even more volatile. A fact often overlooked in this episode is that the cost of a slave was very high, around \$1500 each. A modest plantation with only forty or fifty slaves, therefore, had a large capital investment which, in terms of today's purchasing power, represented many millions of dollars. To the South, therefore, abolition meant not only the loss of its ability to produce a cash crop, but the total destruction of an enormous capital base.

Many Southern plantation owners were working toward the day when they could convert their investment to more profitable industrial production as had been done in the North, and others felt that freemen who were paid wages would be more efficient than slaves who had no incentive to work.

That was the situation that existed at the time of Lincoln's campaign and why, in his speeches, he attempted to calm the fears of the South about his intentions. But his words were mostly political rhetoric. Lincoln was a Republican, and he was totally dependent on the Northern industrialists who controlled the Party.

Mexico and the Monroe Doctrine

In addition to the conflicting interests between North and South, there were other forces also working to split the nation in two. Those forces were rooted in Europe and centered around the desire of France, Spain and England to control the markets of Latin America. Mexico was the prime target. This was the reason the Monroe Doctrine has been formulated 38 years previously. President James Monroe had put the European nations on notice that the United States would not interfere in their affairs, and that any interference by them in American affairs would not be tolerated. In particular, the proclamation said that the American continents were no longer to be considered as available for colonization.

None of the European power wanted to put this issue to the test, but they knew that if the United States were to become enroiled in a civil war, it could not also cross swords in Latin America. To encourage war between the states, therefore, was to pave the way for colonial expansion in Mexico. The Americas had become a giant chess board for the game of global politics.

The global chess match between Lincoln on the one side and England and France on the other was closely watched by the other leaders in Europe. One of the most candid observers at that time was the Cancellor of Germany, Otto von Bismarck. Since Bismarck was, himself, deeply obliged to the power of international finance, his observation are double revealing. He said:

“The devision of the United States into federations of equal force was decided long before the Civil War by the high financial powers of Europe. These bankers were afraid that the United States, if they remained in one block and as one nation, would attain economic and financial independence, which would upset their financial domination over the Europe and the world. Of course, in the “inner circle“ of Finance, the voice of the Rothschilds prevailed. They saw an opportunity for prodigious booty if they could substitute two feeble democracies, burdened with debt to the financiers,... in place of a vigorous Republic sufficient unto herself. Therefore, they sent their emissaries into the field to exploit the question of slavery and to drive a wedge between the two parts of the Union... The rupture between the North and the South became inevitable; the masters of European finance employed all their forces to bring it about and to turn it to their advantage.“

In the years following Independence, a close business relationship had developed between the cotton growing aristocracy in the South and the cotton manufacturers in England. The European bankers decided that this business connection was America's Achilles Heel, the door through which the young American Republic could be successfully attacked and overcome. The Illustrated University History, 1878, p. 504, tells us that the southern states swarmed with British agents. These conspired with local politicians to work against the best interests of the United States. Their carefully sown and nurtured propaganda developed into open rebellion and resulted in the

secession of South Carolina on December 29, 1860. Within weeks another six states joined the conspiracy against the Union, and broke away to form the Confederate States of America, with Jefferson Davis as President.

The plotters raided armies, seized forts, arsenals, mints and other Union property. Even members of President Buchanan's Cabinet conspired to destroy the Union by damaging the public credit and working to bankrupt the nation. Buchanan claimed to deplore secession but took no steps to check it, even when a U.S. ship was fired upon by South Carolina shore batteries. Shortly thereafter Abraham Lincoln became President, being inaugurated on March 4, 1861. Lincoln immediately ordered a blockade on Southern ports, to cut off supplies that were pouring in from Europe. The 'official' date for the start of the Civil War is given as April 12, 1861, when Fort Sumter in South Carolina was bombarded by the Confederates, but it obviously began at a much earlier date.

In December, 1861, large numbers of European Troops (British, French and Spanish) poured into Mexico in defiance of the Monroe Doctrine. This, together with widespread European aid to the Confederacy strongly indicated that the Crown was preparing to enter the war. The outlook for the North, and the future of the Union, was bleak indeed. By 1864, the Mexicans were subdued, and the French monarch installed Ferdinand Maximilian as the puppet emperor. The Confederacy (South) found a natural ally in Maximilian and it was anticipated by both groups that, after the successful execution of the War, they would combine into a new nation - dominated by the financial power of Rothschild, of course. At the same time, England moved 11,000 troops into Canada, positioned them menacingly along the Union's northern flank, and placed the British fleet onto war-time alert. The European powers were closing in for a checkmate.

Russia Aligns with the North

It was a masterful move by Britain and France that possibly could have won the game had not an unexpected event tipped the scale against it. Tsar Alexander II, who incidentally had never allowed a central bank to be established in Russia, notified Lincoln that he stood ready to militarily align with the North. Although the Tsar had recently freed the serfs in his own country, his primary motivation for coming to the aid of the Union undoubtedly had little to do with emancipating the slaves in the South. England and France had been maneuvering to break up the Russian Empire by splitting off Finland, Estonia, Latvia, Poland, Crimea and Georgia. Napoleon III of France proposed to Great Britain and Austria that the three nations immediately declare war on Russia to hasten this dismemberment.

Knowing that war was being considered by his enemies, Tsar Alexander decided to play a chess game of his own. In September 1863 he dispatched his Baltic fleet of war ships to Alexandria, Virginia, and his Asiatic fleet to San Francisco. The

significance of this move was explained by Russian-born Carl Wrangell-Rokassowsky:

“No treaty was signed between Russia and the United States, but their mutual interest, and the threat of war to both, unified these two nations at this critical moment. By dispatching his Baltic Fleet to the North American harbors, the Tsar changed his position from defensive to an offensive one. Paragraph 3 of the instructions given to Admiral Lessovsky by Admiral Krabbe, at that time Russian Secretary of the Navy, dated July 14th 1863, ordered the Russian Fleet, in case of war, to attack the enemies commercial shipping and their colonies so as to cause them the greatest possible damage. The same instructions were given to Admiral Popov, Commander of the Russian Asiatic Fleet.

The presence of the Russian Navy helped the Union enforce a devastating naval blockade against the Southern states which denied them access to critical supplies from Europe. It was not that these ships single-handedly kept the French and English vessels at bay. Neither France nor England wanted to risk becoming involved in an open war with the United States and Russia and led them to be extremely cautious with overt military aid to the South. Without the inhibiting effect of the presence of the Russian fleet, the course of the war could have been significantly different.

The Emancipation Proclamation

To get people to fight, it was decided to convert the war into an anti-slavery crusade. The emancipation Proclamation was primarily a move on the part of Lincoln to fan the dying embers of support of the “Rich-mans’s war and the poor-man’s fight“, as it was commonly called in the North. Preservation of the Union was not enough to fire men’s enthusiasm for war. Only the higher issue of freedom could do that. To make the cause of freedom synonymous with the cause of the North, there was no alternative but to officially declare against slavery. After having emphasized over and over again that slavery was not the reason for war, Lincoln later explained why he changed his course and issued the Proclamation:

“Things had gone from bad to worse until I felt we had reached the end of our rope on the plan we were pursuing; that we had about played our last card, and must change our taktics or lose the game. I now determined upon adoption of the emancipation policy.“

The Proclamation had a profound impact on the European powers as well. As long as the war had been viewed as an attempt on the part of a government to put down rebellion, there was nothing sacred about it, and there was no stigma attached to helping either side. But now that freedom was the apparent issue, no government in Europe, least of all England and France, dared to anger its own subjects by taking sides against a country that was trying to destroy slavery.

Converting the war into an anti-slavery crusade was a brilliant move and it resulted

in a surge of voluntary recruits into the Unions army. But even this was not enough in the end and Lincoln had to initiate conscription. This created an outrage and riots in the North, which was stuck down by the army, killing nearly 1000 civilians. Thus, under the banner of opposing slavery, American citizens in the North not only were killed on the streets of their own cities, they were put into military combat against their will and thrown into prison without due process of law. In other words, free men were enslaved so that slaves could be made free.

Lincoln foils the Bankers

Abraham Lincoln went from hayseed to the top of his class by sheer native wit and determination, epitomizing the American dream. Following in the footsteps of Andrew Jackson, he rose from the backwoods to the Presidency without ever going to college. Lincoln's mother could barely read. Like Jackson, Lincoln risked life and limb battling the Money Power; but the two Presidents had quite different ideas about how it should be done. Jackson had captured the popular imagination by playing on the distrust of big banks and foreign bankers; but in throwing out the national bank and its foreign controllers, he had thrown out Hamilton's baby with the bath water, leaving the banks in unregulated chaos. There was now no national currency. Banks printed their own notes and simply had to be trusted to redeem them in specie (or gold bullion). When trust faltered, there would be a run on the bank and the bank would generally wind up closing its doors. Bank-fed speculation had collapsed much of the factory system; and federal support for road, canal and railway construction was halted, halting the pioneer settlement of the West along with it.

Lincoln joined the movement to restore the country's financial, industrial and political independence by restoring a national bank and a national currency. When the Whig Party disintegrated over the question of slavery, Lincoln joined the Republican Party, which was created in 1854 to oppose the expansion of slavery into Kansas. It opposed the political control exerted by southern slave owners over the national government; maintained that free-market labor was superior to slavery; promised free homesteads to farmers; and advanced a progressive vision emphasizing higher education, banking, railroads, industry and cities. Lincoln became the first Republican candidate to be elected President, but for Lincoln they started before he was even inaugurated. He had to deal with treason, insurrection, and national bankruptcy within the first days of taking office. Considering the powerful forces arrayed against him, his achievements in the next four years were nothing short of phenomenal.

His government built and equipped the largest army in the world, smashed the British-financed insurrection, abolished slavery, and freed four million slaves. Along the way, the country managed to become the greatest industrial giant the world had ever seen. The steel industry was launched, a continental railroad system was cre-

ated, the Department of Agriculture was established, a new era of farm machinery and cheap tools was promoted, a system of free higher education was established through the Land Grant College System, land development was encouraged by passage of a Homestead Act granting ownership privileges to settlers, major government support was provided to all branches of science, the Bureau of Mines was organized, governments in the Western territories were established, the judicial system was reorganized, labor productivity increased by 50 to 75 percent, and standardization and mass production was promoted worldwide.

How was all this accomplished, with a Treasury that was completely broke and a Congress that hadn't been paid themselves? As Benjamin Franklin might have said, "That is simple." Lincoln tapped into the same cornerstone that had gotten the impoverished colonists through the American Revolution and a long period of internal development before that: he authorized the government to issue its own paper fiat money. National control was reestablished over banking, and the economy was jump-started with a 600 percent increase in government spending and cheap credit directed at production.³ A century later, Franklin Roosevelt would use the same techniques to pull the country through the Great Depression; but Roosevelt's New Deal would be financed with borrowed money. Lincoln's government used a system of payment that was closer to the medieval tally. Officially called United States Notes, these nineteenth century tallies were popularly called "Greenbacks" because they were printed on the back with green ink (a feature the dollar retains today). They were basically just receipts acknowledging work done or goods delivered, which could be traded in the community for an equivalent value of goods or services.



Figure 5.7: Greenbacks were paper currency (printed in green on the back) issued by the United States during the American Civil War. They were in two forms: Demand Notes, issued in 1861–1862, and United States Notes issued in 1862–1865. They were legal tender by law, but were not backed by gold or silver, only the credibility of the U.S. government.

The Greenbacks represented man-hours rather than borrowed gold. Lincoln is quoted as saying, "The wages of men should be recognized as more important than the wages of money." Over 400 million Greenback dollars were printed and used to pay soldiers

and government employees, and to buy supplies for the war. The Greenback system was not actually Lincoln's idea, but when pressure grew in Congress for the plan, he was quick to endorse it. The South had seceded from the Union soon after his election in 1860. To fund the War between the States, the Eastern banks had offered a loan package that was little short of extortion – \$150 million advanced at interest rates of 24 to 36 percent. Lincoln knew the loan would be impossible to pay off.⁴ He took the revolutionary approach because he had no other real choice. The government could either print its own money or succumb to debt slavery to the bankers.

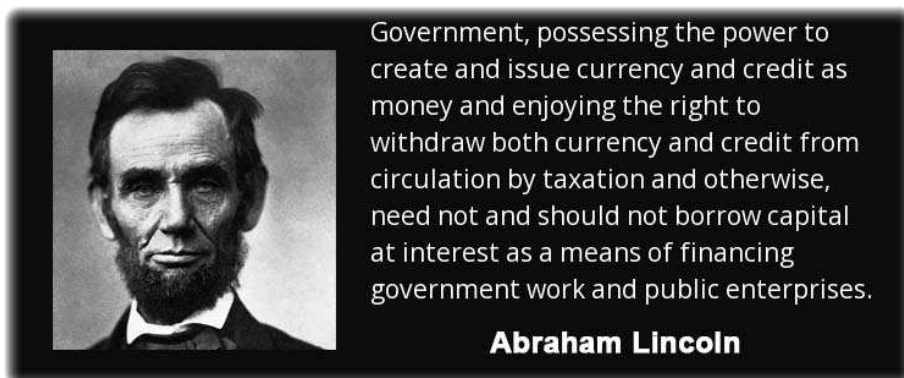
Lincoln's economic advisor was Henry Carey, the son of Matthew Carey, the printer and publisher mentioned earlier who was tutored by Benjamin Franklin and tutored Henry Clay. Clay was the leader of the Philadelphia-based political faction propounding the "American system" of economics. Carey came to consider "free trade" and the "gold standard" to be twin financial weapons forged by England for its own economic conquest. His solution to the gold drain was for the government to create an independent national currency that was non-exportable, one that would remain at home to do the country's own work. He advocated a currency founded on "national credit," something he defined as "a national system based entirely on the credit of the government with the people, not liable to interference from abroad." Like the wooden tally, this paper money would simply be a unit of account that tallied work performed and goods delivered. Carey also supported expanding the monetary base with silver.

Carey's theories were an elaboration of the "American system" propounded by Henry Clay and the National Republican Party. Their platform was to nurture local growth and development using local raw materials and local money, freeing the country from dependence on foreign financing. Where Jackson's Democratic Party endorsed "free trade," the National Republican Party sought another sort of freedom, the right to be free from exploitation by powerful foreign financiers and industrialists. Free traders wanted freedom from government. Protectionists looked to the government to keep them free from foreign marauders. Clay's protectionist platform included:

- Government regulation of banking and credit to deter speculation and encourage economic development;
- Government support for the development of science, public education, and national infrastructure;
- Regulation of privately-held infrastructure to ensure it met the nation's needs;
- A program of government-sponsored railroads, and scientific and other aid to small farmers;
- Taxation and tariffs to protect and promote productive domestic activity; and
- Rejection of class wars, exploitation and slavery, physical or economic, in favor of a "Harmony of Interests" between capital and labor.

Lincoln also endorsed these goals. He eliminated slavery, established a national bank, and implemented and funded national education, national transportation, and federal development of business and farming. He also set very high tariffs. He made this common-sense observation:

“I don’t know much about the tariff, but I know this much: When we buy manufactured goods abroad we get the goods and the foreigner gets the money. When we buy the manufactured goods at home, we get both the goods and the money.”



The Greenback system undergirded Lincoln’s program of domestic development by providing a much-needed national paper money supply. After Jackson had closed the central bank, the only paper money in circulation were the banknotes issued privately by individual state banks; and they were basically just private promises to pay later in hard currency (gold or silver). The Greenbacks, on the other hand, were currency. They were “legal tender“ in themselves, money that did not have to be repaid later but was “as good as gold“ in trade. Like metal coins, the Greenbacks were permanent money that could continue to circulate in their own right. The Legal Tender Acts of 1862 and 1863 made all the “coins and currency“ issued by the U.S. Government “legal tender for all debts, public and private.“ Government- issued paper notes were made a legal substitute for gold and silver, even for the payment of pre-existing debts.

Did the Greenbacks Cause Price Inflation?

Lincoln’s Greenback program has been blamed for the price inflation occurring during the Civil War, but according to Irwin Unger in *The Greenback Era* (1964): “It is now clear that inflation would have occurred even without the Greenback issue.“⁷ War is always an inflationary venture. What forced prices up during the Civil War was actually a severe shortage of goods. Zarlenga quotes historian J. G. Randall, who observed in 1937:

“The threat of inflation was more effectively curbed during the Civil War than during the First World War. Indeed as John K. Galbraith has observed, “it is remark-

able that without rationing, price controls, or central banking, [Treasury Secretary] Chase could have managed the federal economy so well during the Civil War.“

Greenbacks were not the only source of funding for the Civil War. Bonds (government I.O.U.s) were also issued, and these too increased the money supply, since the banks that bought the bonds were also short of gold and had no other way of paying for the bonds than with their own newly-issued banknotes. The difference between the government- issued Greenbacks and the bank-issued banknotes was that the Greenbacks were debt-free legal tender that did not have to be paid back. As Thomas Edison reasonably observed in an interview reported in *The New York Times* in 1921:

“If the Nation can issue a dollar bond it can issue a dollar bill. The element that makes the bond good makes the bill good also. The difference between the bond and the bill is that the bond lets the money broker collect twice the amount of the bond and an additional 20%. Whereas the currency, the honest sort provided by the Constitution pays nobody but those who contribute in some useful way. It is absurd to say our Country can issue bonds and cannot issue currency. Both are promises to pay, but one fattens the usurer and the other helps the People.“

The Greenbacks did lose value as against gold during the war, but this was to be expected, since gold was a more established currency that people naturally preferred. Again the problem for the Greenback was that it had to compete with other forms of currency. People remained suspicious of paper money, and the Greenback was not accepted for everything. Particularly, it could not be used for the government’s interest payments on its outstanding bonds. Zarlenga notes that by December 1865, the Greenback was still worth 68 cents to one gold dollar, not bad under the circumstances. Meanwhile, the Confederates’ paper notes had become devalued so much that they were worthless. The Confederacy had made the mistake of issuing fiat money that was not legal tender but was only a bond or promise to pay after the War. As the defeat of the Confederacy became more and more certain, its currency’s value plummeted.

The Confederacy was not the only power that was bent on destroying Lincoln’s Union government. Lurking behind the curtain pulling the strings of war were powerful foreign financiers. Otto von Bismarck, Chancellor of Germany in the second half of the nineteenth century, called these puppeteers “the masters of European finance.“ He wrote: I know of absolute certainty, that the division of the United States into federations of equal force was decided long before the Civil War by the high financial powers of Europe. These bankers were afraid that the United States, if they remained in one block and as one nation, would attain economic and financial independence, which would upset their financial domination over Europe and the world. Of course, in the “inner circle“ of Finance, the voice of the Rothschilds prevailed. They saw an opportunity for prodigious booty if they could substitute two feeble democracies, burdened with debt to the financiers, . . . in place of a vigorous Republic sufficient unto herself. Therefore, they sent their emissaries into the field to exploit the question



Figure 5.8: U.S. Civil War: The Union (left) vs. The Confederacy (right).

of slavery and to drive a wedge between the two parts of the Union. . . . The rupture between the North and the South became inevitable; the masters of European finance employed all their forces to bring it about and to turn it to their advantage.

The European bankers wanted a war that would return the United States to its colonial status, but they were not necessarily interested in preserving slavery. Slavery just meant that the owners had to feed and care for their workers. The bankers preferred “the European plan” – capital could exploit labor by controlling the money supply, while letting the laborers feed themselves. In July 1862, this ploy was revealed in a notorious document called the Hazard Circular, which was circulated by British banking interests among their American banking counterparts. It said:

“Slavery is likely to be abolished by the war power and chattel slavery destroyed. This, I and my European friends are glad of, for slavery is but the owning of labor and carries with it the care of the laborers, while the European plan, led by England, is that capital shall control labor by controlling wages. This can be done by controlling the money. The great debt that capitalists will see to it is made out of the war, must be used as a means to control the volume of money. To accomplish this, the bonds must be used as a banking basis. . . . It will not do to allow the greenback, as it is called, to circulate as money any length of time, as we cannot control that.”

The system the bankers wanted to preserve was what Henry Clay and Henry Carey had called the “British system,” with its twin weapons of “free trade” and the “gold standard” keeping the less industrialized countries in a colonial state, supplying raw materials to Britain’s factories. The American South had already been subjugated in this way, and the bankers had now set their sights on the North, to be reeled in with usurious war loans; but Lincoln had refused to take the bait. The threat the new Greenback system posed to the bankers’ game was reflected in an editorial that is of uncertain origin but was reportedly published in the *The London Times* in 1865. It warned:

“[I]f that mischievous financial policy, which had its origin in the North American Republic, should become indurated down to a fixture, then that Government will furnish its own money without cost. It will pay off debts and be without a debt. It will have all the money necessary to carry on its commerce. It will become prosperous beyond precedent in the history of the civilized governments of the world. The brains and the wealth of all countries will go to North America. That government must be destroyed, or it will destroy every monarchy on the globe.”

Bismarck wrote in 1876, “The Government and the nation escaped the plots of the foreign financiers. They understood at once, that the United States would escape their grip. The death of Lincoln was resolved upon.” Lincoln was assassinated in 1865. He was killed by John Wilkes Booth, member of the secret society called “Knights of the Golden Circle“. Booth’s wife said that her husband had been “the tool of other men“.

The National Banking Act of 1863-64

The European financiers had failed to trap Lincoln’s government with usurious war loans, but they achieved their ends by other means. While one faction in Congress was busy getting the Greenbacks issued to fund the war, another faction was preparing a National Banking Act that would deliver a monopoly over the power to create the nation’s money supply to the Wall Street bankers and their European affiliates. The National Banking Act was promoted as establishing safeguards for the new national banking system; but while it was an important first step toward a truly national bank, it was only a compromise with the bankers, and buried in the fine print, it gave them exactly what they wanted. A private communication from a Rothschild investment house in London to an associate banking firm in New York dated June 25, 1863, confided:

“The few who understand the system will either be so interested in its profits or so dependent upon its favors that there will be no opposition from that class while, on the other hand, the great body of people, mentally incapable of comprehending . . . will bear its burdens without complaint.”

The Act looked good on its face, so what was the problem? Although the new national banknotes were technically issued by the Comptroller of the Currency, this was just a formality, like the printing of Federal Reserve Notes by the Bureau of Engraving and Printing today. The currency bore the name of the bank posting the bonds, and it was issued at the bank’s request. In effect, the National Banking Act authorized the bankers to issue and lend their own paper money. The banks “deposited“ bonds with the Treasury, but they still owned the bonds; and they immediately got their money back in the form of their own banknotes. Topping it off, the National Banking Act effectively removed the competition to these banknotes. It imposed a heavy tax on the notes of the state-chartered banks, essentially abolishing them.⁵ It

also curtailed competition from the Greenbacks, which were limited to specific issues while the bankers' notes could be issued at will. Treasury Secretary Salmon P. Chase and others complained that the bankers were buying up the Greenbacks with their own banknotes.



The government got what it needed at the time – a loan of substantial sums for the war effort and a sound circulating currency for an expanding economy – but the banks were the real winners. They not only got to collect interest on money of which they still had the use, but they got powerful leverage over the government as its creditors. The Act that was supposed to regulate the bankers wound up chartering not one but a whole series of private banks, which all had the power to create the currency of the nation. The National Banking Act was recommended to Congress by Treasury Secretary Chase, ironically the same official who had sponsored the Greenback program the Act effectively eliminated. In a popular 1887 book called *Seven Financial Conspiracies That Have Enslaved the American People*, Sarah Emery wrote that Chase acquiesced only after several days of meetings and threats of financial coercion by bank delegates.⁷ He is quoted as saying later:

“My agency in procuring the passage of the National Bank Act was the greatest financial mistake of my life. It has built up a monopoly that affects every interest in the country. It should be repealed. But before this can be accomplished, the people will be arrayed on one side and the banks on the other in a contest such as we have never seen in this country.”

Although Lincoln was assassinated in 1865, it would be another fifty years before the promise of his debt-free Greenbacks were erased from the minds of a people long suspicious of the usury bankers and their gilded paper money. The “Gilded Age” –

the period between the Civil War and World War I – was a series of battles over who should issue the country’s currency and what it should consist of.

5.5 Social Engineering, Militarization, Socialization and Communism

Socialists, posturing as noble, caring humanitarians, unify and vociferously demand change, even if it negatively impacts others, saying that free choice or spreading democracy often represents death and destruction for people. Many churches have abandoned traditional peaceful Christianity and use their money and power to influence government to impose their views on society through the force of law. Instead of traditional theology, churches veered toward a communal, socialistic approach to humanity’s challenges, which actually serve a small, profiseeking minority who exploit the people’s naivety and ignorance for their own objectives. In order to affect such a theological shift, the money powers had to control the theological seminaries. By 1890, all of the major seminaries in the United States promoted theories about social justice.

In December 1892, the Brotherhood of the Kingdom was organized to inculcate socialism into the nation’s churches. “If ever socialism is to succeed, it cannot succeed in an irreligious country. It must start in the churches.” In 1893, the American branch of the Christian Socialist Movement was founded a faction of London’s Fabian Society and the British Labour Party. The dissemination of socialism in the churches coincided with the spread of socialism elsewhere. In 1902, delegates and lay officials of numerous churches had attended the national convention of the Socialist Party in Chicago. “Christians” then created two Christian Socialist organizations “with the avowed purpose of extending the principles of socialism among church people of America.” The first and largest organization, created in June 1906, was the Christian Socialist Fellowship. Its officials delivered socialist sermons in thousands of churches and circulated millions of copies of its paper to preachers, teachers, and social workers. Many churches, YMCAs, and colleges were receptive to the socialist message. As the years went by, more Socialist movements were founded with some of the leading members even having ties to the Soviet Union and hundreds of US clerics being members of the socialist party in the US. By 1940, churches across the whole country were undermined by the socialist doctrine.

Many of their doctrines were even identical to freemasonry and religious leaders outside the US saw the wrongdoings. Pope Leo XIII wrote, “Let us remember that Christianity and freemasonry are essentially incompatible, to such an extent, that to become united with one means being divorced from the other.”¹⁵⁹ Pope Benedict, on November 5, 1920, warned against such groups as the YMCA and similar sects, while unlike in name, apply similar Masonic principles. Pope Benedict XV (1914-1922)

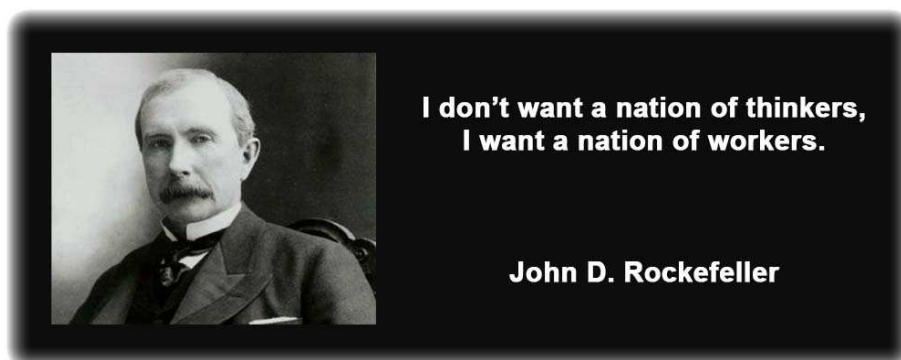
stated, "The YMCA intends to purify and spread a more perfect knowledge of real life, placing itself above all churches and outside of any religious jurisdiction." On November 5, 1920, in a letter, he wrote that the YMCA is fundamentally Masonic in nature.

Leading theologians and prestigious seminaries promote an agenda of progressive reform and international expansion. John D. Rockefeller and J. Pierpont Morgan wholly supported their efforts in setting America's moral course at home and abroad, compatible with Woodrow Wilson's vision of building a new world order. Rockefeller also began funding the Eastern Establishment's Council on Foreign Relations (CFR). Fosdick, a New World Order proponent, was one of Rockefeller's most confidential associates and a trustee (1921-1948) and president (1936-1948) of the Rockefeller Foundation. He had long supported Wilson, who he had known since 1903 when he studied at Princeton University. Fosdick was a civilian aide to General John J. Pershing and accompanied Wilson to the Paris Peace Conference (1919). He had a good relationship with Edward M. House, Wilson's adviser. Fosdick continued working toward Wilson's goal of world peace through world government after Wilson's death in 1918. In 1928, he published *The Old Savage in the New Civilization* and maintained that we must have a centralized government and dissolution of state sovereignty. The Federal Council of Churches assaulted free enterprise and capitalism and promoted socialism. In its 1932 official report, it stated, "The Christian ideal calls for hearty support of a planned economic system ... It demands that cooperation shall replace competition as a fundamental method." In December 1932, at a meeting in Indianapolis, the council unanimously espoused the socialist creed: "The churches should stand for social planning and control of the credit and monetary system and the economic processes." The council changed its name to the National Council of Churches to distance itself from its communistic image. Even with the name change, many astute people denounced the organization for its continued propagation of radical socialism and totalitarian authority. Through the Ford Foundation, the National Council of Churches has donated hundreds of thousands of dollars to militarize revolutionary communist groups in Africa, while thousands of Americans condemn the slaughter and violence there.

Monopolizing Minds, the Government's Education System

Centralized banking devastates a nation's economy but exclusive control of education is considerably more dangerous but ultimately more effective in the management of the population. Author Gary Allen maintains, "Those who control education will over a period of several generations control a nation." On March 2, 1867, officials created the National Bureau of Education, under the jurisdiction of the Department of Interior, with Yale-educated Henry Barnard as the first Commissioner of Education. Immediately following the Civil War, American-born George Peabody, a freemason

and a British banker, funded the Southern Education Fund, reportedly to resuscitate Southern culture. It was the precedent for Rockefeller's General Education Board. In 1887, John D. Rockefeller gave \$600,000 to Frederick T. Gates, a graduate of Rochester Theological Seminary, to establish the University of Chicago. Rockefeller ultimately endowed the school with nearly \$50 million. By 1888, the Senate Committee on Education produced a 1,382 page document to define the purpose of mass education—impose conformity and subordination and restrain natural curiosity through an “anti-intellectual shift in schooling” under compulsory, regulatory standards.



In 1890, Rockefeller purchased the well-renowned Encyclopedia Britannica. By 1900, Northern businessmen and their Southern collaborators developed schools, especially in the South, where people still embraced militant populism which endangered the objectives of certain Southern liberals and Northern businessmen, like Rockefeller Jr. and Robert C. Ogden, and others who wished to renovate and industrialize the South.¹⁸¹ On January 12, 1902, with congressional approval, Rockefeller established the General Education Board (GEB) to disperse funds to advance certain predetermined objectives. Rockefeller and Gates designed the philanthropic General Education Board as an agency to transform society. Part of Rockefeller's GEB Occasional Letter Number One (1906) states, “In our dreams . . . people yield themselves with perfect docility to our molding hands. The present educational conventions (intellectual and character education) fade from our minds, and, unhampered by tradition, we work our own good will upon a grateful and responsive folk. We shall not try to make these people or any of their children into philosophers or men of learning or men of science. We have not to raise up from among them authors, educators, poets, or men of letters. We shall not search for embryo great artists, painters, musicians, nor lawyers, doctors, preachers, politicians, statesmen, of whom we have ample supply.” (Sounds a bit like producing work slaves was the desired outcome).

Indoctrinating the Teachers, Shaping Children's Minds

G. Stanley Hall founded the American Journal of Psychology in 1887. In July 1892, Hall, an advocate of Darwin's theory, and twenty-five other individuals at Clark

founded the American Psychological Association (APA), and he became its first president. In 1909, he invited Carl Jung and Sigmund Freud, a member of B'nai B'rith, to deliver lectures at Clark. The school played a prominent role in the development of psychology as a discipline. In 1904, Hall, the father of the child psychology movement, published the two-volume masterpiece, *Adolescence: Its Psychology and Its Relations to Physiology, Anthropology, Sociology, Sex, Crime, Religion, and Education*. In 1921, he published *Aspects of Child Life and Education*. Johns Hopkins Universities (where Stanley Hall was a staff member) first president and cofounder was Daniel C. Gilman, one of the three individuals who incorporated The Russell Trust, The Order of Skull and Bones. It was the first American university to apply the German university model developed by Wilhelm von Humboldt and Friedrich Schleiermacher. Gilman incorporated both the John F. Slater Fund, which later became the Rockefeller Foundation and Rockefeller's General Education Board, which took over US medical education. Rockefeller gave his foundation \$100 million in its first year of operation, 1913. The elite transfer their funds into tax-exempt foundations, similar to taking money from one pocket and putting it into another pocket to escape taxes and to further grind the face of the poor by controlling and directing domestic and foreign policy. John Dewey, a graduate of Johns Hopkins University, studied under Hall and received his doctorate in 1884. In 1894, he joined the staff of the University of Chicago (1894-1904). The university, organized as the center of the Fabian socialist program in America, established an education laboratory. Beginning in late 1895, Dewey, the "Father of American Education," headed the combined departments of philosophy, psychology, and pedagogy. In 1886, he authored *Psychology*, a textbook on the application of revised education, which instructors used in the schools of educational training throughout the country.¹⁸⁸ Dewey, a statist, believed that a child exists exclusively for the benefit of the state, which requires the suppression of individual interests, skills, and propensities. Thus, students receive only approved knowledge.

These "Elites" took over more and more educational institutions to further their agenda. By 1942, they intended to socialize the masses by managing the law, elections, the press, and by controlling education. Equality, except ideally before the law, is impossible and illogical, even in nature. Individuals have inherent appearances, genetic intelligence, and native skills. For instance, female birds are never going to have the brilliantly colored plumage of their male counterparts. However, for generations, agent provocateurs have successfully incited the masses to parrot the term, "liberty, equality, fraternity," to provide bottom-up demands for popularity-vote-seeking politicians who exploit the enthusiastic masses who, in their naivety accommodate the elite agenda by using their irrational noble-sounding phrases. This ultimately leads to the destruction of all privileges and the existence of the very factors that protect the populace and their liberty and property from the elite. Professor Edward L. Thorndike (Columbia University) equated children with rats, monkeys, and other animals. He applied his "science," which de-emphasized traditional educational ba-

sics, to the training of teachers, who then conveyed it to every part of the United States. Thorndike focused on three objectives for the six-year period of elementary education: experience for the students, testing of native skills and intellect, and exploration of vocational aptitudes. This would ultimately entail psychological testing of all students. Big Pharma would be prepared with appropriate medications for those who displayed too much individualism, expended too much natural energy, or demonstrated too much native curiosity or some other demeanor incompatible with developing the herd mentality.

J. Pierpont Morgan totally dominated the administrations of the Ivy League schools from the 1880s to the 1930s. Morgan, an Anglophile internationalist, made large endowments followed by continuous communication with the administrations at Harvard, Columbia, and Yale, to a lesser degree, in order to set educational policies. The presidents of the universities owed their jobs to the financial powers. Morgan positioned Butler as president of Columbia. He was Morgan's chief representative at Columbia for decades until the Depression-ridden 1930s, when Morgan's power began to decrease. He retained Butler in that position long after he was physically unable to effectively manage the responsibilities of the office. Rockefeller buffered himself from criticism by pouring his millions into productive philanthropies, like education and medicine. Raymond B. Fosdick, Rockefeller Foundation president, admitted that the whole idea was about social control. The GEB granted unlimited funds to the Wundt-educated psychologists, whose goals were to radically alter US education. Rockefeller, by 1909, had given \$53 million, and, by 1921, he had personally donated over \$129 million to the GEB. In the 1921 annual GEB report, Rockefeller directed the removal of all restrictions on the board's ability "to dispose in any manner it sees fit of the principal (and interest) of all gifts which he has made." The sum total of educational grants through this board amounted to \$126,788,094. He created the GEB to "accomplish certain ends" and expected the recipients to administer the funds accordingly.

In collaboration, the Rockefeller Foundation would regulate domestic education, and the Carnegie Foundation would dominate international education. Their first objective was to alter the way that instructors taught history. They approached the Guggenheim Foundation, which, like the Rhodes scholarship program, granted fellowships. It agreed to fund twenty US history students who were seeking doctoral degrees. These students, after indoctrination in London, formed the nucleus of the American Historical Association. This association gave a \$400,000 grant to create a seven-volume subjective history designed to promote a socialistic future. The objective in all US government schools and most private colleges is to alter history and discredit constitutional principles as outdated and impractical. On October 17, 1979, Trilateralist Jimmy Carter, a Rockefeller minion, signed the Department of Education Organization Act, which made the US Department of Education a cabinet-level department. It began operating on May 4, 1980, administered by the Secretary

of Education. George W. Bush expanded and energized it with his No Child Left Behind law, enacted on January 8, 2002. According to this law, each school must provide a student's personal information to military recruiters and institutions of higher education. The student may choose not to have their information shared, but silence is consent. The elite have dominated the educational system since the Civil War. They wish to create a two-class economy with a master/slave subordinate society to coincide with the Communist Manifesto, which advocates a "free education for all children in public schools, abolition of children's factory labor in its present form, and a combination of education with industrial production." Public schools, regulated by the Department of Education, indoctrinate students to be patriotic and obedient and to pay their fair share of sales, income and numerous other taxes. Further, teachers instruct them that the majority rules, whether that majority is right or wrong.

Immigration, Facilitating Political Objectives

People, like pawns in the elite's global chess game, migrate for diverse reasons—natural disasters, warfare, famine, economics, and religious or ethnic persecution. Often, for political or cultural objectives, certain entities manage and fund persecution, a form of terrorism. The elites, under humanitarian auspices shift populations, through immigration, to designated areas to facilitate cultural-engineering goals. Economic depression, forcing emigration from one area, accommodates cheap labor requirements elsewhere. Governments shift "expendable" populations to camps, isolated reservations, or crowded inner-city neighborhoods. They attempt to alter the demographics in numerous countries in order to affect political change. Until the Act of March 2, 1819, laws regulating immigration were nonexistent. That act, the origination of immigration statistics, did not restrict admittance but required the government to maintain a list of all foreigners. From 1790 to 1819, about 200,000 to 300,000 aliens came to America, probably from the same part of Europe as previous settlers to America. Most of the original settlers arrived from Britain, Scotland, Wales, Holland, and Germany, bringing with them particular cultural and political propensities, such as self-reliance and the desire for a limited, nonintrusive government. Thus, they shaped a society where the people and not the state held the sovereign power. The country was English-speaking, and the government intentionally restricted and regulated immigration to maintain an ethnic balance. Between 1830 and 1880, a little over 10,000,000 immigrants came to America, about 9,000,000 from Northern Europe and over 600,000 from Canada and Newfoundland.

After the failure of the revolutions in Europe in 1848, socialists, many of who were the Jewish instigators of those revolts, emigrated from Prussia and Austria and other places to England, and, from there, they immigrated to America. From 1835 to 1855, about 250,000 Jews arrived in the United States, settling primarily in New

York, Baltimore, Cincinnati, San Francisco, and other large, urban areas. The roots of the oldest Reform synagogues in America are in those communities. After 1880, certain politicians altered the nation's immigration policies, and millions of people came from Southern and Eastern Europe. Most of them were non-Christian and held socialistic objectives hostile to the ideals and ethics that most of the population championed. Most of the assimilated Jews living in America, about 280,000 by 1877, were Sephardic from Germany. Because they were a minority, they could not contribute culturally to the hordes of new arrivals. According to official US immigration records, 3,237,079 people, mostly Jews, arrived in the United States between 1881 and 1920. They came from the area of Russia that was formerly the kingdom of Poland before the "partitions" (1772-1795). The vast numbers of incoming Eastern European Jews were decidedly more aggressive than the assimilated, westernized Jews who had settled in America before 1880.

While we usually associate socialism with the Bolshevik Revolution, we should understand that people promoted revolutionary socialistic ideas decades before that revolution. The new arrivals were more politically oriented than their coreligionists, many of whom had become successful merchants, an occupation in which they excelled. The Jews now arriving quickly entered into the professions and the industries, and participated in politics. The assimilated Jews, primarily from Germany before 1880, were very dissimilar to the newcomers (Sephardic vs Ashkenazi). After 1880, and in the first two decades of the twentieth century, emigration from Eastern Europe increased dramatically. The new arrivals, many of them Zionists, influenced the previous policies of American Reform Judaism to the extent that its leaders finally capitulated to their demands and persistent pressure.²¹¹ Many of these immigrants perceived themselves as a separate nationality, a peculiar, even a special people, and considered assimilation quite unacceptable. Author Henry P. Fairchild wrote, "In the first place, the Jews have always considered themselves a superior people. This is neither remarkable nor reprehensible. Every nationality considers itself superior. That is inherent in the nature of nationality. Perhaps the Jews have been a little more candid and outspoken than other peoples in professing their superiority." John Beaty, in his book, *The Iron Curtain over America*, wrote, "America now has virtually a nation within the nation, and an aggressive culture-conscious nation at that."

On September 11, 1891, Baron Maurice de Hirsch, a German-Jewish banker and philanthropist, who sponsored the educational work of the Alliance Israélite Universelle, created the Jewish Colonization Association as an English society, with a capital of £2,000,000 along with Baron Alfred de Rothschild. Hirsch's goal was to facilitate a mass emigration of Jews from Russia and other Eastern European countries. He planned to relocate them to fertile lands in North and South America owned by the association. It had large agricultural colonies in Canada, Palestine and Argentina. Moises Ville, the colony in Argentina (1,250,000 acres) was a home

for many Yiddishspeaking Russian Jews. Each family received a 200-acre homestead, a manageable mortgage, a few cows, and some chickens. As the pogroms in Eastern Europe increased in frequency and violence, Jewish refugees fled to the United States, which had just adjusted their immigration policies. To help the arriving evacuees to acclimate, Jacob H. Schiff (who also financed the Bolshevik Revolution), closely associated with the Rothschilds, organized humanitarian committees, which systematically shifted a majority of the new refugees into large cities, like New York, Chicago, Boston, Philadelphia, Detroit, and Los Angeles.

Indiscriminant Immigration, Creating Crime and Chaos

Many Jewish immigrants to America engaged in numerous criminal activities, such as murder, racketeering, bootlegging, prostitution and narcotics. They also participated in New York's socialistic labor movement, activities that naturally generated anti-Semitism. The Jewish mobsters competed with the Italian and Irish gangs, but generally operated in the Jewish neighborhoods in New York's Lower East Side. Jacob Levinsky headed the Yiddish Black Hand, and, by the beginning of the twentieth century, the Jewish underworld was more influential in New York than the Italian or Irish gangs. In 1901, Joseph Petrosino, a New York City police officer who fought against organized crime, especially the Black Hand, assigned his intelligence network to infiltrate the Italian-based anarchist organization, a member of which, Benedetto Cairoli, had assassinated King Umberto of Italy on July 29, 1900. Petrosino's men discovered that the group intended to kill President William McKinley when he attended the Pan-American Exposition in Buffalo in 1901. He alerted the Secret Service, but officials ignored his warning. Leon F. Czolgosz shot McKinley on September 6, 1901. Vice President Theodore Roosevelt, who had a close relationship with the B'nai B'rith, stepped into the presidency when McKinley died on September 14, 1901. Simon Wolf, the Washington DC representative for the B'nai B'rith, and Roosevelt later organized Jewish American backing for the collapse of the Russian czar.

The Anti-Defamation League (ADL), then known as the Publicity Committee of the B'nai B'rith, condemned Bingham (New York City Police Commissioner), one of their first targets, and accused him of anti-Semitism and of "maligning Jews" even though he focused his efforts against all criminal activity. Because of the human trafficking emanating from New York, key Jewish families in the United States, Germany, France, and Britain held a meeting, the Jewish International Convention on the Suppression of the Traffic in Girls and Women, in London in April 1910. Arthur R. Moro, the keynote speaker, presented an account describing the association of Jewish gangsters in the worldwide prostitution and white slave trade. In 1909, Rabbi Judah P. Magnes led prominent families in New York to create their own Bureau of Social Morals. The bureau engaged Abe Schoenfeld, the same investigator

that John D. Rockefeller Jr. used in order to penetrate the criminal network on the Lower East Side. In 1922, the rabbi moved to Jerusalem, taking all of Schoenfeld's files with him. He founded the Hebrew University, which is the current repository of those voluminous files detailing organized crime in New York, in the university's carefully secured archives, part of the school's most guarded records. The B'nai B'rith established the ADL, in large measure, to protect Jewish-surnamed gangsters and possibly to counter criticism of many of the individuals responsible for the Federal Reserve.²³⁴ Presidents Truman, Eisenhower, Kennedy, Johnson, and Reagan lavished praise on the ADL's efforts.



Figure 5.9: The Anti-Defamation-League is born. Shown is a newspaper article from 1913.

In October 1913, through the instrumentality of Sigmund Livingston, a Jewish attorney from Chicago, the B'nai B'rith formally founded the ADL, headquartered in New York, as an international nongovernmental organization (NGO) to thwart criticism and discrimination on an international basis regarding organized crime and international anarchist networks. He not only founded but also directed the ADL's activities its first thirty years. Prior to that, he headed the powerful B'nai B'rith Midwest Lodge #6. He was a lawyer for the Chicago and Alton Railway, whose owner, William Moore, had ties to J. Pierpont Morgan since the 1890s. In the early 20th century, the US education system was completely undermined, banks, industry and media under heavy Jewish influence and they even owned a big part of the alcohol industry. The "Jewish agents of Jewish capital" built a huge network for generating

massive revenues, complete with a propaganda apparatus to shape public opinion.

Currently, the ADL promotes the activities of the homosexual lobbies in Washington and in numerous state legislative bodies. It also supports pro-abortion groups and the gun-control lobby. They collaborate with the American Civil Liberties Union (ACLU) and the People for the American Way, groups that work to prohibit voluntary religious expression in schools and other public facilities. Instead of thwarting anti-Semitism, their policies and practices, which strip the majority of the population of basic freedoms, might in fact generate anger and resentment. Additionally, the ADL attempts to prevent the publication of books negative to Israeli policies or that divulge Jewish history. The ADL promotes hate-crime legislation in order to eliminate free speech for the majority of the population. It views the Bible as “hate speech” and wishes to proscribe words that imply dissent against abortion, homosexuality, or other behaviors or actions. Subtly, by transforming words and titles, this has already occurred with the use of such words as “homophobic,” and “gay” instead of “homosexual” and “pro-choice” rather than “abortion.” This began decades ago. On July 27, 1935, in the Jewish Daily Bulletin, Vladimir Jabotinsky said, “There is only one power which really counts—the power of political pressure. We Jews are the most powerful people on earth, because we have this power, and we know how to apply it.” The objectives of the ADL seem to be scrutinizing the population, censorship, infiltrating existing organizations, intimidation, and pushing an anti-Christian agenda.

Multiculturalism, United States Immigration Policy

Professor Kevin MacDonald wrote, “Jews have been at the forefront in supporting movements aimed at altering the ethnic status quo in the United States in favor of immigration of non-European peoples. These activities have involved leadership in Congress, organizing and funding anti-restrictionist groups composed of Jews and gentiles, and originating intellectual movements opposed to evolutionary and biological perspectives in the social sciences.” Communism’s deceptive dogma, a tool of the wealthy, appeals to the “poor,” the “wretched,” and the “homeless.” America opened its doors to some of the very people who promoted communism and to the oppressed peoples who would unhesitatingly accept it, even though they relocated to a “free” country. Jewish immigrants, mainly from Eastern Europe, advanced “an internationalist foreign policy” because an “internationally minded” America was more likely to be sensitive to the problems of foreign Jews. Now, politicians still advocate a liberal immigration policy to guarantee a pluralistic instead of a unified, homogeneous society, the kind formerly found in Europe. While Jews prosper in their host countries, pluralism serves multiple Jewish interests, yet they, a distinct minority, concurrently reject assimilation for themselves and survive nicely by practicing partial crypsis (sufficiently mingling with others to conceal their exclusivity). Promoting

liberal immigration policies makes them appear magnanimous. Yet, ironically, this generosity often involves jeopardizing the rights and properties of the majority of the host population, whereas it hardly affects their wellbeing.

In 1894, two years after the avid socialist Francis Bellamy wrote the Pledge of Allegiance, many Americans began demanding immigration restraint, similar to today. Theodore Roosevelt, an internationalist, then a member of the US Civil Service Commission, declared, "It is a base outrage to oppose a man because of his religion or birthplace . . . A Scandinavian, a German, or an Irishman who has become an American has the right to stand on exactly the same footing as any native-born citizen in the land, and is just as much entitled to the friendship and support, social, and political, of his neighbors." According to author Gary Gerstle, Roosevelt, as US president, believed in "racial mixing" and limited "racial assimilation" as long as a "superior race" controlled that particular process.

Israel Zangwill, a freemason and close friend of H. G. Wells, wrote *The Melting Pot*, a popular sensation in America (1908-1909). He used the metaphorical phrase, "melting pot," to depict or promote America's incorporation of immigrants and the ostensible contributions they made. The hero of the play, David Quixano, immigrated to America after the Kishinev pogrom, which occurred April 6-7, 1903, in the capital of the Bessarabia Province in Russia, during which the government had killed his entire family. David had musical talent and created a splendid symphony, *The Crucible*, conveying his optimism for a classless society devoid of ethnic distinction. Zangwill encouraged the concept of the merging of the races into an American nation. The hero of his popularized play proclaims, "America is God's Crucible, the great Melting Pot where all the races of Europe are melting and reforming . . . Germans and Frenchmen, Irishmen and Englishmen, Jews and Russians—into the crucible with you all! God is making the American." Roosevelt later wrote a letter to Zangwill in which he said, "I do not know when I have seen a play that stirred me as much." Pluralism allows Jews, about 2 percent of the American population, to associate, conduct business, and participate in society as just one of the many groups with its unique religious tenets and political convictions. In a pluralistic, diverse society, it is almost impossible for non-Jews, with such diversities, to unite in opposition to Judaism's predatory activities. MacDonald wrote, "Historically, major anti-Semitic movements have tended to erupt in societies that have been, apart from the Jews, religiously and/or ethnically homogeneous." Anti-Semitism is almost nonexistent in America, as compared to some European nations, largely due to the pluralistic nature of the society. In America, with some notable exceptions, Jews were rather inconspicuous, both religiously and culturally, until the twentieth century, because of their prominent role in many highly influential fields.

In the 1940s, Emanuel Celler (Democratic Party) Celler opposed the isolationists and the Roosevelt administration by advocating a change in immigration laws on an emergency basis to allow those leaving Germany entrance to the United States.

In 1943, he accused Roosevelt, because of his immigration policy, of being “cold and cruel.” (In 1938, Germany asked in the Evian conference if any country would like to take the jews, yet, every country refused and they had no place they could emigrate to). Celler, the chairman of the House Judiciary Committee (1949-1973) participated in the drafting and passing the Civil Rights Act of 1964, the Civil Rights Act of 1968, and the Voting Rights Act. In January 1965, he proposed the Twenty-Fifth Amendment, regarding succession to the presidency. In 1965, he also proposed the Hart-Celler Act, eliminating national origins as a consideration for immigration.



Figure 5.10: Jewish emigration from Russia from 1880 - 1924.

Unlike individuals coming from Western Europe, individuals coming into the country after 1965 typically lacked the equivalent education level of the average American. In addition, they required more social services, paid for by the taxpayer through plundering politicians and their efforts to redistribute wealth. Furthermore, by then, Europeans were not motivated to emigrate because their countries were more modern and industrialized. From 1901 to 1920, the percent of Latin American immigrants comprised about 3 percent. The percent of Europeans during that same period was 88 percent. Yet, from 1980 to 1993, Latin American immigrants had risen to 43 percent and Europeans were down to 13 percent. These Latin American immigrants were more than twice as likely not to have finished high school, compared to native-born Americans, which has obviously had economic consequences as well as political ramifications. The conspiring elite changed the economic and political culture through immigration policy reform while appearing sympathetic to the plight of the poverty-stricken. Essentially, they have restructured America into a third-world nation. The poor are easier to control and typically lend their support to the political party that promises the most entitlements. Unchecked immigration undermines our customs, culture, language, and institutions. The enslaved should attempt to emulate America within their countries rather than invade and reshape

America. Our government and their governments use them as political pawns in the game of globalization. Although the politicians and the media constantly expose the population to a brainwashing blitz of politically correct thinking, it is not bigotry that motivates our wise rejection of unrestrained immigration. It is self-preservation and the preservation of our lifestyle that drives this fight. The politicians who promote diversity or multiculturalism are largely untouched by the mass migration that changes America's neighborhoods and jeopardizes our ability to take care of our families.

Nationalism, a Nation's "Right to Exist"

Benn Steil wrote in *Foreign Affairs*, "The right course is not to return to a mythical past of monetary sovereignty, with governments controlling local interests and exchange rates in blissful ignorance of the rest of the world. Governments must let go of the fatal notion that nationhood requires them to make and control the money used in their territory. National currencies and global markets simply do not mix; together they make a deadly brew of currency crises and geopolitical tension and create ready pretexts for damaging protectionism. In order to globalize safely, countries should abandon monetary nationalism and abolish unwanted currencies, the source of much of today's instability."²⁵⁸ Nationalism is anti-establishment, isolationist, neutral, and people once considered it "conservative." Nationalists, in contrast to internationalists, do not exploit or suppress the liberties of others. Government schools and the corporate media have indoctrinated and betrayed the American population to abandon nationalism, loyalty to one's country, in exchange for internationalism. Soon after the creation of the Federal Reserve, Americans became involved in a needless, senseless foreign war that had nothing to do with the best interests of the nation, the soldiers, or the target countries. Author Gian Trepp wrote, "War, a place where moneymen can gather, because money is stronger than nationalism. Even during the war, the moneymen of different nations needed to keep in touch because, when the war stops, you have to rebuild, and you need free trade."²⁶⁰ One might also accuse the leaders of multinational corporations whose greed for profit is "stronger than nationalism." Nationalists believe in reasonable tariffs that protect the nation's industry rather than free trade. So-called "conservatives," even Republican "nationalists," claim to put the United States first, but they have promoted and enacted all of the nation's free-trade agreements.

One cannot claim to cherish both sovereignty and accept free trade, via "multinational trade organizations and global financial conglomerates." Karl Marx advocated both the income tax and free trade because, he said, "it breaks up old nationalities" and eliminates the "bourgeoisie." The 1934 yearbook of the Carnegie Endowment for International Peace defined their globalist aspirations by complaining about the "economic nationalism which is still running riot and which is the greatest obstacle to the

reestablishment of prosperity and genuine peace.“ Further, writers refer to nationalism as “this violently reactionary movement.“ In the 1946 report of the Rockefeller Foundation, in promoting globalism, we read, “The challenge of the future is to make this world one world, a world truly free to engage in common and constructive intellectual efforts what will serve the welfare of mankind everywhere.“ Internationally minded foundations, under the guise of promoting world peace, want collectivism, with the elimination of all national borders, traditions, and all sentiments about sovereignty. Tax-exempt foundations have spent millions to indoctrinate the masses to subtly relinquish their sovereignty, and they even abhor the very concept of nationalism communicating this through education and the entertainment media. Albert Einstein, an ardent globalist, said, “Nationalism is an infantile disease. It is the measles of mankind.“

Globalists thoroughly vilify the word “nationalist“ in their battle to induce us to accept world governance. Willis A. Carto explained that nationalists are populists and patriots who do not blindly follow bureaucratic wishes. They believe in maintaining their own race and culture and in strengthening their own sovereign nations. They have no imperialistic designs, nor do they engage in aggressive warfare, but rather respect the nationalistic endeavors of other countries. Imperialists criticize nationalism because it obstructs their exploitative objectives to bring all nations into one “Global Plantation“ under their rule. Nations whose citizens thoughtlessly relinquish their nationalism are destined for destruction. The internationalists use numerous successful tactics to shift a nationalistic movement away from its objectives. Michael Collins Piper claims that infiltrators have taken over what used to be this country’s nationalistic movement and have transformed and popularized it into the “right-wing“ neo-conservative movement, which is diametrically opposed to nationalism. Leo Strauss attended the University of Hamburg and received his doctorate in 1921. In 1932, Strauss left his position at the Academy of Jewish Research in Berlin, and ultimately, with the help of a Rockefeller Fellowship, he and his family relocated to England. In 1937, he was a research fellow at Columbia University. In 1949, he joined the University of Chicago’s faculty, where he taught his neo-conservative philosophy, a mix between the teachings of Trotsky and Lenin. He preached the necessity of using deceptive propaganda in politics and promoted the concept of a hierarchical society, in which the elite rules the subservient masses.

From Emancipation to Eugenics

Officials did not emancipate the slaves out of humanitarian or benevolent ideals but because of economics. As industrial capitalism and wage labor expanded, it became advantageous to eliminate the competition from slavery. Freed blacks became the target of a far deadlier enslavement, often with the help of the very people they trusted the most. After emancipation, the whites feared retribution and worried about the

financial implications of freed slaves, formerly considered assets or property. Their new freedom constituted a potential liability. Northern residents, including the most vocal abolitionists, did not want them to travel northward, and they passed laws to prevent migration and potential intermarriage with the whites. The elite, working with Congress, financed numerous colonization programs in order to deport the emancipated blacks to other countries. While the blacks were enslaved, white “owners,” for economic exploitation, encouraged them to have an abundant number of children. Eugenics, a pseudoscience, appeared to resolve some of the whites’ concerns regarding the black population. Sir Francis Galton, a cousin to Charles Darwin and a eugenics pioneer, along with others, surmised that darker-skinned races were mentally and physically inferior to whites.

The NAACP (National Association for the Advancement of Colored People) is an African-American civil rights organization in the United States, formed in 1909) leadership was predominantly Jewish. That community contributed to its founding and continued financing. Initially, Dubois was the only black on its executive board. Joel E. Spingarn, a Columbia University professor, was the chairman (1913-1919). He recruited other board members and cofounders, Julius Rosenwald, chairman of Sears Roebuck, Lillian Wald, Rabbi Emil G. Hirsch, and Rabbi Stephen S. Wise. Jacob H. Schiff (who financed the Bolshevik Revolution) and Jacob Billikopf also sat on the NAACP board. While it seems to have humane objectives, the actual motives might have been to create a rift between the white and black populations. The NAACP currently addresses the rights guaranteed in the Thirteenth, Fourteenth, and Fifteenth Amendments, disparities in economics, health care, education, voter empowerment, and the criminal justice system.

The Rockefeller Foundation chartered in 1913, soon began funding eugenics research at Cold Spring (Cold Spring Harbor Laboratory is a private, non-profit institution with research programs). Louis Marshall functioned as the legal advisor to the laboratory. Inasmuch as it would have been inappropriate to promote the extermination of specific races, their real objective, they used code words to promote the sterilization of certain groups. These included feeblemindedness, moron, immoral, insane, unfit, criminal, and imbecile. This verbal camouflage amounted to medical apartheid. Some of the same slave-trading corporations who once exploited the blacks now viewed them as expendable and shifted their focus to the employment and financing of likeminded minions to push birth control. Margaret Sanger (1879-1966), a fervent eugenics advocate, a visiting nurse on Manhattan’s Lower East Side and a member of the Socialist party, worked with the Industrial Workers of the World and orchestrated several militant strikes. She promoted feminism and, with atheist and anarchist Emma Goldman, believed that women should have liberal access to birth control and freedom from all sexual inhibitions and restraints. In 1914, Sanger organized the Birth Control League, which evolved into the American Birth Control League (ABCL). In 1939, the ABCL merged with the Birth Control Clinical Re-

search Bureau (BCCRB) to form the Birth Control Federation of America (BCFA). On January 29, 1942, because the word “control“ might be offensive to some people, the BCFA would adopt a more acceptable name, the Planned Parenthood Federation of America (PPFA) (Today known for trading parts of fetuses). The program was the same, but they now promoted abortion under the guise of “quality of life,“ and “better health“ through “family planning.“ Rather than eliminate poverty through adequate education and occupational opportunities, they simply planned to exterminate the poor.

After this merger, Sanger developed the Negro Project. A national Negro Advisory Council guided the project, composed of representatives from twenty-five major black organizations and universities. It included many prominent black leaders. The Project, with the help of local community organizations, assembled clinical data in order to position clinics and ready access to contraceptive techniques in predominantly black communities of the South.“ Sanger cleverly manipulated black religious to collaborate with her in an effort to reduce the black population. She said, “The most successful educational approach to the Negro is through religious appeal. We do not want word to go out that we want to exterminate the Negro population, and the minister is the man who can straighten out that idea if it ever occurs to any of their more rebellious members.“ She also worked with W. E.B. Dubois of the NAACP. In her book, Sanger wrote, “Eugenics seems to me to be valuable in its critical and diagnostic aspects, in emphasizing the danger of irresponsible and uncontrolled fertility of the ‘unfit’ and the feebleminded, establishing a progressive unbalance in human society, and lowering the birth rate among the ‘unfit.’ But in its so-called ‘constructive’ aspect, in seeking to reestablish the dominance of healthy strain over the unhealthy, by urging an increased birth rate among the fit, the Eugenists really offer nothing more farsighted than a ‘cradle competition’ between the fit and the unfit. They suggest, in very truth, that all intelligent and respectable parents should take as their example in this grave matter of child-bearing the most irresponsible elements in the community.“

In 1933, the Federation of Jewish Women’s Organizations voiced their support of the legalization of birth control. Other groups that actively promoted birth control included the National Council of Jewish Women, the General Federation of Women’s Clubs, and the Young Women’s Christian Association (YWCA). Sanger, of the National Committee on Federal Legislation for Birth Control, spoke at the Annual Convention of the Federation of Jewish Women’s Organizations on January 25, 1937.²⁷⁶ She said, “Last month, several hundred physicians, scientists, and representatives from birth control clinics met in a two day Conference of Contraceptive Research ... There was discussion at one interesting session as to what a birth control center should be called. Many thought it might better be called a Mother’s Health Center or a Race Betterment Center, and these terms well describe what such a center is.“

What are the consequences of the eugenics movement today? Prior to *Roe v. Wade* in 1973, the majority of those seeking an illegal abortion were white. Times and circumstances have changed. Pastor Johnny Hunter, head of the African American evangelical pro-life ministry LEARN, Inc., said, “Abortion is the number-one killer of blacks in America. We’re losing our people at the rate of 1,452 a day. That’s just pure genocide. There’s no other word for it. (Sanger’s) influence and the whole mindset that Planned Parenthood has brought into the black community . . . say it’s okay to destroy your people. We bought into the lie; we bought into the propaganda.” He also points out that “black people were once exploited by the slave industry and are now being exploited by the abortion industry, yet this time they’re not fighting it.” Black women are more likely to have an abortion than white women, according to the Alan Guttmacher Institute.

Communism in America

Before the czar’s overthrow, Lenin announced, “After Russia we will take Eastern Europe, then the masses of Asia, then we will encircle the United States, which will be the last bastion of capitalism. We will not have to attack. It will fall like an overripe fruit into our hands“ The state is an artificial entity that produces no product or wealth, but rather seizes and redistributes the assets resulting from the labor of its citizens to select residents or foreign countries. Such Marxist policies, disguised as charitable policies, function to centralize power into one entity. The Marxists, using Trotsky’s devious method of subterfuge and infiltration, rather than Lenin’s brutal revolt, would incrementally and ultimately shift the USA far left, through a series of situational legislative maneuvers, acceptable to a propagandized population, into a communist tyranny.

David Hirsch fled Germany due to his revolutionary activities. He settled in New York and opened David Hirsch & Company. Hirsch employees all belonged to the International Workingmen’s Association, which moved its headquarters to New York in 1873. In that same year, twenty-three year old Samuel Gompers learned about the Knights of Labor when he was working for Hirsch, the only union shop in the city. Gompers swore several oaths, as is the custom, in response to the Master Workman’s questions. Afterward he went through an initiation ceremony, where he heard several speeches, and, once the others accepted him as a member, they taught him the secret signs, grips, passwords, and ritual answers. Gompers, a Talmudist, could read Hebrew, but not German. Ferdinand Laurell, a coworker, gave him a copy of the Communist Manifesto, and he learned to read German. He wrote, “Then, I read all the German economic literature that I could lay my hands on, Marx, Engels, Lassalle and the others.“ Although Marx urged the conquest of political power, he always regarded the unions as very important. He discouraged self-employment and promoted corporatocracy, which required low-interest loans, available through

government intervention, which necessitated political action in order to capture the state. On December 8, 1886, Gompers helped found and was president (1886-1894, 1895-1924) of the American Federation of Labor (later AFL-CIO), an alliance of craft unions disaffected from the Knights of Labor. Supposedly it was hostile to the communists.

While there are many key players following the socialist agenda in the US even before 1900, having important positions in unions and education, one sticks out. Louis D. Brandeis from Prague, whom President Woodrow Wilson appointed to the Supreme Court, against substantial opposition due to his “radicalism.” He blackmailed President Wilson and in return became the first Jewish person in US politics/justice system. He interpreted the law, not from precedent or constitutionally, but according to his personal Judaic worldview. He felt that the “Constitution must be given liberal construction.” He played a role in persuading Wilson to get the United States into the war. During World War I, he studied the political aspects of Jewish affairs in every country. He then adopted Zionism and visited Palestine in 1919. Since his time on the court, there has been a tendency to adjudicate, not by law, but like a legislative body. Wilson told Rabbi Stephen S. Wise, regarding Zionism, “Whenever the time comes, and you and Justice Brandeis feel that the time is ripe for me to speak and act, I shall be ready.”

Dedicated Bolsheviks established a branch of the Communist Party in America (CPA) during a convention, September 1-7, 1919, in Chicago, as the Moscow-directed American Section of the Third International. There were approximately 125 delegates. Many of those who established the official Communist Party had emigrated from Russia, Poland, and other countries. Their initial objective was to overthrow the US government, not through revolution, but by deception and infiltration. They infiltrated the churches, where they disseminated socialist doctrine. Just as in other countries, socialist infiltrators emerged in America, a productive nation of independent workers. Assuming control of the workers of America, part of the world’s workers, was logical, particularly because many employers exploited and oppressed them, and they had very little recourse, had no legislative power, and lacked media influence. This was very problematic, and labor unions, like the National Textile Workers Union (1889), the Workers International Relief, created in Berlin on September 12, 1921, per Lenin’s instructions, and the International Labor Defense (1925), headed by William L. Patterson, were all powerful groups founded and led by immigrants, who could conceivably provide ready solutions. These Marxist immigrants, hawking socialism disguised as humanitarianism, like those editors and writers in the 1850s, began publishing numerous newspapers targeted at disgruntled workers, a group extremely vulnerable to communist exploitation, indubitably by design. Keep in mind that the House of Rothschild sought to control labor, through what he called the European plan, a characteristic that the capitalists have in common with the communists. Senator Henry Cabot Lodge addressed the Senate on January 7, 1924, and

presented evidence of the manipulations manufactured in Moscow for world revolution. The Senate's Subcommittee of the Committee on Foreign Relations convened hearings under the chairmanship of William Borah, during which its members issued a recommendation for the recognition of the Soviet Government in Russia.



Figure 5.11: Propaganda of the Communist Party of the USA (CPUSA).

Before the Bolsheviks overthrew Russia, between 1880 and 1914, waves of immigrants came to the United States. After the Bolsheviks seized control in 1917, there was a five-year period (1919-1924) where “communist-inclined immigrants” from Eastern Europe immigrated to the United States, until Congress passed a restrictive law in 1924. During that period, about 3,000,000 people came from Eastern Europe, many of whom were Soviet agents, among them—Sidney Hillman. Twenty-two years later, he was working with President Franklin D. Roosevelt (US President before and during WW2). The immigrants were not all confirmed Marxists, but enough of them to influence national policy were. Most of those largely non-Christian Eastern European immigrants embraced the Democrat Party. They helped to elect Franklin D. Roosevelt. He won over Herbert Hoover (9,129,606 to 8,538,221). They were attracted to the Democratic Party, because its insiders had transformed it into a leftist collection of several groups. On May 1, 1932, the Proletarian News, the newspapers of the Communist International, reported, “The organization in America that is preparing the workers for the momentous act of selfemancipation is the Proletarian Party.”

On February 15, 1932, that paper reported, “We must spread the message of communism to all. Workers, Comrades, Friends support the Proletarian News. It is needed to instill class consciousness into the American workers, to organize them for the approaching conflict. Build for Communism in America!” By 1933, Earl Browder, General Secretary of the Communist Party USA (1934-1945), estimated that there were 1,200,000 members in the party. By 1936, communists were editing about 600

newspapers and periodicals. According to the Fourth Report of the Senate Fact-Finding Committee on Un-American Activities of 1948, “The Communist Party of the United States is the agent of the Soviet Government and its totalitarian dictator, Joseph Stalin. The committee finds that the Communist Party is, in no sense, a domestic political party.”

As it can be seen, between 1920 and 1950, there world was heavily influenced by communism. It took hold in Russia, gained influence in the US, but also tried in Germany, Poland, Hungary, UK and France. The arch enemy of communism, national socialism, took hold in germany in 1933. Being surrounded by the socialist movement, war seemed inevitable.

5.6 Imperialism and Warfare

Imperialism necessitates “international military commitments,” including a substantial number of permanent military bases. At the beginning of the twentieth century, it also required an increase in military forces. Therefore, business-friendly Congress authorized a 300 percent increase in the Marine Corps to forcefully facilitate imperialist objectives. This included for instance the annexation of Hawaii in 1893 in order to strengthen the US naval presence in the pacific ocean. In 1897, Theodore Roosevelt, then assistant navy secretary, and Senator Henry Cabot Lodge, backed by J. Pierpont Morgan and other international bankers, began promoting US supremacy and warfare. Certain globalist politicians had long dreamed of a canal linking the Atlantic and the Pacific. Roosevelt, a pragmatist, felt that a canal was practical, vital, and indispensable to the globalist destiny of supremacy over US coastal waters. The globalist goal, even then, was US control of key islands in the Caribbean and the Pacific.

According to Roosevelt, the United States needed to fulfill certain requirements in order to enter the global schematic. Initially, the United States should control an isthmian canal to establish US dominance in the Caribbean and the Pacific. To protect and exploit the canal, the United States also required a militarized navy. Lastly, to dominate, the United States had to position naval bases in strategic areas adjacent to the canal. Using an Anglo American alliance and military power, the British would supervise the east while the United States dominated the west. Each power would secure the best interests of “civilization” against the “barbarians” in their designated sphere. Their respective navies, the best in the world, would enforce peace. He recapped the New World Order strategy in 1899, “Together ... the two branches of the Anglo-Saxon race ... can whip the world.”

Imperialism continued with the Phillipines. In September 1898, Rudyard Kipling, a colleague of Cecil Rhodes and Alfred Milner, wrote to his imperialist friend Roosevelt, urging the US seizure of the Phillipines as the spoils from the Spanish-American War.

“Now go in and put all the weight of your influence into hanging on permanently to the whole Philippines. America has gone and stuck a pickaxe into the foundations of a rotten house, and she is morally bound to build the house over again from the foundations or have it fall about her ears.” The implications were that the United States should rule their new colony the way that Britain ruled the nonwhite populations of India and Africa. In November, Kipling sent his poem “The White Man’s Burden” to Roosevelt. President McKinley, regarding the Philippines, said, “I went down on my knees and prayed to Almighty God for light and guidance and one night late it came to me this way. We could not leave [the Filipinos] to themselves, they were unfit for self-government, and they would soon have anarchy and misrule over there worse than Spain’s was. There was nothing left for us to do but take them all and educate the Filipinos, and uplift and Christianize them.” On December 21, 1898, McKinley, in his skillfully worded Benevolent Assimilation Proclamation, claimed that the United States did not come as “invaders or conquerors, but as friends, to protect the natives in their homes, in their employments, and in their personal and religious rights.” However, the document extended US military control, with 75,000 troops by 1899 and, within a few years, 126,000 men. It arrogantly granted military dominion over the entire country in fulfillment of the rights of US sovereignty.

The Sugar Trust

The Havemeyers were the sugar-kings of the East, as they had established their conglomerate long before Adolph Spreckels started his business. William and Frederick C. Havemeyer emigrated from Bueckeburg, Germany, where they had learned the art of sugar refining. They established a business in New York City and, beginning in 1828, their sons ran the business under the name of W. F. & F. C. Havemeyer. In 1857, they opened the Havemeyer, Townsend and Company in Williamsburg, Virginia, the site of a deep-water harbor. Henry O. Havemeyer’s grandfather, the immigrant, made a fortune from his refining business and, upon his death in 1861, left Henry \$3 million. Henry collaborated with his cousin William F. Havemeyer, the three-term mayor of New York, in the refining business. Union soldiers and the devastation of the Civil War destroyed the South’s sugar industry, along with other industries. The Civil War accelerated the growth of manufacturing and the power of the men who owned corporations. Afterward, corporations campaigned to eliminate the legal restrictions that prohibited industrial corruption. America’s sugar consumption has drastically increased since then. America, according to William Dufty, consumes about one-fifth of the world’s sugar every year. Mark Hanna and Henry O. Havemeyer instituted the continuing, systematic bribing of corrupt officials, like Senator Nelson W. Aldrich and his congressional and judicial cronies. Most Supreme Court judges were former corporate lawyers.

Manufacturers produce the majority of sugar, which is equally as addictive as co-

caine, from sugar cane or sugar beets that they then reduce to sucrose. The process extracts all of the vitamins, minerals, proteins, enzymes, and nutrients, leaving an artificial, heroin-like substance. Sugar is more destructive than other poisons, drugs, or narcotics, in that people regard it as a food and consume it in enormous amounts. It is one of the first toxins innocently introduced to an infant, either through its formula or through sugar-contaminated breast milk. Producers process heroin and sugar the same way. Workers extract opium from the poppy plant, and then process the opium into heroin and refine it into morphine. With sugar, juice is extracted from the cane or beet, refined into molasses, and then into brown sugar, and then into white crystals (C₁₂H₂₂O). Both sugar and heroin are biologically unfamiliar to the body, which cannot naturally metabolize them.

Manufacturers centered their sugar-refining in New York City, where it became the city's most profitable industry (1870-1920). In 1880, Henry O. Havemeyer retained attorney Elihu Root, an influential man with numerous powerful friends in Washington.³⁰¹ New York producers processed about 59 percent of the country's raw sugar in 1872, growing to about 68 percent by 1887. The sugar-refining business focused on imported sugar and companies, like Havemeyer, who maintained large waterfront plants in Brooklyn. They began working to expand and consolidate their controlling interests by 1887. Havemeyer resided at Penataquit Point on Long Island, where his neighbors included Simon F. Rothschild.

Before August 1887, free competition existed throughout the sugar trade. Raw sugar producers throughout the world came to New York and other US ports to market their produce. Numerous buyers were prepared to purchase, according to the flexible price of supply and demand.³⁰³ Havemeyer, like other industrialists, attempted to fix prices, control the market, and destroy his competition. In the fall of 1887, he formed the Sugar Refining Company, a holding company, or trustee device, comprised of twenty-one major Brooklyn sugar refineries. Under President Grover Cleveland, US foreign policy, particularly toward Cuba, was dependent on the economic goals of America's leading business interests. According to Edwin F. Atkins, Richard Olney was "always willing to listen to what I had to say upon the Cuban situation." Havemeyer and Atkins were some of the first Americans to invest money in the Cuban sugar industry, and their joint investments were extremely profitable. Atkins had good political connections and aggressively pushed tariff legislation favorable to his investment interests. He worked with Olney, the Attorney General, on the tariff issues of the late 1890s.

Senator John Sherman, chairman of the Senate Finance Committee and a Rockefeller associate, sponsored antitrust legislation. Congress enacted the Sherman Antitrust Act, and President Benjamin Harrison signed it into law on July 2, 1890, the first federal statute to limit cartels and monopolies, declaring that trusts were illegal according to courts. Rather than limit trusts, it really functioned to restrict competition. On January 10, 1891, Havemeyer, with Elihu Root's legal advice, reorganized

and incorporated the trust into the American Sugar Refining Company (ASRC) in New Jersey, a state that had altered their regulations regarding corporations although he kept the offices at 117 Wall Street. Havemeyer reorganized and capitalized his company at \$50 million.

Roger Q. Mills, chairman of the US House Committee on Ways and Means (1887-1889), was a leading authority on tariffs in Congress. He was a tariff-for-revenue-only Democrat. He argued that a tax on raw sugar was one of the least obnoxious taxes that Congress could impose, which generated good steady revenue. Interestingly, William McKinley, supported by big money, replaced him as chairperson of the US House Committee on Ways and Means (1889-1891). McKinley then introduced his legislation. Essentially, the McKinley Bill of 1890, which became law on October 1, 1890, made raw sugar free and allowed one-half cent a pound for refined sugar, a huge benefit to the Sugar Trust. The economic panic temporarily depressed sugar-trust certificates and other securities on the New York Stock Exchange. Yet, under the McKinley Act, the sugar-trust certificates went above par and ultimately reached 134 or 135, from 85 points in January 1890, when McKinley introduced the bill. The sugar trust certificates, at 85 Points, or \$42,500,000 advanced to \$63,750,000 on the American Sugar Refining Company's Stock. In 1890, the Sugar Trust had 8,000,000 shares, worth \$800,000,000. Havemeyer admitted on the witness stand in 1894, that the trust profited by about \$25 million in three years. He stated, "as long as the McKinley Bill is there we will exact that profit." Without the McKinley Bill, this would have been impossible.

Havemeyer contributed large amounts to both parties. He once claimed, "We get a good deal of protection for our contributions." With donations, he manipulated congressional votes on tariffs and taxes placed on foreign goods. The larger, high-volume refineries secured the majority of their raw-sugar imports from Cuba, and preferential treatment guaranteed stable supplies at low prices. From 1891 on, tariffs excluded the importation of refined sugar, which would have competed with the domestic refiners. Havemeyer convinced Congress to lower the tariffs on imported raw sugar. He also wanted protection against competing imports of his product—refined sugar. He used price-cutting and price wars in the early 1890s against domestic refiners, especially against Adolph Spreckels, the West Coast's dominant sugar refiner. Spreckels even built a refining plant in Philadelphia. However, Havemeyer won this war by acquiring all sugar-refining firms in Philadelphia, including the Spreckels Sugar Refining Company. Within several years, the American Sugar Refining Company controlled about 90 percent of the industry.

Lenient New Jersey corporation laws enabled Senator Aldrich to expand his railway interests, resulting in the Union Traction and Electric Company of New York. His company was a consolidation of smaller firms of which he was president, in addition to being president of the Pawtucket Street Railway Company, which was in the process of constructing eighteen miles of road, a source of potential profit. Aldrich

needed cash and called on his friends to supply it. In 1892, the directors of the Union Traction and Electric Company, also members of the Sugar Trust, gave \$1,500,000 cash to Aldrich's enterprise. One of those directors was John E. Searles, Secretary/Treasurer of the trust. The cash contribution helped Aldrich to complete his scheme and probably seemed insignificant to Searles. The citizens elected Aldrich for another six years. The Sugar Trust, over three years, according to Havemeyer, made about \$35 million because of his legislation.³¹⁴ August Belmont, affiliated with the Tammany Society, also invested Rothschild money in New York traction companies. The New York Times reported that the Sugar Trust, in the mid-1890s, had agents in Washington "seeking by every means in their power to defeat every attempt to deprive them of the benefits which the trust was enjoying under the operation of the McKinley Tariff."

In the spring of 1894, the House bill angered the Sugar Trust. Accordingly, one or more of its officers visited Washington, negotiating with members of the Senate and the administration. Havemeyer, Theodore A. Havemeyer, and Searles, with massive political influence, persuaded reluctant committee members to provide a schedule that would give them as large a benefit as they had under the McKinley Bill. The Sugar Trust opposed the House of Representatives' sugar schedule that the House had sent to the Senate on February 2, 1894. The Senate made alterations on the House bill by March 20, but the Sugar Trust wanted to retain the McKinley Tariff, which was impossible.

Rumors were abounding about the Sugar Trust, and, on March 20, 1894, Congress levied a rate of about one cent a pound on raw sugar and an additional one-eighth of a cent per pound on refined, which caused an immediate outcry from the Sugar Trust. Congress then made further changes, making it more intricate and more advantageous to the refiners. There were rumors about bribes, deals, and threats. A journalist for The Philadelphia Press claimed that the Sugar Trust had contributed \$500,000 to the Democratic campaign fund in exchange for promises regarding the trust. When the House removed the duty, the trust reminded the administration of its promises. Secretary Carlisle, at the direction of President Cleveland, told the sub-committee that the party was financially obligated. Many senators took advantage of the congressional information regarding the sugar schedule and speculated in sugar stock. The media heard that numerous senators had invested in sugar, which compelled other congressmen to investigate but many of the allegations were discredited by Congress.

On June 4, 1894, The New York Daily Commercial Bulletin reported in an editorial column that the trust controlled the government. The newspaper estimated that the trust's profit, because of the protective tariff and duty on raw sugar, amounted to \$34,620,000 during a sixmonth period.³²² The New York Times of June 20, 1894, also exposed the background of McKinley's Tariff Act of 1890. Senator Aldrich, of the Finance Committee, inserted changes into Representative McKinley's bill when

he managed its passage in the Senate. The changes decreased duties on raw sugar and allowed the Sugar Trust to acquire an unwarranted \$35,000,000 in profits at the citizen's expense. Aldrich claimed that there was no trust, and that the decreased duty benefited everyone. The Finance Committee, composed of both parties, had passed the bill, which later became a law. On August 27, 1894, Congress passed the Revenue Act or Wilson-Gorman Tariff of 1894, which minimally decreased the US tariff rates. Both Wilson and Gorman were financially indebted to the Sugar Trust. Instead of imposing tariffs and making the industrialists responsible for appropriately providing money, through legitimate tariffs, for the government to function, they shifted the entire responsibility to the taxpayer by imposing a peacetime 2 percent tax on income over \$4,000. Wilson was the chair of the House Ways and Means Committee, and Senator Arthur P. Gorman, both Democrats, supported the tariff-reform bill, along with other party members.

On July 18, 1899, Atkins told the industrial commission that the tariff had commercially ruined Cuba, especially if it became an independent nation. No one in the US government seriously thought that Cuba would become independent. There were too many Americans investing money in sugar mills, supported by the policies of the US government. Those investors ignorantly expected that American blacks would migrate to Cuba to work on the plantations, which would Americanize the country. Havemeyer was not worried about sugar refiners in Cuba competing with the Sugar Trust. Apparently, whether America legally annexed Cuba or not, it was immaterial to them as long as Cuba provided sugar at the prices he wanted to pay.

By 1900, Havemeyer had eliminated the remaining competition in the area by merging them into the National Sugar Refining Company of New Jersey, of which the most important company was the American Sugar Refining Company. By 1907, the Havemeyers controlled, directly or indirectly, about 98 percent of all national sugar production.³²⁹ According to *The New York Times* of January 15, 1902, the board of National City Bank reelected Havemeyer to their board. He also sat on the board of Kennecott Copper Company and participated as a board member with other corporations engaged in the sugar, coal, and railroad business and was a trustee with Solomon R. Guggenheim on the Guggenheim Foundation. He, with his neighbor Simon F. Rothschild, was a director at the Williamsburgh Trust Company in Brooklyn.³³² He was on the board of the Colonial Trust Company, the Colonial Safe Deposit Company, the City Trust Company of New York, and the Central Realty Bond and Trust Company.

In 1906, Havemeyer collaborated with other investors and bought into the Cuban American Sugar Company. In 1906, he refused to raise the wages of striking workers to eighteen cents per hour, though his company posted profits of \$55 million. In 1907, the courts found the American Sugar Refining Company guilty of taking illegal railroad rebates. When he died on December 4, 1907, he left an estate of \$17 million. The American Sugar Refining had only 49.3 percent of the US market, despite its

twenty-five plants. After his death, his company sold off a number of holdings and developed its own brand of sugar for the marketplace, Domino.

Political Puppets for Corporate Interests

Wealthy industrialists and lawyers installed Democrat Grover Cleveland into the US Presidency twice (1884-1888, 1892-1896). Their management of Cleveland instituted an ongoing precedent for succeeding administrations of both parties—financial donations entail specific commitments and obligatory political appointments. Cleveland then appointed William C. Whitney (S&B), a corporate lawyer, as Navy Secretary in his first administration. Whitney was married to Flora Payne, daughter of Ohio Senator Henry B. Payne and a sister of Whitney's Yale classmate, Oliver H. Payne, later Standard Oil's treasurer. Whitney, with counsel from industrialists, directed the navy's expansion, including building the USS Maine and the USS Texas, authorized by Congress on August 3, 1886, as part of the "New Navy." The USS Maine was the first steel warship that workers totally constructed in the United States. Whitney facilitated the domestic production of advanced weaponry and plate armor and reorganized the finances and logistics of the Navy Department and helped make the Naval War College a success.

William McKinley, a popular politician, caught the attention of Mark Hanna, a Cleveland industrialist who was anxious to install another obliging president. Hanna helped McKinley become Ohio's governor in 1891 and 1893. In 1893, McKinley, because of his assistance to a friend, had a staggering debt of \$130,000. Hanna and his wealthy cronies, Myron T. Herrick, Samuel Mather, Charles Taft, Henry C. Frick, Andrew Carnegie, and others, paid this debt. On August 15, 1896, after an informal meeting between Mark Hanna and James J. Hill, CEO of the Great Northern Railway, Hill offered to introduce Hanna to some of his close Wall Street connections. Within a week, the entire J. Pierpont Morgan clique transferred their allegiance to McKinley. Standard Oil donated \$250,000 to the Republican Party, as did every Wall Street bank and most of the insurance companies. New York Life (Morgan), the Mutual Life (Rockefeller), and Equitable Life (Ryan-Harriman) all generously backed McKinley. Taft, Harding and McKinley were all from Ohio, the center of the Standard Oil Empire, a huge supporter of Hanna beginning in 1876.

Hanna succeeded in getting the political support of Booker T. Washington, the director of the Tuskegee Institute, located in Georgia. The Republicans had strong Northern and Midwestern support, but needed to win in the South. Hanna rented a cottage in Thomasville, Georgia, where he and McKinley scheduled daily visitors, among whom were journalists, publishers, and politicians. He soon had the support of numerous Southern delegates. The 1896 election, a "realignment" election, was the last one in which a candidate attempted to capture the presidency with a majority of agrarian votes. Beginning with the election of 1800, presidential campaigns had been

a competition between agrarian or mercantile interests. It was a struggle between the independent farmers and common people and the industrial interests, represented by Wall Street and later, after the Civil War, became corporate interests. Elites installed McKinley as president in 1896, and Hanna was elevated to the Rockefeller-controlled Senate, controlled by Nelson W. Aldrich of Rhode Island. After a visit from J. Pierpont Morgan and an instructive letter from Andrew Carnegie, President McKinley, a freemason, appointed Philander C. Knox as his Attorney General, despite strong opposition from the labor sector. An Attorney General is supposed to protect the general population, and he should have prosecuted numerous individuals for anti-trust-law violations. Knox did nothing to halt the predatory monopolists, most of whom were former clients.

J. Pierpont Morgan financially backed McKinley's Assistant Navy Secretary Theodore Roosevelt, a freemason (Lodge #806, Oyster Bay, New York), and Senator Henry Cabot Lodge, who were the nucleus of a jingoistic Washington cabal that promoted war and worked tirelessly to provoke it. James D. Bulloch, the Confederate States main foreign agent in Britain, was the half-brother of Martha Bulloch Roosevelt, the mother of Roosevelt and the grandmother of Eleanor Roosevelt. In other words, Bulloch was Theodore Roosevelt's uncle. Lodge, Roosevelt's professor at Harvard, was a member of the Senate Foreign Relations Committee's subcommittee on Cuba. The president appointed Roosevelt as Assistant Navy Secretary on April 19, 1897. He worked with Harvard-educated John D. Long, who the president appointed as Navy Secretary on March 5, 1897. Within a week of his appointment, Roosevelt began warning McKinley about potential trouble with Cuba and pushed for warfare preparation. Within two months, Roosevelt delivered a speech at the Naval War College, during which he promoted US supremacy and the need for the United States to become a world power. He also 1) advocated the importance of being adequately prepared for war; 2) the duty of Congress to fund better equipment; 3) the preeminence of offense rather than defense in naval tactics; 4) the ineffectiveness of diplomacy without force; 5) the delusion of "peace at any price," the clash of the races, and most importantly; 6) the virtues of war. His superiors never refuted his speech. He used the word "war" sixty-two times during his speech.

McKinley's administration allegedly opposed war. For Roosevelt, who had no combat experience, war was a test of greatness. His book, *The Naval War of 1812*, published in 1882, was required reading at the War College. He intended to use public opportunities to push the government into a war. He finished the book on his five-month European honeymoon, beginning in May 1881. In the first chapter, he talked about the Aryans' racial purity, and how the Norsemen were excellent fighters and seaman, as opposed to the Portuguese and Italians. In a letter to a friend in 1897 he said, "In strict confidence ... I should welcome almost any war, for I think this country needs one." During McKinley's presidency, the United States invaded Cuba, seized Manila in the Philippines, and occupied Puerto Rico. Roosevelt, in

reviewing history, consistently justified the numerous government atrocities against the existing native population during the 1800s with three arguments—the land did not really belong to them, the whites would put the land to better use, and “it was our manifest destiny to swallow up the land of all adjoining nations who were too weak to withstand us.” He felt that war was “purifying and ennobling.”

War Secretary Elihu Root built up America’s military machine. On November 27, 1901, US officials, through his plans and promptings, established, by General Order 155, the US War College in Washington, DC. He also reorganized the administrative system of the War Department and established US authority in the Philippines. William C. Sanger (Pilgrims Society), related to the Dodge and Cleveland families, was assistant War Secretary. On February 21, 1903, Roosevelt, now president, after McKinley’s assassination, attended the Masonic laying of the cornerstone of Roosevelt Hall, part of the War College. Samuel Young (Pilgrims Society), a veteran of the Civil and Spanish-American Wars, was the first president of that institution (1902-1903). Roosevelt ordered the construction of new ships and by February 22, 1909, laborers had constructed sixteen US battleships.

By the time Roosevelt was ready to leave office on March 4, 1909, the navy had acquired the “Great White Fleet”—those sixteen first-class battleships. To appear more warlike, they would paint future ships battleship gray. Author Warren Zimmerman claims that John Hay, Alfred Thayer Mahan, Elihu Root, Henry Cabot Lodge, and Roosevelt could be called the “fathers of modern American imperialism and the men who set the United States on the road to becoming a great power.”

Annexing Hawaii for Its Own Good

In 1778, Captain James Cook and his men found a group of people who were much healthier and stronger than their European counterparts, with a much longer life expectancy. They had no major health issues, were vigorous, strong, and well nourished. Among other things, Cook’s men brought tuberculosis to Hawaii. Like most ship captains, his crew was from the dregs of English society, which was chronically plagued with numerous diseases, such as typhus, smallpox, typhoid fever, measles, bronchitis, whooping cough, and venereal diseases. In 1846, Adolph Spreckels, born in Germany, immigrated to Charleston, South Carolina, where he worked in a grocery store. By 1856, he and his family relocated to San Francisco, where he established a brewery, a big source of wealth. In 1863, he opened the Bay Sugar Refining Company. He returned to Germany and spent two years studying the sugar industry, including eight months as a day laborer. Thereafter, with extensive notes and experience, he operated his newly established California Sugar Refinery to become the West Coast’s major sugar refinery. He used raw cane sugar from US planters in the Hawaiian Kingdom.

Senators Justin S. Morrill, the sponsor of the Morrill Land-Grant Colleges Act in

1857, and John Sherman, author of the Sherman Antitrust Act and brother of General William T. Sherman, sat on the Senate Finance Committee. They opposed any official trade agreements with Hawaii. Morrill represented the East Coast sugar refiners, who worried that an overabundance of sugar would reduce profits. Free trade would also affect Louisiana's cane-sugar growers. Kalakaua, the reigning king of the Hawaiian Kingdom, close to the sugar growers, sent representatives to the United States as early as October 1874, to negotiate a reciprocity treaty in an attempt to halt an economic depression in the islands because of excessive exploitation by the growers. In November, he went to Washington to meet with President Ulysses S. Grant. The United States drafted a treaty on January 30, 1875, allowing the tax-free US importation of Hawaiian goods, mainly sugar and rice.

However, Spreckels opposed that treaty, as it contained no provisions for higher grades of raw sugar or refined sugar, offering no protection for his products. In addition, he feared that Hawaiian planters would refine and export sugar into the United States and bypass him. Congress passed another treaty in May 1876, about the same time that he visited Hawaii, to buy the bulk of the 1876 sugar crop, along with investing in the Waihee Plantation on Maui. While there, he loaned \$50,000 to Kalakaua, among other gifts, and was able to purchase several thousand acres of Crown land on Maui. He diversified into banking and began loaning the Hawaiian government money. Soon, Kalakaua removed all government officials antagonistic to Spreckels. In 1878, Spreckels purchased additional land in Hawaii and formed the Hawaii Commercial Company. He also built a \$250,000, thirtymile-long irrigation ditch. In 1880, he acquired another 24,000 acres of choice Wailuku Crown land. In 1879, Spreckels bought controlling interest in W. G. Irwin & Company, Hawaii's leading brokerage firm, giving him control over a significant amount of the island's sugar crop. He purchased *The Pacific Commercial Advertiser* in 1880 and became its publisher. In 1881, he organized the Oceanic Steamship Company, giving him the ability to grow and ship the sugar to his West Coast refinery, where he marketed it under his own brand, Spreckels. He bragged that he owned Hawaii's government officials, who appointed Spreckels's personal attorney, John T. Dare, as Hawaii's Attorney General. By 1887, that government owed him \$700,000.

As early as 1854, Secretary of State James G. Blaine, a prominent Republican (1865-1900) and a huge fan of government expansion, promoted Hawaii annexation. Using the 1875 version of the reciprocity agreement, he extended the US security perimeter to Hawaii. Antiimperialist opposition had prevented Grant, and later Blaine, from further realizing their imperialistic plans. US officials took steps toward a formal empire during the immediate decades following the Civil War. In 1878, a treaty consolidated the US connection to Samoa and the rights to a coaling station at Pago Pago. In 1881, Blaine originated the reciprocity treaty with Hawaii, which allegedly put Hawaii within the US system. The United States renewed the treaty on January 20, 1887, with an amendment giving the United States exclusive rights to build a

naval base at Pearl Harbor.

Corporate greed, including passive and/or aggressive regime change, drives America's long-term foreign policy. Trade agreements or "reciprocity treaties" (tariff-free trade akin to economic annexation or the creation of US protectorates), always favor business. These obligatory contracts generally include the exclusive right to extract resources, sell products, and maintain commercial properties and military bases, despite the justifiable objections of the native populations. US sugar growers, eager to expand their Hawaiian production found a compliant Hawaiian monarch, Kalakaua, who signed the "Bayonet Constitution," on July 6, 1887, which was written by Hawaii's Interior Minister Lorrin A. Thurston, an elite resident who considered his white-supremacist mentality a form of patriotism. This document reduced the king's executive power and deprived native Hawaiians of their voting rights. The composition of the islands in 1890 was 40,612 native Hawaiians, 27,391 Chinese and Japanese laborers, and 6,220 Americans, Britons, Germans, French, Norwegians, and Hawaii-born whites who were not the least bit interested in equality. Thurston set up a secret organization called the Hawaiian League to infiltrate and ultimately overthrow the monarchy. League members, who were fellow conspirators, controlled Kalakaua's administration. Kalakaua, much to his sister's horror, relinquished Pearl Harbor, the best natural port in the Pacific, to the United States. She regarded it as "a day of infamy in Hawaiian history." He died on January 20, 1891, and she soon became queen. Thurston, authorized by the Harrison administration, tried to bribe Queen Liliuokalani and each of her likeminded associates with the sum of \$250,000. She refused and introduced a new constitution, restoring native political power and equal voting rights to every resident.

William J. McGee, geologist for the US Geological Survey in 1881, was the vice president of the National Geological Society, and then president. He managed the Bureau of American Ethnology (1893-1903), established in 1879 by an act of Congress. He insisted that Hawaii's annexation was a "natural" step by an "enlightened" nation interested in "the elevation of humanity and the ultimate peace and welfare of the world." He further asserted that "enlightened," invincible Americans, on a higher moral plateau, could subjugate lower-level people. White-skinned men, he said, lead the world and Americans should "take up the White Man's Burden," to lift up them world's weaklings—white, yellow, red, or black. President Benjamin Harrison (1889-1893), a grandson of President William H. Harrison, and his administration attempted to annex Hawaii in 1893. They feared that the reciprocity agreements would not protect Hawaii's white sugar growers from paying duties. Henry A. P. Carter, Hawaii's minister to Washington, and Blaine devised an agreement in 1889 to establish Hawaii as a US protectorate, which assured complete trade reciprocity between the United States and Hawaii.

Additionally, the United States guaranteed Hawaii's independence on the condition that Hawaii would not enter into agreements with other governments without US

approval. Further, the agreement allowed the US military to enforce domestic peace and guard Hawaii from foreign takeovers. The Hawaiian monarch was justifiably suspicious that the United States would manipulate this provision to seize control of the island, so she rejected the agreement. Accordingly, Congress passed the McKinley Tariff in 1890, removing sugar from the tariff list, which placed Hawaii at a severe economic disadvantage, as industrialists could now import sugar from anywhere. The entire economy of Hawaii was based on sugar; this would destroy the islands. Blaine told Harrison that the United States could now easily annex the island. Blaine appointed John L. Stevens as US minister to Hawaii. He was a partner and coeditor of *The Kennebec Journal*, an Augusta, Maine, newspaper that had advocated for Hawaiian annexation since the 1850s. Stevens arrived in Honolulu in the summer of 1889. Thurston and a group of sugar-stock-owning wealthy, immigrant collaborators, including Samuel Castle, the country's largest landowner, met to discuss the situation. In the dark of night, the conspirators visited Stevens, and they decided to overthrow Hawaii's queen. Within a couple of days, more white landowners rallied. The queen's supporters also rallied. The conspirators had leverage—the support of the 3,000-ton cruiser *USS Boston*, sitting in the harbor.

In January 1893, the conspirators, with Stevens' support, staged a coup d'état. On January 16, Stevens ordered armed sailors and marines from the ship to disembark and guard certain locations in Honolulu that were under the queen's control. The unwary citizens assumed they had dispatched the military to protect the monarchy. The queen resisted, but Stevens had the support of the obedience-trained troops. Judge Sanford Dole, grandson of early missionaries, agreed, at the conspirator's request, to take control of a new provisional government which the US government recognized within forty-eight hours. Dole facilitated the annexation with Congress. The Hawaiian general public made two attempts to restore their government, which resulted in numerous deaths and penalties for the insurgents. Ambassador Stevens went to Hawaii to do exactly what the president wanted him to do. The task of all US ambassadors is to protect US business interests. Official orders from Blaine or his successor, John W. Foster, grandfather of the John Foster Dulles and Allen Welsh Dulles, were unnecessary. Stevens alerted Washington officials of the impending coup. Thurston, an annexation advocate and leader of the Annexation Club, and Stevens devised the scheme to put Hawaii under US control. Stevens met with Blaine in 1892 to inform him of the political unrest in Hawaii, allegedly caused by the queen's rule. Thurston admitted later that Blaine told him that the United States would not oppose forced annexation.

On March 2, 1895, Lodge revisited the imperial idea and praised Alfred Thayer Mahan's writings regarding the influence of sea power. He was adamant about Hawaii's strategic and commercial importance. Lodge, a war hawk Republican, used every imaginable tactic to convince the Senate to seize Hawaii. He showed a map of Britain's bases throughout the world and suggested that Japan was a rival. He

sought funding for more battleships and nine torpedo boats for a worldclass navy. Roosevelt supported him, but was not yet in a position to promote expansionism. Lodge was the internationalist's point man. He wrote numerous magazine articles promoting expansion and "the advancement of the race." He claimed, "We must have a record of conquest, colonization, and territorial expansion unequalled by any people in the nineteenth century." Cleveland's Secretary of State, Richard Olney, a Boston attorney and board member of the Morgan-run Boston and Maine Railroad, pursued an aggressive policy of interventionism. He manipulated the Monroe Doctrine to extend it to Hawaii or anywhere else big business wanted to go. He informed the British that the United States was "practically sovereign" on the continent. He shifted the doctrine from a prohibition against foreign interference to a justification of unilateral US intervention and American imperialism.

Commercial Advertiser
 THE PACIFIC
 HONOLULU, HAWAIIAN ISLANDS, THURSDAY, JULY 14, 1898. PRICE FIVE CENTS.

ANNEXATION!

CERVERA'S FLEET IS ANNIHILATED

Attempted to Run the Blockade at Santiago.
 He is a Prisoner--Heavy Losses.

CERVERA'S FLEET WIPED OUT.
 WASHINGTON, JULY 4.—The following bulletin from
 Commodore Wilson was received tonight:
 PLAYS DET. 1897, July 3.—To the Secretary of the Navy:

"HERE TO STAY!"

And the star-spangled banner
 In triumph shall wave,
 O'er the Isles of Hawaii
 And the homes of the brave.
 H. M. WHITNEY.

FIRST NEWS.
 HONOLULU, H. I., U. S. A., July 14, 1898, 3:30 p. m.—
 The Pacific Mail S.S. "Capitola" reports from Honolulu that these
 Islands have been annexed to the United States by the passage
 of the Resolution of Washington of the House of Representatives.

and the Congress of the Islands. It is believed that this will
 be done by a special messenger, probably John W. Foster,
 former secretary of state, and that the cruise Philadelphia
 will carry the messenger to the Islands.
 Immediately upon the passage by the Hawaiian Congress
 of an act which makes obsolete the Newlands resolution, the
 commission will order the American flag raised at Honolulu.

COMMANDER W. S. SCHLEY.
 Commander Schley's fleet of the East, anchored in the harbor of the world by
 1898, when he was present at the surrender of the Spanish fleet to the
 of the United States Navy. The sketch is by the artist of the
 of the United States Navy.

Figure 5.12: Newspaper article from 1898 about the annexation of Hawaii.

Mahan's advocacy for Hawaiian seizure coincided with Hawaii's 1893 revolution and annexation. He wrote a letter to the editor of The New York Times, urging the islands' acquisition by "a great, civilized maritime power" instead of taking the chance of losing them to the control of barbaric nations like China or Japan. At their request, he wrote an article for Forum Magazine, entitled, Hawaii and Our Future Sea Power, in which he elaborated on the correlation between the islands and the

proposed isthmian canal. He adamantly maintained that Hawaii was paramount to America's commercial and military hegemony of the Pacific, especially the northern Pacific. In a letter, Mahan reiterated to Roosevelt that the Cleveland administration could have taken Hawaii easily, and the failure to do that led to a "present danger of war" with Japan. He wrote, "The decision not to bring under the authority of one's own government some external position, when just occasion offers, may by future generations be bewailed in tears of blood." Roosevelt responded, "as regards Hawaii I take your views absolutely, as indeed I do on foreign policy generally. If I had my way, we would annex those islands tomorrow. If that is impossible I would establish a protectorate over them ..." He stated that Secretary of the Navy John D. Long held those same opinions. Roosevelt prompted Long to goad the administration to take immediate action before Japan became stronger. He wrote, "With Hawaii once in our hands, most of the danger of friction with Japan would disappear." He was also angry over Cleveland's mismanagement of the Hawaiian issue, and viewed the possession of the islands as vital to building an isthmian canal and the expansion of US naval strength.

William McKinley, the new president, appointed Roosevelt as Assistant Secretary of the Navy (1897-1898), which delighted Mahan. Mahan expressed his concerns to Roosevelt about Japan's rising naval power, especially after the Sino-Japanese War (1894-1895), and urged the use of US naval forces in the Pacific. He, through his writings, criticized the Cleveland administration over its "crass blindness" and failure to take Hawaii in 1893. He said that the United States should have seized the islands and afterward resolved any accompanying problems after the fact. He wrote, "We stand at the opening of a period when the question is to be settled decisively, though the issue may be long delayed, whether Eastern or Western civilization is to dominate throughout the earth and to control its future."

In June 1897, Mahan shared a letter with Roosevelt that he received from the Oriental Association of Tokyo. Apparently, members of the Club of Naval Officers of Japan had translated Mahan's book, *Influence of Sea Power upon History*, into Japanese and had sold several thousand evidence of Japan's objectives. Roosevelt immediately shared the "very remarkable" letter to Long, who advised President McKinley to take "immediate action" in Hawaii. Roosevelt then enlisted Mahan's assistance to persuade indecisive senators to favor annexation. Mahan, at Roosevelt's request, wrote to Senator George Frisbie Hoar, who questioned the wisdom of annexation. Mahan recommended that the senator read *Interest of America in Sea Power*, which Mahan had just published. Early in 1898, Roosevelt urged Senator James H. Kyle to write to Mahan, requesting his expert assessment of the "strategic importance of Hawaii to the United States." Mahan responded that possession of Hawaii would unquestionably enlarge the United States militarily. A naval base in Hawaii would impede any communication in the event that a potential enemy from East Asia ever decides to attack the Pacific Coast. However, if Hawaii fell to antagonistic or neutral

control, the likelihood of an invasion would be more probable. Therefore, according to Mahan, the United States should maintain a superior force in the Pacific to defend the West Coast.

The US Justice Department admitted that Congress had not sanctioned Hawaii's July 7, 1898, annexation, and it was technically illegitimate. In addition, the US government signed Public Law #103-150, acknowledging the illegality of the overthrow of the Hawaiian government. Hawaiians did not want annexation and never surrendered their sovereignty.

Early Expansionism in the Caribbean

US commercial relations with Cuba go back to the days of smuggling and piracy and the old colonial system. By the early 1790s, Cubans welcomed neutral ships. Yankee traders exchanged lard, flour, and hardware for sugar, coffee, molasses, and rum. By 1818, many Americans moved to Cuba, as officials did not enforce laws against foreigners, allowing them to avoid taxation. In 1837, Americans, with British loans, finished the first railway connecting Havana and Güines. They introduced steam engine machinery to the sugar industry in Matanzas and Cárdenas. Spanish officials then imposed a duty on US flour, and US officials retaliated by levying a duty against Cuban coffee. By 1850, the United States was exporting about \$8 million in goods to Cuba and importing about \$12 million from Cuba. Between 1851 and 1855, half the ships entering Cuban ports were from America. Sugar comprised 84 percent of Cuba's exports to the United States, where sugar consumption quadrupled between 1840 and 1860. Cuba was the world's largest exporter of sugar, man's first and most accessible mind-altering drug. It was the most profitable commodity in world trade at that time.

Hamilton Fish, named after Alexander Hamilton, was President Ulysses S. Grant's handler. Every president—a mere figurehead—as a mentor, especially since the Civil War. Fish, a Whig, graduated from Columbia College, where he belonged to the Philolexian Society and Sons of Liberty, a secret organization. Fish became a New York attorney and practiced law in New York with William B. Lawrence. Fish and his family spent two years traveling in Europe, and he returned in order to campaign for Lincoln, who was running for US president. Fish was the vice-president general of the Society of the Cincinnati (1848-1854), and then was president general from 1854 until his death. The Society of the Cincinnati (founded May 13, 1783) sought the complete seizure of power in order to install a dictatorship in the United States, as proposed by the Federalists. The rich would dominate this dictatorship, a highly centralized government. Fish was New York's sixteenth governor (1849-1850) and a member of the New York Historical Society, founded with the aid of Peter G. Stuyvesant, who donated the land that is now Stuyvesant Square in Manhattan. Fish was a trustee at Columbia University (1840-1849, 1851-1893) and board chairman

(1859-1893).

Fish befriended “war hero,” General Grant, a potential president, and even provided money for Grant’s family, for which he might prove acquiescent to Fish and his friends. The world traveler, Fish, apparently possessing very deep pockets, financed Grant’s campaign and influenced others to support his candidacy, despite the scandalous rumors of Grant’s corruption and alcoholism. Fish was Grant’s Secretary of State for two terms (1869-1877), and, during that crucial time, he negotiated the Treaty of Washington on May 8, 1871, which settled many issues between Britain and the United States. President Grant and Secretary of State Fish, both ambitious expansionists, targeted Latin America and the Pacific, beginning a chain of expansionist efforts from Grant to Theodore Roosevelt and beyond. William H. Seward had attempted to sign a reciprocity treaty with Hawaiian officials, the first port beyond the continent, but was unsuccessful. Fish presided over the Washington Peace Conference between Spain, Peru, Chile, Ecuador, and Bolivia and promoted a litmus test for job applicants in the State Department.

Fish wanted to annex several Caribbean islands and maintain them under US ownership. He had visited Cuba, a Spanish colony, in 1855, and was impressed with its climate and beauty. Yet, he noted, “With its present population, the island of Cuba is anything other than a desirable acquisition to the United States, and I can see no means of getting rid of a population of some 450,000 called white, but really every shade and mixture of color, who own all the land on the island.” Like Grant, Fish was prejudiced against people with a darker skin.

Spain had lost most of their Latin American colonies earlier in the century. Now, US industrial interests, to accommodate their own agenda, supported the Cubans in their revolt against Spain, their colonial masters. The revolutionaries wanted the United States to annex Cuba, or at least to officially recognize them. Secretary of State Fish rejected this proposal, but Grant favored it. Numerous sugar industrialists wanted the United States to recognize the belligerent Cubans, an act that would inevitably lead to war with Spain. Grant favored recognition, and, in August 1869, he signed a proclamation of neutrality and encouraged Spain to grant Cuban independence and free the slaves. He then provoked the situation by sending US expeditionary forces, which greatly displeased the Spanish colonial administration.

Fish tried to persuade Grant to withhold the neutrality document until his annual message on December 6, 1869. By then, Grant had already decided that recognition was unwarranted. Some Rebel Cubans purchased a US steamer, *Virginius*, registered it in the United States, and deceptively flew the US flag while supplying contraband to the Cuban rebels, but Spain surprised them and seized the ship and forced it to Cuba. The Spanish colonial government executed the captain and fifty-three predominantly US crewmembers, which destroyed any negotiation possibilities with Spain. On November 14, 1870, Fish issued an ultimatum to Spain, giving the nation twelve days to release the survivors. He demanded punishment for the officials who

had seized the ship and ordered them to officially salute the US flag, a demand that they would drop if they could prove that the ship was illegally registered, which it was. The Spanish dismissed the other demands, which added to the conflict between the two nations. The president appointed Caleb Cushing as US Minister to Spain in February 1874. He pressured Spanish officials for reforms, abolition of slavery, and self-government for Cuba. Instead, Spain reinforced their military presence on the island, which temporarily suppressed the rebel forces. The US conflict with Spain regarding Cuba continued for over two decades.

The Ten Years' War ended with the Pact of Zanjón on February 10, 1878. After the war, the United States did not recognize the new Cuban government, while other European and Latin American nations did. The bloody ten-year battle devastated Cuba, apparently without it obtaining independence or any practicable resolutions, producing nothing but bitterness and resentment against the United States. About 208,000 Spanish soldiers died, while 50,000 Cubans lost their lives. Other planters, seeking protection against pain, became US citizens as insurance against the economic consequences of future rebellions. At the same time, beet-sugar production, as opposed to cane-sugar production, coupled with the upheaval of the revolt, decreased sugar production and bankrupted many Cuban planters, who then relinquished their plantations to US bargain hunters. Certain US interests now had the best of both worlds—property and the control over the profitable production of natural resources without the challenge of political responsibilities.

The Phillipines

In the tenth century, Chinese merchants began trading in the Phillipines (7,000 islands), a Spanish colony by 1575. In exchange for Chinese goods, Spanish traders received gold and silver from the New World and Mexico. These traders returned to Luzon's Manila Bay from Acapulco with ships laden with precious metals, making Manila an important financial center by the sixteenth century. Chinese middlemen made a reasonable profit and sent the majority of the gold and silver to China to pay for goods. The Spanish, intimidated by Chinese capabilities and economic access, denied them citizenship and prohibited them from owning land. Occasionally, they would massacre the ghetto-dwelling Chinese, sending a persuasive message while reducing the ethnic population. Inevitably, the Chinese cohabited with Malay girls to produce a large number of Chinese mestizo children. Parents raised these minority children as good Catholics, who often inherited their father's financial acuity, bought land, and acted as moneylenders and arbitrators.

The Spanish mestizos, not as business-savvy as their Chinese counterparts, used the law to manipulate the native Malays into forfeiting their land. This ultimately resulted in a lengthy Katipunan Rebellion (1834-1897), with another uprising against Spanish dominance beginning on August 23, 1896. Emilio Aguinaldo, a member of

the Chinese-mestizo minority, led that rebellion. It initially failed, and he fled to Hong Kong, where he purchased weapons to continue the struggle for Philippine independence.

When wealthy industrialists installed William McKinley as US president in 1896, Senator Henry Cabot Lodge visited the president-elect's home in Canton, Ohio, to persuade him to appoint Theodore Roosevelt, a member of the British Royal Society, as the assistant navy secretary, a position initially created on August 1, 1861. Lodge also approached John D. Long the new navy secretary, and Mark Hanna, McKinley's political mentor. It took Lodge four months of persistence until he received Roosevelt's cable on April 6, 1897- he got the job. Lodge spent thirty-seven years in Washington and had friends, enemies, and plenty of influence. Lodge, a native Bostonian, was a former Harvard history professor who owed his political position to J. Pierpont Morgan, whose money dictated policy at Harvard. Roosevelt was a former student of the now-powerful politician. McKinley, like most presidents, was really a front man for big business and the banks.

Despite McKinley's campaign rhetoric, Long and Roosevelt were huge advocates of US naval superiority and expansionism. McKinley soon rescinded Cleveland's policy regarding Hawaii by signing the annexation treaty in June 1897, which still required congressional approval. However, the continuing Cuban revolution soon overshadowed annexation issues. McKinley asked Elihu Root, a powerful corporate lawyer and millionaire, to go to Madrid in 1897 to participate in the negotiations over the Cuban controversy. However, Root declined McKinley's request. Root, always associated with the elite, would become the vice president of the Pilgrims Society after World War I.

Roosevelt viewed George Dewey, president of the Board of Inspection and Survey, of the Navy Department, an avid expansionist, as just the kind of man he wanted to command the Asiatic Squadron. On October 21, 1897, Dewey, now sufficiently appreciative and acquiescent, left the United States and went to Japan, where he would replace Admiral Frederick G. McNair as commander of the Asiatic Squadron, composed of the flagship Olympia, Raleigh, Petrel, Concord, Boston, and McCulloch, and later the USS Baltimore. On January 1, 1898, Commodore Dewey officially took command of the cruiser Olympia, at Nagasaki.

Soon, Roosevelt sent Dewey the cable, "ORDER THE SQUADRON, EXCEPT THE MONOCACY, TO HONG KONG. KEEP FULL OF COAL. IN THE EVENT OF DECLARATION WAR [against] SPAIN, YOUR DUTY WILL BE TO SEE THAT THE SPANISH SQUADRON DOES NOT LEAVE THE ASIATIC COAST AND THEN [begin] OFFENSIVE OPERATIONS IN PHILIPPINE ISLAND. KEEP OLYMPIA UNTIL FURTHER DETAILS. ROOSEVELT." Neither McKinley nor Long rescinded his message. The United States had no grievances with the Filipinos, but the vulnerable islands were a good place to defeat the Spanish. Roosevelt's only challenge was to engineer the circumstances that would justify a US declaration of

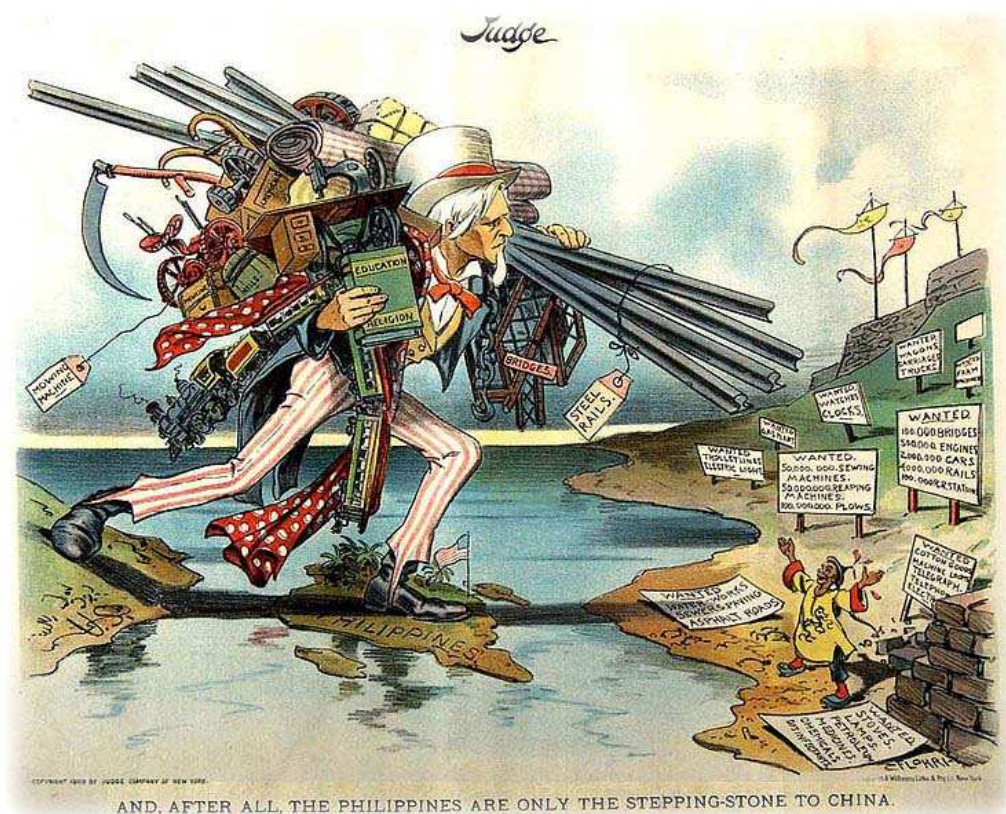


Figure 5.13: Propaganda for the masses, always doing it for the Greater Good.

war against Spain. On February 11, 1898, before the explosion on the USS Maine, the Olympia left Japan headed toward Hong Kong. US officials scheduled the Philippine invasion, but needed a pretext to justify their aggression, conveniently provided by the USS Maine operation, which the same collaborators planned. Following the timely incident in Havana Harbor on February 15, 1898, Dewey and the Asiatic Squadron waited in Hong Kong for the USS Baltimore on its way from Honolulu with adequate ammunition. Dewey could not remain in Hong Kong, as Britain was allegedly neutral, so the British governor ordered Dewey out of the area.

It took time and newspaper propaganda to provoke Congress and the masses to support military action. However, on April 21, 1898, before Congress approved of the war resolution on April 25, the US fleet began a blockade of Cuba. Dewey cabled Washington for instructions, and, with McKinley's approval, Secretary Long responded, "PROCEED AT ONCE TO THE PHILIPPINES, COMMENCE OPERATIONS AGAINST THE SPANISH SQUADRON, YOU MUST CAPTURE OR DESTROY, USE UTMOST ENDEAVORS."⁴⁷⁰ On April 24, officials formally notified Dewey that the United States had declared war against Spain. The squadron proceeded thirty miles north to Mirs Bay, and then, on April 27, departed for the Philippines, arriving in Manila Bay on the night of April 30. They quickly defeated the Spanish fleet the next day. Dewey, known to be vain and arrogant, defeated and

sank the entire Spanish fleet in six hours with the loss of one American life. On March 24, 1903, because of his performance, his superiors would promote Dewey to admiral of the navy, an office created by Congress.

On May 1, 1898, in America's first acknowledged overseas war of conquest, the United States claimed victory against Spain. Interestingly, Adam Weishaupt formalized the Illuminati on May 1. If assistance to the Filipinos had been the actual objective, they should have departed, satisfied and victorious. Instead, on May 2, Congress voted a war emergency credit of \$34,625,725. Soon, the government replaced Dewey's fleet of seven ships with twenty ships. On May 19, 1898, Aguinaldo, the popular leader in the Filipino's fight for independence, at the invitation of the United States, returned from his Hong Kong exile. On May 25, the Philippine Expeditionary Force of 8,500 men, Eighth Army Corps, left San Francisco and arrived at Cavite. Aguinaldo declared independence on June 12, established the First Philippine Republic, and proceeded to establish a fully functioning government. While the public's attention was riveted on the war, on May 4, 1898, the House, with McKinley's consent, approved the annexation of Hawaii. On June 11, McKinley said, "We must have Hawaii to help us get our share of China."⁴⁷² On June 21, the United States seized Guam, a small Spanish-held island. On July 7, the United States annexed Hawaii. In relation to the United States, the Philippines are 7,000 miles across the Pacific Ocean, 600 miles from the Asian continent, and more than 4,500 miles from Hawaii. On August 14, the United States seized Puerto Rico. On December 10, Spain ceded the Philippines, Puerto Rico, Guam, and Cuba. On January 17, 1899, the United States took Wake Island, an uninhabited island in the North Pacific Ocean, located about two-thirds of the way between Honolulu and Guam.

In September 1898, Rudyard Kipling, a colleague of Cecil Rhodes and Alfred Milner, wrote to his imperialist friend Roosevelt, urging the US seizure of the Philippines as the spoils from the Spanish-American War. "Now go in and put all the weight of your influence into hanging on permanently to the whole Philippines. America has gone and stuck a pickaxe into the foundations of a rotten house, and she is morally bound to build the house over again from the foundations or have it fall about her ears." The implications were that the United States should rule their new colony the way that Britain ruled the nonwhite populations of India and Africa. In November, Kipling sent his poem "The White Man's Burden" to Roosevelt.

President McKinley, regarding the Philippines, said, "I went down on my knees and prayed to Almighty God for light and guidance and one night late it came to me this way. We could not leave [the Filipinos] to themselves, they were unfit for self-government, and they would soon have anarchy and misrule over there worse than Spain's was. There was nothing left for us to do but take them all and educate the Filipinos, and uplift and Christianize them." On December 21, 1898, McKinley, in his skillfully worded Benevolent Assimilation Proclamation, claimed that the United States did not come as "invaders or conquerors, but as friends, to protect the natives

in their homes, in their employments, and in their personal and religious rights.“ However, the document extended US military control, with 75,000 troops by 1899 and, within a few years, 126,000 men. It arrogantly granted military dominion over the entire country in fulfillment of the rights of US sovereignty. In George F. Kennan’s official version of the Spanish American War, the US population and the media forced the war upon “an unwilling President McKinley and a disapproving business and financial community.“ The historian and diplomat blamed US imperialism on the American people, who wanted to see the US flag flying on distant tropical isles and to bask in the “sunshine of recognition as a great imperial power.“ He did not mention the thousands of Americans who opposed both the war and a US empire. Somehow, he claimed, the leaders just could not resist the citizen’s demands.

The National Geographic

Harvard-educated Gardiner Greene Hubbard, the National Geographic Society’s (NGS) first president, was a lawyer, financier, philanthropist, and member of the Massachusetts Board of Education. His wife was Gertrude McCurdy, the sister of Richard A. McCurdy, a Pilgrims Society member and a director of Guaranty Trust. Hubbard’s daughter Mabel married Alexander Graham Bell. The NGS had published the first issue of National Geographic in October 1888. The magazine soon became a propaganda tool for the government, especially during the war, by promoting territorial acquisition and economic exploitation. Geographers reinforced these ideologies in National Geographic during America’s first ten years in the Philippines. The June 1898 issue of National Geographic was devoted to “the enormous possibilities of an extended commerce that now lie within our reach as a nation.“ One article demanded that the United States “take its rightful position among the nations of the earth“ through overseas expansion and commercial exploitation. By controlling the island’s resources, Henry Gannett, Chief Geographer of the United States, unabashedly claimed that the United States “shall become the dominant power of the Pacific, both politically and commercially.“

In 1899, Gilbert H. Grosvenor, Taft’s cousin, became the full-time editor of the magazine. In 1900, McKinley appointed Taft as the Philippines governor general, and also chair of the US-Philippine Commission, he began organizing a civilian government. Taft wrote articles for National Geographic (1901-1905) focusing on the civic and scientific progress in the Philippines, allegedly for the benefit of the Filipinos. He claimed that US motives in Cuba, Puerto Rico, and the Philippines were selfless but admitted that the United States had spent \$170 million to suppress guerilla warfare, which Aguinaldo led. He failed to mention the Filipino death toll during this so-called selfless endeavor. The United States established American-directed education to indoctrinate future workers for the developing US commerce.

Between 1898 and 1908, pro-imperialist authors, employees of federal and military

agencies, such as the US Geological Survey, and the War and Navy Departments and university professors wrote at least thirty articles about the Philippines, the US “foothold in the development of the Orient.” National Geographic articles claimed that the United States had a moral obligation to deliver progress, self-government, and material prosperity to the “weaker races of the earth.” Authors elaborated that the political, naval, and industrial possibilities in the islands, located at “the very ideal center of all the land that face the Pacific,” can all have “practical value to the US.” Gannett, a vice president of the American Statistical Association, became the president of the National Geographic in 1909, soon to be tax-exempt.

The Philipinos as Test Subjects

On February 4, 1899, General Elwell S. Otis ordered US military forces to encircle not just Manila, but to extend into the Philippines Army territory. He then ordered the sentries to fire on any Filipino intruders. Privates William Grayson and Orville Miller, on guard duty, saw four drunk and unarmed men. Grayson yelled, “Halt!” One of the Philipinos drunkenly responded “Halt!” Grayson recalled, “Well, I thought the best thing to do was to shoot him.” Before it was over, the sentries killed four inebriated, unarmed Philipinos. General Arthur MacArthur Jr., a freemason, used this incident, characterized as Filipino aggression, to initiate the Battle of Manila. Within twenty-four hours, US soldiers had slaughtered over 3,000 Philipinos, whose corpses lay in the streets. The Philipinos killed between fifty and sixty Americans in defense. Soldiers dug trenches and buried the Philipinos in a mass grave. McKinley announced, “Insurgents had attacked Manila” and Aguinaldo was now an “outlaw bandit.”

US officials viewed the 3,000 dead Philipinos as insurgents because of the Treaty of Paris. Technically, the Senate did not ratify it until February 6, 1899, two days after the killing of the four unarmed people. Possibly, the Philipinos might not have dissented had it not been for the killings. The United States, after the treaty, considered all revolutionaries as insurgents. Once the United States legally established sovereignty, they would not tolerate the government at Malolos, just as the United States had forbade an independent government at Richmond, Virginia. The Senate had only one choice according to one newspaper—go to war against the insurgency, forcing the Philipinos to trade one imperial antagonist for another. On February 9, 1899, The New York Times ran an article entitled “The Status of the Philipinos.” The Treaty of Paris imposed a military government, chosen by the president, in each of three countries, Puerto Rico, Guam, and the Philippines, all former Spanish colonies. Thinking they were free from their longtime oppressor, citizens had begun to set up independent governments. The indigenous peoples did not view the US military as liberators, especially in the Philippines, where they concluded that they had invaded and had “taken up arms against us.”

Attorney and Congressman Joseph Wheeler, a West Point graduate and a Confederate Army veteran, arrived in the Philippines in August 1899, where he commanded the First Brigade under General Arthur MacArthur until January 1900. On June 16, 1900, his superiors commissioned Wheeler, a volunteer, as a brigadier general in the regular army. After he left the Philippines, he moved to New York and authored numerous books on military strategy, including *A Revised System of Cavalry Tactics*. One book, *The Santiago Campaign in 1898*, detailed Major General William Shafter's assault on Santiago, Cuba, July 3-17, 1898. Wheeler said, "My plan would be to disarm the natives of the Philippine Islands, even if we have to kill half of them to do it."⁴⁹² He was at the organizational meeting of the Pilgrims Society in 1902 in London and became one of their US vice presidents. He was also a Smithsonian Institution regent (1886-1900).

For imperialist expansion, Britain and the United States officially formed an alliance in 1897. Britain also had prior alliances with France and Japan. Chauncey M. Depew, of the Pilgrims Society and a New York Senator supported war hawk Theodore Roosevelt as the US vice president in 1900. He said, "by the providence of God, by the statesmanship of William McKinley, and by the valor of Roosevelt and his associates, we have our market in the Philippines, and we stand in the presence of eight hundred millions of people, with the Pacific as an American lake."

General Arthur MacArthur, a Union veteran, took charge on May 25, 1900. He had warred against America's native population for thirty years and was fighting in the Dakota Territory when the Spanish-American War began. On December 20, 1900, MacArthur declared that the Filipinos were an "inferior race" and further stated that guerrilla warfare was contrary to "the customs and usages of war. Further, he said that those who engaged in it automatically "divest themselves of the character of soldiers, and if captured, are not entitled to the privileges of prisoners of war" but were to be treated as criminals. According to official hearings, the United States frequently employed waterboarding, which often proved lethal to the recipient.⁴⁹⁹
⁵⁰⁰ ⁵⁰¹ As early as 1556, in Antwerp, many countries banned that morally repugnant practice. By 1902, despite the deceptive language of liberation and freedom, US citizens were perplexed by the news that US soldiers were torturing Filipinos with water.

The US military also subjected the Filipinos to biological experimentation. In 1900, the US Army began conducting tests using biological weapons. As reported in the US Philippine Health Service Report, in 1903, the military dictatorship, despite the vibrant health of the native population, enacted a compulsory countrywide vaccination program. The residents, with access to clean air, water, and unadulterated food, were quite healthy. Smallpox was relatively unknown, but the military rounded up the unwilling Filipinos and herded them into vaccination centers. By 1905, there was a smallpox epidemic and numerous deaths, and, by 1910, vaccination was mandatory. Given the smallpox outbreak in a relatively virgin population, one would suppose

that the countrywide would halt the program there and in the countrywide as well. However, they were intent on testing and marketing the vaccines rather than promoting health. They actually increased the vaccination program each year. This produced another horrific epidemic in 1907 and 1908.

In February 1927, Dr. William W. Keen, the first brain surgeon in the United States, part of the propaganda apparatus, wrote an article for the *American Review of Reviews*, in which he praised the effectiveness of the vaccine program in the Philippines. He wrote that, by 1921, in the Philippines, there had been 130,264 cases of smallpox, resulting in 74,369 deaths, and then he praised the fact that, in 1921, General Wood reinstated the vaccination program. There had been one epidemic after another from 1905 to 1923, when Wood began suppressing reports to give the impression that he had “conquered smallpox.” The mortality rate varied from 25 percent to 75 percent, depending on the location in the islands. There were fewer cases of smallpox in the more remote jungle areas, where people fled to avoid shots, but in the cities, where they vaccinated people, the epidemics were a critical calamity, the worst smallpox statistics in the world, along with the highest percentages of vaccinations.

Many doctors, government statisticians, and others determined that the vaccine program increased the incidence of smallpox rather than decreasing it. Dissenters accused the government of deliberately attempting to kill off the Filipinos so that the United States could seize the islands. They also charged that the drug companies and US doctors were using the population, whom they apparently cared nothing about, as guinea pigs for their experimental vaccines and drugs. The military is one of the biggest vaccine and drug-company customers, not only in the United States but in other countries. Drug companies, with their vaccine racket, lobby the government to inoculate all military personnel at taxpayer expense, including the health consequences resulting from those vaccines. The vaccine manufacturers viewed 11,000,000 Filipinos, under military occupation, as a profitable market, especially for the overstocked or spoiled vaccines. Otherwise, they would have to foist them on senior citizens, institutionalized soldiers, orphans, or prisoners. Currently, the drug companies use children in the foster-care system as guinea pigs. The vaccines caused preventable diseases such as typhoid, malaria, beriberi, and tuberculosis.

The biological experimentation in the Philippines, with its accompanying propaganda, government deception, and complicity with the drug companies, provided a shameful testing ground for introducing the beginnings of socialized medicine in America through the imposition of compulsory vaccination programs in the government schools. In 1981, Dr. Eleanor McBean wrote, “Medical practice is too haphazard, unscientific, unreliable, and dangerous to be trusted with the health and lives of the people. The United States is one of the sickest nations in the world at the present time.” US health statistics, despite the claims that we have the best health system in the world, have greatly decreased since she wrote those words.

Death by drugs was not the only manner in which the military assaulted the Filipinos. In writing about the battles of February 4-5, 1899, E. D. Furnam said, "We burned hundreds of houses and looted hundreds more. Some of the boys made good hauls of jewelry and clothing. Nearly every man has at least two suits of clothing, and our quarters are furnished in style; fine beds with silken drapery, mirrors, chairs, rockers, cushions, pianos, hanging-lamps, rugs, pictures, etc. We have horses and carriages, and bull-carts galore, and enough furniture and other plunder to load a steamer." Anthony Michea, of the Third Artillery, wrote, "We bombarded a place called Malabon, and then we went in and killed every native we met, men, women, and children. It was a dreadful sight, the killing of the poor creatures. The natives captured some of the Americans and literally hacked them to pieces, so we got orders to spare no one."

H. L. Wells, a correspondent for the New York Evening Post, stated that there had been no widespread outrageous acts committed by US troops. He wrote, "There is no question that our men do 'shoot niggers' somewhat in the sporting spirit, but that is because war and their environments have rubbed off the thin veneer of civilization . . . Undoubtedly, they do not regard the shooting of Filipinos just as they would the shooting of white troops. This is partly because they are 'only niggers,' and partly because they despise them for their treacherous servility ... The soldiers feel they are fighting with savages, not with soldiers ..." The US recruiters had promised the troops, many of whom were mercenaries, good wages, in addition to war booty and confiscated land. Military leaders applied Abraham Lincoln's General Order Number 100 in the Philippines, which authorized the shooting, on sight, of all persons not in uniform or acting as soldiers and those committing, or seeking to commit, sabotage. The Seventh Cavalry Regiment, originally organized on September 21, 1866, occupied the Philippines (1904-1907), and again (1911-1915). It employed the same scorchedearth policies against the Filipinos as it had against the vulnerable Plains Indians. They burned entire villages, and killed unarmed Filipinos, including women and children. The troops thought they all looked alike and similar to the "red savages." In fact, they called the Filipinos "Apaches" or "gooks."

US military leadership in the Philippines consisted of men who had warred against the Apaches, Comanches, Kiowas, and Sioux. The Seventh Cavalry Regiment had taken part in the Wounded Knee massacre on December 29, 1890, where they slaughtered 370 unarmed women and children. One squad killed more than 1,000 "dark-skinned" Filipinos in just one village. General MacArthur defended his army's civilian massacres as "carrying out the civilizing mission of its Aryan ancestors." For three years, US troops battled to "emancipate" the Filipinos from the influence of Aguinaldo, who had hoped that America, a nation that had rebelled against England's imperial power, would not colonize another freedom-loving people. In the process, US troops killed hundreds of thousands of Filipinos, while about 4,000 US soldiers died for the imperialistic industrialists who coveted the resources in the

Philippines. Beginning in the first year of the conflict, reports of US atrocities, the torching of villages, and the killing of prisoners, appeared in newspapers. Apparently, the military censors overlooked what reporters were writing or what soldiers revealed in the uncensored letters they sent home.

Cuba, Puerto Rico, and the Philippines became America's first "colonies," though it was unacceptable to use that word. The Supreme Court claimed, "Constitutional freedoms must follow the flag." Therefore, the Justices referred to them as "nonincorporated territories," entities that were not allowed to fly the US flag. The voters reelected McKinley in 1900. Leon F. Czolgosz shot him on September 6, 1901, at the Pan-American Exposition in Buffalo. Reportedly, Emma Goldman and Alexander Berkman, both immigrants from Russia in the 1880s, influenced Czolgosz, an emotionally demented anarchist. McKinley died from his wounds on September 14, 1901. Theodore Roosevelt, the vice president, succeeded McKinley. Robert Todd Lincoln, President Lincoln's son, was with McKinley when Czolgosz shot him. He was also with President James Garfield when Charles J. Guiteau shot him on July 2, 1881. Robert T. Lincoln associated with the individuals who had escaped culpability in his father's death. Lincoln, upon later discovering documents that implicated his friends, destroyed the evidence. Lincoln was President Garfield's war secretary (1881-1885) and US ambassador to Britain (1889-1893) under President Benjamin Harrison. He was general counsel to the Pullman Company and then president after George Pullman's death on October 19, 1897. He was Pullman's chairman until his death on July 26, 1926. Researcher Charles Savoie claims that Pullman Company investors included charter members of the Pilgrims Society, such as Marshall Field, John D. Rockefeller, Andrew Mellon, and the Vanderbilts. Presumably, Lincoln was also a member, given his British ambassadorship and his business associations.

Some years after his death, family members discovered McKinley's handwritten note, scribbled right after his aides notified him of Dewey's victory over the Spanish. He wrote, "While we are conducting war, and, until its conclusion, we must keep all we can get. When the war is over, we must keep what we want." A short time before, McKinley admitted to a friend that he "could not have told where those darned islands were within two thousand miles." By an act of Congress, dated July 1, 1902, establishing the Philippine government, officials conducted a census that revealed a population of 7,572,199. According to Manuel Arellano Remondo's book, *General Geography of the Philippine Islands*, there were 9,000,000 people in the Philippines in 1895. The war officially ended on July 4, 1902, but hostilities and the work of death continued for almost a decade.

There are more imperialist incidents that could be mentioned, especially regarding the Panama-Channel and the Third World. Industrial and imperialist desires are not satisfied to this day, always trying for more profit, more control, more usury, a slavery without visible chains.

5.7 Capitalism and Corporatism

The Secretive Pilgrims Society

Cecil Rhodes, a freemason, and his brother floundered in their efforts to develop a cotton plantation in Africa. Funded by Rothschild, they went into the diamond-mining business. Rhodes, with his exploitation of the resources of Rhodesia, later renamed Zimbabwe, soon amassed a huge fortune through his De Beers diamond conglomerate, with Rothschild as the biggest shareholder. Rhodes earned £5,000 in 1872. In 1873, he returned to England to attend Oxford, leaving his associate, Charles Rudd to manage the business. Rhodes met Ruskin at Oxford.

William T. Stead, a journalist and social reformer, introduced Rhodes to Reginald B. Brett, Sir John B. Seeley, Albert Grey, and Edmund Garrett, who soon became Rhodes's disciples. On February 5, 1891, Rhodes established the British Round Table, a Masonic organization, later formalized as the Pilgrims Society. He envisioned such a society for almost twenty years. Stead, Brett, and Milner made up the executive committee. Arthur J. Balfour, Harry Johnston, Nathan "Natty" Rothschild, and Albert Grey were the "Circle of Initiates." An outer circle was composed of associates. Rhodes left the majority of his estate to Rothschild, a freemason and eldest son of Lionel de Rothschild, to manage a scholarship program. Rhodes left about \$150 million to the Rhodes Foundation, for the exclusive purpose of fulfilling his ideological objectives of bringing about a one-world government through the machinations of a network of secret societies.

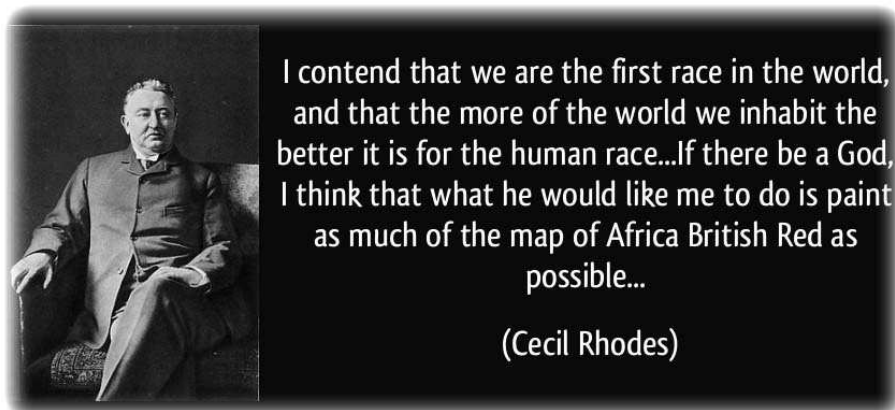


Figure 5.14: Cecil John Rhodes (5 July 1853 – 26 March 1902)[1] was a British businessman, mining magnate and politician in South Africa, who served as Prime Minister of the Cape Colony from 1890 to 1896.

Rhodes was intent on the "ultimate recovery" of the United States as an "integral part of the British Empire" to culminate in an Illuminati utopian global system with an Imperial Parliament. Rothschild appointed Milner to chair the group. Milner recruited Rudyard Kipling, Balfour, and other illuminated alumnae from Oxford to

form the Round Table, after the Knights of the Round Table, known as Milner's Kindergarten. In 1902, after Rhodes's death, Milner led the group. The Round Table created other organizations in the coming years. The Round Table had many influential members like Walter Lippmann, who later became a presidential advisor to US President Woodrow Wilson during WW1 and who is partly responsible for his "14 Point Program", which handled the "peace" after WW1. Another important member was Edward M. House, also advisor to Woodrow Wilson. It is said that Wilson followed House's advice without question, especially concerning financial topics which ultimately led to the modern financial system known as the Federal Reserve.

Rothschild, as the Rhodes trustee, managed his estate according to one of the seven wills that Rhodes left. The Pilgrims Society would devote its efforts to "the extension of British rule throughout the world." Rhodes argued that the "British elite" were entitled to rule the world for the benefit of mankind. In the past, rule meant the seizure and exploitation of the world's raw materials, like gold and oil, through her military dominance overseas. An attachment to his will mandated the creation of the Rhodes scholarship. His will also directed "the furtherance of the British Empire, for the bringing of the whole uncivilized world under British rule, for the recovery of the United States, for the making the Anglo-Saxon race but one Empire." In another will, he states, "To and for the establishment, promotion, and development of a secret society, the true aim of which and object whereof shall be the extension of British rule throughout the world ... and finally the foundation of so great a power as to hereafter render wars impossible and promote the best interests of humanity." The Pilgrims Society's major economic target was Germany, a country whose citizens were highly skilled. Other important names associated with the Pilgrims Society are, DuPont, Loeb (Kuhn-Loeb Banking), Morgan (J.P. Morgan Banking), Rockefeller, Schiff (financed the Bolshevik Revolution) and Warburg (Banking Brothers, one mastermind of the Federal Reserve System, the other involved in Imperial Germany's government and also involved in sending Lenin to Russia via train). In 1915, there are now about 1,500 members, most of them US citizens who manage huge corporations, banks, law firms, and insurance and media companies.

Lord Frederick Roberts, president of the British Pilgrims, died on November 14, 1914, which prompted memorials in New York and London. Major General Leonard Wood, military governor of Cuba for four years, remarked in his eulogy that Roberts encouraged the "strengthening of the military and naval defenses of the country," a euphemism for militarizing a country for offensive warfare. Loeb banking family. John L. Loeb Jr. was also a Pilgrims Society member. J. & W. Seligman & Company had offices in Manhattan by 1878. They later relocated to 54 Wall Street and interlocked with the Anglo-California Bank. Seligman was a London correspondent for the London Rothschilds and associated with Nathan Rothschild, a member of Parliament (1865-1885). The Rothschilds, the Morgans, and the Seligmans backed the Society's first transaction of \$55 million.

Am. Securities Corp.	Federal Reserve	Kidder, Peabody and Co.	Morgan Joseph & Co. Inc.
Banker's Trust	Fidelity Int. Trust	Kleinwort Benson	New York Savings Bank
Bank of England	Fifth Avenue Bank	Kuhn, Loeb & Co.	N.M. Rothschild & Sons
Barclays Bank	First Boston Corp.	Lazard	Oppenheimer & Co.
Barings Bank	First National Bank	Lehman Brothers	Paine, Webber
Blackstone Group	Fourth Nat. Bank of N.Y.	Loeb, Rhoades & Co.	Rockefeller Center, Inc.
Bowery Savings Bank	Goldman Sachs	Manufacturers Hanover	Rockefeller Family & Ass.
Brown Brothers Harriman	Gotham National Bank	Marine Midland	Salomon Brothers
Bullock Fund	Hambro	Mellon Bank	S.G. Warburg
Chase National Bank	Harriman National Bank	J. P. Morgan & Co.	Shearson Loeb Rhoades
Chase Manhattan US/UK	Internat. Banking Corp.	J. P. Morgan Chase	U.S. Trust Corp. of N.Y.
Chemical Bank	Irving Trust	Morgan Grenfell (UK)	
Citibank	J. G. White & Co.	Morgan Guaranty Trust	
Drexel & Co.	J. Henry Schroder & Co.	Morgan Stanley	

Figure 5.15: Banks involved with the Pilgrims Society.

Winston Churchill advocated total war and pushed for “victory at any price“ during the Boer War (October 11, 1899-May 31, 1902). He supported Lord Herbert H. Kitchener’s scorched-earth policies against the civilian population. In the early 1930s, Churchill wrote, “I have always urged fighting wars and other contentions with might and main till overwhelming victory, and then offering the hand of friendship to the vanquished.“ Kitchener was a freemason, a fellowship whose upper echelon appears to support genocide. The whole point of the Boer War was to enable Britain to seize South Africa’s mineral wealth. In 1886, explorers had discovered massive gold deposits in the South African Republic, which immediately drew British interests to that country. Lord Frederick Roberts and Kitchener, during the Second Boer War, gained notoriety for incarcerating thousands of Boers and black Africans in concentration camps, where many of them starved to death. The pair orchestrated the burning of farms, which forced the inhabitants to flee. They also salted the fields to senselessly destroy productivity causing many farmers to abandon their farmlands. Kitchener was Roberts’s chief-of-staff and earned a reputation for his utter ruthlessness. Expansionists and soldiers, like Rhodes, Milner, Kitchener, and Roberts, became national heroes due to the “imperial propaganda“ that saturated society. People then embraced the imperial dogma, because imperialism generated profits instead of expenses.

As the media grew in importance, secret alliances seized and dominated the flow of information. In 1920, Milner and Lord Robert Cecil, along with J. P. Morgan associates, created the Royal Institute of International Affairs (RIIA). On July 29, 1921, they incorporated the Council on Foreign Relations (CFR), a branch of Britain’s RIIA, in New York. In 1925, they established the Institute of Pacific Relations (IPR). Lippmann, a Fabian, was a member of the American Round Table. There is a lengthy, close relationship between the Milner Group, J. P. Morgan, and the Carnegie Trust. Those directly involved included Thomas W. Lamont, a Morgan banker who focused on information control, and Jerome Greene of Lee, Higginson and Company. The London Rothschilds established a business alliance with Lee, Hig-

ginson & Company of Boston in 1901. Rockefeller's Standard Oil treasurer, Charles Pratt, bestowed his New York mansion to the CFR to use as its world headquarters. Greene, with both Morgan and Rockefeller interests, chaired the Pacific Council of the Institute of Pacific Relations (1929-1932), a CFR spinoff. Lamont also had an influential position in that organization. J. P. Morgan immediately seized control of the CFR after its creation in New York. Carroll Quigley claimed that the US Eastern Establishment was a branch of the British Establishment.

Astor	Duke	Mellon	Schiff
Aldrich	(Copeland) Du Pont	Meyer	Schroder
Belmont	Gould	Morgan	Stillman
Baker	Harkness	Peabody	Vanderbilt
Carnegie	Harriman	Pyne	Warburg
Dillon	Lamont	Reynolds	Watson
Dodge	Lodge	Rockefeller	Whitney
Drexel	Loeb	Sassoon	Windsor

Figure 5.16: Family names associated with the Pilgrims Society. J.P. Morgan and the Rockefellers are well known names around the world. The Warburg family will be mentioned more often and this name should be remembered throughout this book.

The Pilgrims Society awards an honorary membership to London's secretary of state for Foreign Affairs, the American minister in London, the British consul general in New York, the British ambassador to America, the US ambassador to England, the British ambassador to the United Nations, the US secretary of state, and the US president. The secretary of state manages all official state business with all foreign ambassadors. Since 1903, the very secretive Pilgrims Society has granted an honorary membership to every US president and secretary of state.

Standard Oil Trust

Author Larry Abraham wrote, "If you wish to establish national monopolies, you must control national governments; if you wish to establish international monopolies or cartels, you must control a world government." The Rockefellers and their multiple industrial interests are a prime example of a monopoly trust. "

In 1861, John D. Rockefeller and Henry M. Flagler set up a small oil refinery in Cleveland, and, by 1870, Standard Oil Company of Ohio had absorbed all of its rivals. Rockefeller controlled the entire oil trade of the country from his Cleveland headquarters. He attempted to control the US oil and natural gas industries and crush his competitors through illegal price rebates. Oil was the fourth-largest US export by 1872 and the number one man-made export product. Within five years, Rockefeller was selling millions of gallons of oil and making millions of dollars and paying huge dividends, as much as 50 percent.⁶⁴⁶ He negotiated and obtained better freight prices and preferential treatment from the Pennsylvania, New York Central,

and Erie Railroads, which agreed to give him rebates giving him incredible competitive advantages. Standard controlled a majority of the pipelines, engaged in price-cutting, and maintained a spy network to report on his competitors' operations, many of whom he bankrupted. By 1879, he would control about 90 percent of the US refining business and every important pipeline in the oil fields.

European buyers resented Standard's practices and terms, but Standard had a monopoly. The Germans were particularly anxious to disentangle themselves from Standard. By the late 1870s, other European countries were also seeking to break Standard's hold on them, especially when Standard raised its domestic and foreign prices for refined oil. Germans held meetings to determine how to manage the elevated prices and the devious policies, and they then began purchasing crude oil from independents who escaped Standard's competitive clutches. The Germans built refineries and processed the crude themselves, which infuriated Rockefeller.

These neophyte corporate owners in the US were greedy for their share of the market and, in an effort to accumulate capital, decreased wages and prices to quash their competitors. Almost 16,000,000 recent immigrants, anxious for employment and a new life composed almost 15 percent of the population by 1890 and about 25 percent of the population of the more industrialized Northeastern states. Machines replaced many of the functions that skilled craftsmen previously employed to earn their living. Thus, many faced insecurity and unemployment. They, along with migrants, farmers, immigrants, and recently unemployed workers, soon resorted to working in the factories. By 1900, difficult times had compelled about 20 percent of the nation's women to abandon full-time household chores to work long hours in the factories, where oppressive owners paid them low wages. By 1900, corporations produced three-fourths of all manufactured goods. The Civil War produced an industrial system, and the predatory men who devised the corporations were ultimately the real victors.

Congressman Charles A. Lindbergh Sr. said, "We absolutely know that the trusts, as a result of the centralizing of the control of the industrial agencies and material resources, operated in connection with their juggling of credits and money, have made us dependent upon the trusts for employment. This is the industrial slavery that the capitalistic interests prefer to chattel slavery. If we were chattel slaves, they would have to care for us in sickness and old age, whereas now they are not concerned with us, except for the time during which we work for them." By 1910, the united states was at the bidding of the industrialists and bankers, who also owned most of the media. The only thing important for them was economy power, controlling people through money.

On April 11, 1914, Henry H. Klein wrote to President Woodrow Wilson regarding Standard Oil's greedy, oppressive monopolization of business that was crushing the nation's economic life. He told Wilson that, during the last twenty-five years, Standard Oil had distributed \$800,000,000 in dividends to its stockholders, and the value

of its shares had increased from \$1,000,000 to \$1,300,000,000. Its annual profits were \$150,000,000, and only twenty people owned a majority of the stock. He said that Standard and its beneficiaries controlled the major railroads, mines, public utilities, key banks, and other financial institutions and were the leading stockholders in most of the large industrial corporations. Rockefeller had invested a significant amount of money into the public-service corporations. Without his oil, every large city in America would have been dark. Additionally, with his and his associate's investments in transportation, he could have halted transportation, essential to the vast majority of American businesses. Regarding public services, before the beginning of World War II, people in the cities paid in excess of one billion dollars a year for light, heat, and local transportation to respective corporations. Rockefeller and Standard Oil owned the largest share, or controlling interest, in those corporations. People in New York City annually paid \$152,000,000 to public-service corporations, which obviously benefitted John D. Rockefeller, the largest individual shareholder.

The American Medical Monopoly

I will give a brief history of how the industrialists created a profit-based "medical" system that has always focused on addressing patient symptoms with chemicals or surgery instead of investigating the foundational causes of disease, not only in America but in other highly-populated countries, like China.

In June 1901, John D. Rockefeller Sr. founded the Rockefeller Institute for Medical Research, similar to France's Pasteur Institute (1888) and Germany's Robert Koch Institute (1891), the first such institution in America. In 1861, Simon Flexner, a former Johns Hopkins University student and brother of Abraham and Bernard, was the institute's first director (1901-1935). Bernard Flexner was a key member of the Zionist Organization of America, an advisor for the Zionist delegation to the Paris Peace Conference (1918-1919), president of the Palestine Economic Corporation and one of the founders of the Council on Foreign Relations (CFR). Simon Flexner, after studying poliomyelitis, would later direct the development of a serum treatment for meningitis.

Rockefeller and other industrialists sought dominance over many resources including the petroleum and petrochemical industries and could envision the possibilities in a pharmaceuticals market. Therefore, in 1909, with cooperation from the AMA, the Carnegie Foundation for the Advancement of Teaching funded Abraham Flexner's investigative tour of 155 medical schools in America and Canada. He planned to evaluate the entrance requirements, the qualifications of the staff, the financial endowments, the quality and suitability of the laboratories, and the relationship between medical schools and hospitals. He concluded that medical education in America was abysmal. The results of his investigation resulted in a drastic reform of America's medical education for the benefit of the profit-seeking industrialists. He wrote: "It

is necessary to install a doorkeeper who will, by critical scrutiny, ascertain the fitness of the applicant, a necessity suggested, in the first place, but consideration for the candidate, whose time and talents will serve him better in some other vocation, if he be unfit for this, and in the second, by consideration for a public entitled to protection from those whom the very boldness of modern medical strategy equips with instruments that, tremendously effective for good when rightly used, are all the more terrible for harm if ignorantly or incompetently employed.“

Flexner determined that any instruction that failed to utilize the new progressive drugs to treat their patients amounted to quackery. Officials at the AMA informed medical schools that offered a curriculum that included studies in bioelectric Medicine, Homeopathy or Eastern Medicine that they would have to discontinue these courses. Some schools maintained their right to offer alternative classes but ultimately, the majority of the schools either closed their doors or adapted. Accordingly, the members of Congress, always happy to acquiesce to the demands of deep-pocketed industrialists and the imminent establishment of their tax-exempt foundations, readily accepted Flexner's recommendations and the need for public protection. Congress decided that the AMA would function as the ever-vigilant doorkeeper and authorized it to officially approve or disapprove of any of the nation's medical schools based on its criteria. In 1906, there were 160 medical schools in America. By 1920, there were eighty-five and by 1944, there were only sixty-nine medical schools in the country.

Rockefeller, promoted as an altruistic humanitarian, launched the International Educational Board with \$21 million to fund educational activities in foreign universities. In 1927, he established the China Medical Board, and built the Peking Union Medical College and then spent another \$45 million in an attempt to westernize Chinese medicine by replacing inexpensive herbal remedies in favor of the American-made carcinogenic and teratogenic miracle drugs. Additionally, the Rockefeller Foundation, in conjunction with the Chinese government, established the China Medical Board. By 1921, there were twentysix medical schools in China, the most notable facilities being the Peking Union Medical College (Rockefeller Foundation), the Medical Department of the University of Hong Kong, the Japanese Medical School at Mukden and the Army and Naval Medical Schools at Peking and Tientsin respectively.

In 1920, the Rockefeller Foundation spent \$7 million to adapt the Peking Union Medical College, a facility “destined to be the nucleus of advanced medical teaching in China.“ The corporate media, in conjunction with the AMA, waged a ruthless campaign of disinformation and deception while deliberately concealing successful alternative remedies, and the practitioners who helped their patients improve or regain their health. Other monopolies and regulatory organizations include the American Dental Association (ADA), the American Academy of Pediatrics (AAP) and the American Psychiatric Association (APA), the American Cancer Society (ACS), and the American Diabetes Association (ADA). There are also unelected officials staffing

countless bureaucratic agencies, functioning as a formidable regulating force that impacts every American. These corporations include but are not limited to the Centers for Disease Control (CDC), the Food and Drug Administration (FDA), the National Institutes of Health (NIH), the National Cancer Institute (NCI), the Institute of Medicine (IOM) and the National Academy of Sciences (NAS). These agencies disseminate propaganda and cooperate with the corporations who hold a monopoly over America's health and the other nations that depend on technical support from the US government.

The Banking Trust and Congress

In July 1875, 349 bankers from thirty-one states met in Saratoga, New York to create the American Bankers Association (ABA). On April 2, 1876, the ABA testified before Congress for the first time. The ABA, currently in the top twenty-five lobby groups, lobbies for many of America's largest financial institutions including JPMorgan Chase, Bank of America and Wells Fargo. The ABA urged students who were associated with the B'nai B'rith Hillel Foundations located on 250 colleges throughout the United States to enter banking.

The ABA sent out a Panic Circular, dated March 11, 1893, to all national banks. It read, "The interests of national banks require immediate financial legislation by Congress. Silver, silver certificates, and Treasury notes must be retired and national bank notes upon a gold basis made the only money ... You will at once retire one-third of your circulation and call in one-half of your loans. Be careful to make a monetary stringency among your patrons, especially among influential businessmen. Advocate an extra session of Congress to repeal the purchasing clause of the Sherman Law and act with other banks of your city in securing a large petition to Congress for its unconditional repeal, per accompanying form. Use personal influence with your Congressman, and particularly let your wishes be known to your Senators. The future life of national banks, as fixed and safe investments, depends upon immedincreasing sentiment in favor of Government legal-tender notes and silver coinage."

British investors began withdrawing their funds, transferring gold from America to England, greatly contributing to the 1893 Panic. The United States gold reserve fell below the acceptable level of \$100 million as a result of revenue losses from tariff reductions and veteran's bonuses. Over 15,000 companies failed, unemployment skyrocketed, mines closed, grain prices fell causing an agricultural depression, and labor strikes took place. Despite what happened to other banks, during these calculated financial expansions and contractions, the House of Morgan always managed to come out on top. In the bank panics of 1873, 1884, 1893, and 1907, while other banks failed, Morgan's bank not only survived but prospered. In 1893, Max M. Warburg and his younger brother Paul joined the family firm, M.M. Warburg and Company (founded 1798), of Hamburg. In January 1907, Paul M. Warburg, now a Kuhn Loeb

partner, wrote *Defects and Needs of Our Banking System*, which *The New York Times* published in the *Financial Supplement*. Adolph S. Ochs (Pilgrims Society) owned *The New York Times*. Warburg claimed, "Nothing short of a modern central bank will affect a final solution of the problem." An economic panic struck New York on October 14, 1907, and it subsided on November 6, 1907. On November 12, 1907, Warburg published a seven-page pamphlet, *A Plan for a Modified Central Bank*, defining methods of preventing financial panics using "a central bank with limited powers." Warburg claimed that a "modified" central bank would be different from the European central banks. Again, Ochs promoted Warburg's propaganda through *The New York Times Annual Financial Review*. On March 21, 1911, Warburg, recognizing that he and other bankers could manipulate the nations' currency, became a citizen.

Aldrich, the grandfather of David Rockefeller, chairman of the Senate Finance Committee, managed the National Monetary Commission. He and Representative Edward B. Vreeland, a banker, sponsored the Emergency Currency Act, enacted on May 30, 1908 which created the group which they co-chaired. It was composed of nine members each from the Senate and the House. At the taxpayer's expense, it investigated the banking and currency systems of England, France and Germany, industrialized countries similar to the United States. The commission published (1909-1911) a series of twenty-one reports on banking, a compilation of 9,000 pages of material, 6,500 of which dealt with the three countries. Germany had one of the world's key currencies. Private bankers dominated Germany with their jointstock banks. The central bank of issue as of 1875, was the privately owned Reich bank. However, it was under tight government control, with a very stable currency, called the Goldmark until 1914.

Paul M. Warburg helped to devise the basic principles of the infamous Aldrich Plan, the genesis of the Federal Reserve System, a plan that many bankers opposed prior to its passage. In the fall of 1910, Senator Aldrich, wanting to design a Republican alternative to the banking reforms that politicians were then proposing in the Democrat-controlled Congress, allegedly met with six influential bankers at Jekyll Island, to establish the Federal Reserve System. Those bankers represented the interests of J. Pierpont Morgan, Rothschild, Rockefeller, Warburg, and Kuhn, Loeb & Company. J. Pierpont Morgan and Kuhn, Loeb organized the conference where they drafted the Federal Reserve Act. Aldrich and Warburg, Henry P. Davison, Benjamin Strong, Frank A. Vanderlip, all Pilgrims Society members, and Charles D. Norton, attended. 735 736 The result of that meeting was the blueprint for the Federal Reserve System. Though officials ultimately offered Warburg the job as Fed chairman, he rejected their offer, and instead served as a director until 1918. Reportedly, Warburg developed a nationwide propaganda campaign in favor of the Aldrich Plan.

Academics at Princeton, Harvard, and the University of Chicago assisted in the campaign to promote the feasibility and effectiveness of a central bank. Woodrow

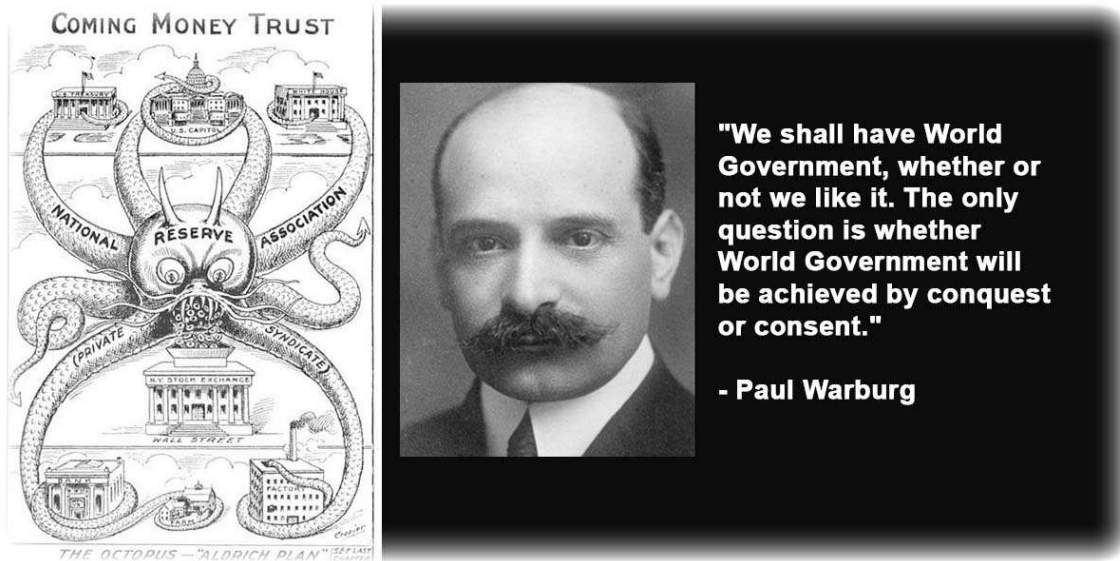


Figure 5.17: Paul Warburg, the mind behind the Aldrich Plan. The plan for “World Government“ will be picked up throughout the book and dealt with in detail in the chapter “New World Order“.

Wilson, Princeton’s former president, became a spokesman and advocate. Congress intended to grant control of the nation’s money to a private corporation owned by the banks, and controlled by Wall Street. This would create an absolute monopoly over the printing and issuing of all public currency. Congress placed Americans, then totaling 94,000,000, into financial and political bondage, to the calculating, centralized, greedy incorporated money trust. Instead of the people ruling the country, the Congress-created corporation would dominate the people, their currency, and their labor. Initially, people could redeem the currency for gold. They secured the money by a reserve of “at least one-third the volume in actual gold,” dispensed through the accredited banks. The Monetary Commission, an independent group of politicians, proposed the regulations, which the government did not necessarily guarantee. The Monetary Commission recommended a debt-based, paper currency, created by a corporation, issued for profit, without any legal restraints on the quantity they could print. The Aldrich Plan, which shattered and even destroyed all party lines, made the population subservient to Congress and their collaborators, the bankers.

The money issue is the “greatest political contest“ that the public should address, as it touches every human being. Cozier said, “The victors will rule the republic for all future time, the vanquished being subservient.“ The law shields the wealthy, because of their power, from the consequences of their fraudulent criminal conduct. At the time of the legislation, there were 24,392 banks, which would fall into their grasp, destined to destroy popular government, accommodate the moneychangers by establishing the gold standard, and, largely destroy silver as a medium of exchange, while instituting a paper currency. Wall Street, the big banks and Congress, precip-

itated a new financial and political entity on the country, an informal branch of the government that dominated the other branches. Congress forfeited their exclusive responsibility to issue, and to regulate the supply of public funds, and bank credit for fifty years to a corporation controlled by Wall Street banks. 745 However, did Congress, a cabal of lawyers, and bankers, really forfeit its duty or create a cash cow that it could milk for decades.

The Aldrich Plan, Corporate Currency

Ferdinand Lundberg, referring to Senator Nelson W. Aldrich wrote, “Seven Presidents served under Aldrich, Republican Senate whip.” He had as “unsavory a record as one could conceive.” McClure’s Magazine, February 1905, exposed the Rhode Island political machine, corrupt state senators, all dominated by Aldrich and Charles R. Brayton. “Brayton, Aldrich, and Marsden J. Perry manipulated the legislature, gave themselves perpetual public utility franchises, and passed laws worth millions to themselves. When Aldrich gave up his wholesale grocery business in 1881 to enter the Senate, he was worth \$50,000; when he died, after thirty years in politics, he was worth \$12,000,000.” He made a fortune investing in railroads, banking, sugar, mines, and rubber during King Leopold’s reign of terror in the Belgian Congo, an exploitive corporate state where slave labor, mutilations and genocide were rampant.

Aldrich was certainly not the first or last politician to exploit his government position. In 1798, John Robison revealed that opportunists wanted to influence a country’s military apparatus through the establishment of academies to teach and promote warfare. 728 Military colleges and naval academies are essential to the militarizing of a country. Congress authorized the first military school, West Point on March 16, 1802, and has established others since. On September 18, 1775, the Second Continental Congress sanctioned the Secret Committee, whose members bought arms and gunpowder, from friends or family, for which they overcharged the government, and received a kickback. During the War of 1812, the Livingstons, Elbridge Gerry, Stephen Girard, Thomas Cushing, and Benjamin Harrison, all merchants and members of the Committee, acquired huge fortunes. They kept their transactions private, and destroyed records to maintain confidentiality. Thomas Willing, the first chairman, was a business partner of Robert Morris, the so-called “Financier of the Revolution.”

Eleuthère Irénée du Pont opened the first powder factory in America, and, within four years, his mills produced 600,000 pounds of high quality powder. Prominent in the philosophical movement, he had friends amongst America’s most influential politicians, including Thomas Jefferson, who helped him obtain orders. Secretary of War, Henry Dearborn saw no need to order gunpowder during peacetime. The War of 1812 erupted, and du Pont sold the country all the powder that it needed. Although he sold gunpowder to foreign countries, and to the mining industry, warfare generated

the most profit. Naturally, his profits soared during the brutal fratricidal Civil War. The du Ponts cemented a permanent relationship with the US government. By 1896, they made smokeless powder in several colors. In 1899, the government, collaborating with du Pont, built a smokeless powder plant at Indian Head (NH). Congress then appropriated \$167,000 to build a gunpowder plant in Dover (NJ). By 1907, du Pont seized control of all existing powder companies in the nation. 730 In 1916, government officials, uniting with yet another firm, awarded Bethlehem Shipbuilding, a subsidiary of the Bethlehem Steel Corporation, a generous contract for eighty-five destroyers at a cost of \$134,000,000.

After World War I, the du Ponts testified before a Senate committee where they claimed that their powder won the war. Their average earnings were \$6 million a year (1910-1914). During the war, they averaged \$58 million a year, an increase of over 950 percent. Bethlehem Steel's yearly earnings averaged \$6 million (1910-1914) but increased to \$49 million a year during the war. US Steel's yearly profits went from \$105 million to \$240 million a year during the war. Anaconda Copper's yearly earnings went from \$10 million a year to \$34 million a year during the war. Utah Copper's yearly profits increased from \$5 million to \$21 million. 732 Senators obviously recognized exactly where to invest their money for maximum profits.

Paul M. Warburg helped to devise the basic principles of the infamous Aldrich Plan, the genesis of the Federal Reserve System, a plan that many bankers opposed prior to its passage. In the fall of 1910, Senator Aldrich, wanting to design a Republican alternative to the banking reforms that politicians were then proposing in the Democrat-controlled Congress, allegedly met with six influential bankers at Jekyll Island, to establish the Federal Reserve System. Those bankers represented the interests of J. Pierpont Morgan, Rothschild, Rockefeller, Warburg, and Kuhn, Loeb & Company. J. Pierpont Morgan and Kuhn, Loeb organized the conference where they drafted the Federal Reserve Act. Aldrich and Warburg, Henry P. Davison, Benjamin Strong, Frank A. Vanderlip, all Pilgrims Society members, and Charles D. Norton, attended. The result of that meeting was the blueprint for the Federal Reserve System. Though officials ultimately offered Warburg the job as Fed chairman, he rejected their offer, and instead served as a director until 1918.

Reportedly, Warburg developed a nationwide propaganda campaign in favor of the Aldrich Plan. Academics at Princeton, Harvard, and the University of Chicago assisted in the campaign to promote the feasibility and effectiveness of a central bank. Woodrow Wilson, Princeton's former president, became a spokesman and advocate. Nationally-chartered banks were obligated to contribute to a fund to raise \$5 million to pay for the campaign to convince the American public that the bank plan was beneficial and that Congress should pass it into law. In November 1911, the New Orleans chapter of the American Bankers Association based in Washington, DC, officially resolved to commit itself to the "banking fraternity," and to Aldrich's central bank plan. When people, through their efforts, honestly and fairly produce

wealth for themselves, there is no stigma. They are due the full protection of the law in retaining that wealth. Yet, when individuals combine, and create wealth by improperly manipulating the law to their benefit, and, in the process, confiscate the results of the people's efforts, and place burdens upon them, for the benefit of a few, they neither deserve or should receive the protection of the law.

On January 8, 1912, the National Monetary Commission issued its final report and made recommendations for a proposed bill, known as the Aldrich Plan. Three days later, Senator Theodore E. Burton introduced the Aldrich bill (S. 4431). In that same year, Alfred O. Crozier published a book warning the public against Wall Street and the banking trust, who were then struggling to assume the management of both parties, by offering to finance the campaigns of friendly candidates from both parties. It already had control of many individuals from both parties, who would have blocked a legitimate investigation of the money trust. It was quite willing to spend millions, in order to acquire billions in the future, as well as political control of the nation over the next century. The people might have defeated the proposed measure in 1912, if officials had honestly presented it for open debate. Wall Street and the banks engineered it as a secret issue to prevent all discussion in Congress, and to force the bill through before the end of the session, and the presidential term beginning on March 4, 1913. According to Crozier, the people should have "publicly pledged every delegate, candidate and convention." If a candidate refused to take a stand against the bank, then he should not be in the campaign; "neutrality was not an option." The issuance of the money, government money vs. corporate currency, was of concern to every individual living then, or in the future. Congress intended to grant control of the nation's money to a private corporation owned by the banks, and controlled by Wall Street. This would create an absolute monopoly over the printing and issuing of all public currency.

Crozier wrote, "Remember, those who have power to make money scarce or plenty have power over the business of every man, the happiness of every home, to make or break, to confer or destroy general prosperity. It gives them a hunger-hold on every man, woman and child." Congress created a corporation and implemented a criminal plan beneficial to its members. Yet, the people could have destroyed the long-lasting, dangerous, and daring scheme, which amounted to a legalized hold-up if they had known, but even then, complicity existed between the media and the Congress. If Congress passed the Aldrich Bill, it could not repeal it, because it was a contract for at least fifty years. Congress placed Americans, then totaling 94,000,000, into financial and political bondage, to the calculating, centralized, greedy incorporated money trust. Instead of the people ruling the country, the Congress-created corporation would dominate the people, their currency, and their labor.

Initially, people could redeem the currency for gold. They secured the money by a reserve of "at least one-third the volume in actual gold," dispensed through the accredited banks. The Monetary Commission, an independent group of politicians,

proposed the regulations, which the government did not necessarily guarantee. The Monetary Commission recommended a debt-based, paper currency, created by a corporation, issued for profit, without any legal restraints on the quantity they could print. The Aldrich Plan, which shattered and even destroyed all party lines, made the population subservient to Congress and their collaborators, the bankers. The money issue is the “greatest political contest“ that the public should address, as it touches every human being. Cozier said, “The victors will rule the republic for all future time, the vanquished being subservient.“

On March 12, 1912, Andrew J. Frame, president of Waukesha National Bank, gave an address, Diagnosis of the National Monetary Commission Bill, before the Bankers and Business Men’s Club of Memphis, Tennessee. He condemned the Aldrich bill because it would destroy independent banking, and create a great banking and money monopoly. He said it was a “scheme for wild and dangerous currency and credit inflation, certain to react on the banks, and the country in the shape of frequent panics, following periods of excessive expansion, and speculation, and that the proposed remedy is worse than the claimed disease.“

Aldrich Plan proponents waged an aggressive war against all opposition. Warburg was behind the establishment of the National Citizens’ League led by Professor Oliver Sprague, Professor of Banking and Finance at Harvard and Harvard-educated James L. Laughlin of the Economics Department of the University of Chicago, the recipient of \$50 million from John D. Rockefeller. Sprague, an advisor to the Bank of England wrote History of Crises under the National Banking System for the National Monetary Commission. He took a leave from Harvard when the president appointed him executive assistant to US Secretary of Treasury in 1933.

The law shields the wealthy, because of their power, from the consequences of their fraudulent criminal conduct. At the time of the legislation, there were 24,392 banks, which would fall into their grasp, destined to destroy popular government, accommodate the moneychangers by establishing the gold standard, and, largely destroy silver as a medium of exchange, while instituting a paper currency. Wall Street, the big banks and Congress, precipitated a new financial and political entity on the country, an informal branch of the government that dominated the other branches. Congress forfeited their exclusive responsibility to issue, and to regulate the supply of public funds, and bank credit for fifty years to a corporation controlled by Wall Street banks. 745 However, did Congress, a cabal of lawyers, and bankers, really forfeit its duty or create a cash cow that it could milk for decades.

5.8 The third Bank of the United States

President William Howard Taft (1909-1913), according to a descendant, had refused to pass the Federal Reserve legislation. Yet, Taft (S&B), who had empowered the

Interstate Commerce Commission, accommodated Philander C. Knox, the Secretary of State (1909-1913), who lied about the ratification of the Sixteenth Amendment. They added it to the Constitution on February 3, 1913, just before Taft left office. In addition, Taft targeted underdeveloped Latin American and Asian nations through his Dollar Diplomacy, using US military enforcement. While he implemented some profitproducing plans, he failed to accommodate those who wanted a central bank, and was soon out of a job.

On April 7, 1913, Republican Senator Henry Cabot Lodge introduced the Aldrich Bill. On June 23, 1913, President Wilson addressed a joint session of Congress on banking and currency reform. Senator Robert L. Owen introduced S.2639 (Senate Report, Pt. 2, pp. 33-66). Representative Carter Glass, future Treasury Secretary (1918-1920) a skilled orator, introduced H.R.6454 on June 26, 1913 (House Report, pp. 111-130), the first official introduction of Wilson's Federal Reserve Act proposal. On July 2, 1913, Representative Charles A. Lindbergh Sr. introduced H.R.6578 (HR, pp. 151-155) which included a stipulation, for the period of twenty years from its organization, unless sooner dissolved by Act of Congress. 748 Congress, co-benefactors of the Federal Reserve Act, can dissolve the Fed any time, by legislation, the same way in which it created that corporation.

From September 2 to October 27, 1913, the Senate Banking and Currency Committee, chaired by Owen, conducted hearings during which Frank A. Vanderlip gave testimony. On November 6, 1913, Vanderlip persuaded the Senate Banking Committee to adopt some of his ideas which put the Committee into a deadlock by November 20. Senator Gilbert Hitchcock, on November 22 (CR 50, p. 5962), proposed that the Senate accept the Vanderlip plan and the Senate made such amendments to H.R. 7837 on November 24, 1913 (Senate Report, Part 3, pp. 6-24) creating Owen's 131-page substitute bill. The Senate discussed the amended H.R. 7837 and passed it on December 18, 1913 with 54 yeas to 34 nays with 7 not voting (CR 51, pp. 22, 1230). The House disagreed with the Senate amendment and opted for a conference report (CR 51, p. 1464). Both legislative bodies reached an agreement, and each voted, for the passage of the 30-page H.R. 7837 in the House (435 members), on December 22, with 298 (a majority) to 60 and on December 23, in the Senate (96 members), 43 to 25 with 27 not voting. President Wilson signed H.R. 7837 on December 23, 1913 (CR 51, p. 1688). 753 Article I, section 5, paragraph 3 of the Constitution provides that one-fifth of those present (11 Senators, if no more than a quorum is present) can order the yeas and nays—also known as a roll call vote or a recorded vote.

When the House approved the measure, Congressman Lindberg said, "The money trust caused the 1907 panic and thereby forced Congress to create a National Monetary Commission." Further, he said, "the money trust would cause a money stringency in order to force the bill through Congress ... This bill is passed by Congress as a Christmas present to The money trust". Congressman Lindbergh, according to the Congressional record of February 12, 1917 wrote articles of impeachment for

members of the Federal Reserve Board, William P. G. Harding, governor; Paul M. Warburg, vice governor; Frederick Delano, Adolf C. Miller and Charles S. Hamlin. He charged them with “high crimes and misdemeanors in aiding, abetting, and conspiring with certain persons and firms hereinafter named, and with other persons, and firms, known and unknown, in a conspiracy to violate the Constitution and the laws of the United States.” Probably for retribution or his continued criticism, thugs kidnapped his grandson on March 1, 1932, and then murdered him.

Lindbergh, father of the famous aviator, criticized the banking trust and wrote a book, *Why is Your Country at War*, attempting to explain the corruptness of the banking trust, and its complicity with Congress. He also referred to the Hazard Circular, distributed by Jay Cooke, the government’s fiscal agent, at the end of the Civil War. This pamphlet had the statement, “We lay down the proposition that our national debt made permanent and rightly managed, will be a national blessing. The funded debt of the United States is the addition of three thousand millions (\$3,000,000,000) to the previously realized wealth of the Nation. It is three thousand millions added to the actual available capital.”⁷⁵⁵ Alexander Hamilton also used the phrase “national blessing” when referring to the national debt. Several large Wall-Street-controlled newspapers vilified Lindbergh for calling attention to the banking trust.

A Pilgrims Society member typically manages the New York Federal Reserve. Many bankers, industrialists, diplomats and politicians have been Pilgrims Society members—Mellon, Rockefeller, Astor, Warburg, Rothschild, Du Pont, Harriman, Vanderbilt, Duke, Reynolds, and Cullman. These are the same family names revealed in Lundberg’s *America’s 60 Families*. He provides credible evidence that a hierarchy of the country’s sixty richest families own and control the United States, actually a corporation. These politically incestuous families cooperate with each other, belong to secret societies, and interact at various levels. The inner circle of wealth and power often delegates others to implement certain activities.

Fractional reserve banking, used by the Rothschilds with great success, is dishonest and enslaving. Federal Reserve currency replaced US Treasury Department Notes. The Federal Government does not redeem them for gold, silver, or anything else. Up to 1928, currency carried this statement, “Redeemable in gold on demand at the United States Treasury, or in gold or lawful money at any Federal Reserve Bank.” Prior to 1933, the government redeemed them for gold. Before 1964, people could redeem some notes for silver. From 1934 to 1971, only foreign note holders could redeem them for gold at a fixed rate. Now, all assets held in collateral, by the Federal Reserve, including Social Security number holders and their assets, back Federal Reserve Notes. Twenty years after they created the Federal Reserve in 1913, its influence on United States domestic and foreign policy became well established. In 1933 Congressman Louis T. McFadden wrote, “Every effort has been made by the Federal Reserve Board to conceal its powers, but the truth is, the FED has

usurped the government. It controls everything here (in Congress) and it controls all our foreign relations. It makes and breaks governments at will.“ Since Wilson’s presidency, the Federal Reserve has managed the majority of the US presidents.

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In 1901, the national debt was less than \$1 billion. After World War I, it was \$25 billion. Between the world wars, it increased to \$49 billion. In 1952, in the midst of the Korean War, under U.N. command, the debt stood at \$72 billion. In 1962, it was \$303 billion, which increased to \$383 billion by 1970, during the Vietnam War. By 1976, the end of the Vietnam War, it was \$631 billion. During the 1980s, with the Cold War military buildup, the debt increased substantially. International bankers funded the weaponization of both the United States and the Soviet Union. President Dwight D. Eisenhower’s Executive Order in 1953 classified all congressional records showing the massive bankerfunded technological transfers beginning in 1916. 760 By 1998, the debt was over \$5.5 trillion. Now, it is over \$15 trillion and climbing. This does not include personal indebtedness such as credit cards, car loans or mortgages.

According to authors Geraldine Perry and Ken Fousek in *The Two Faces of Money*, the two kinds of money are debt-based, which is owed, and debt-free or owned money. The Federal Reserve, since its inception, has kept the nation burdened with a debt-based system. Debt-based money represents credit which includes usury. A legitimate monetary authority should create debt-free money that bears no interest which people spend into circulation as money of exchange. Owned money is based on one’s own productivity. Debtbased money, used by central banks in over 170 countries, employs money of accounts. People have used many items as money including livestock, grains, beads, shells, tally sticks, hemp, gold and silver, all owned by the people who used them which represented real wealth. People produced, owned, and circulated those debt-free items as a medium of trade. Currency printed by the Federal Reserve represents money owed to that entity by whoever borrows it, an individual, a bank, an institution or a government. Our money supply, the currency in circulation, is a result of Federal Reserve loans which means debt. It’s a perpetual system in which there will never be enough money to pay the interest. Continuous currency printing creates additional debt and an unstable economic environment. The Federal Reserve is a banker’s bank, a private cartel. It creates money by purchasing government securities with their money and burdens citizens with un-payable, accumulating in-

terest and taxes with an exponentially increasing debt which has inherent instability based on flawed mathematical principles.

Congress created the Federal Reserve, a corporation, to function as a central bank. Many people repeat Eustace Mullins' claims that foreign banks own and control the Federal Reserve Bank of New York, just one of twelve such banks. Dr. Edward Flaherty questions Mullins' evidence that foreign banks own and annually profit from the system. Flaherty claims that the Fed actually pays its profits to the government. At least, that was the way that Congress initially set it up. It organized the twelve FR Banks into separate corporations. Commercial banks operating within the bank's district purchase shares. Those shareholders select the president and six of the nine directors for their FR Bank. In 1983, Mullins claimed that Chase Manhattan Citibank, Morgan Guaranty Trust, Chemical Bank, Bankers Trust Company, Manufacturers Hanover Trust, National Bank of North America, and the Bank of New York owned sixtythree percent of the stock of the New York Fed's stock. He wrote that the Rothschild banking dynasty and approximately a dozen other European banks owned those banks holding that stock. According to a House of Representatives 1976 report, six banks, Chase, National City, Guaranty Trust, J. P. Morgan, Hanover, and Manufacturers Trust purchased controlling stock in the Federal Reserve Bank in New York in 1914.

Mullins claimed that the financial power of England, centered with the House of Rothschild controlled the most powerful men in the United States with the implications that, since 1910, England, and more specifically, the Rothschilds ruled America. He further claimed that when Congress passed the FR Act, "the Constitution ceased to be the governing covenant of the American people, and our liberties were handed over to a small group of international bankers." That document ceased to exist decades before when Congress began functioning in their own behalf instead of serving the citizen's needs. If the Rothschilds and their ilk currently maintain a large measure of financial influence in the United States, we need to remember that they could not function without the assent of Congress. Mullins stated that the FR Bulletin contained the names of the New York Fed stockholders although, according to Flaherty, neither it, nor any other Fed periodical, ever published such information. The Securities and Exchange Commission (SEC), established in June 6, 1934, does not require the publication of a list of key shareholders in a non-publicly traded corporation. One may scrutinize the legalities of acquiring such stock to determine ownership. The FR Act required national and state banks to buy shares in their regional FR Bank in order to join the System. The eight nationally-chartered banks that Mullins named were within the New York Federal district, and, as such, were required to buy stock in that entity, and were, as he argued, probably the primary shareholders.

Gary Kah, who claims anonymous informants, is a former Europe and Middle East trade specialist for the Indiana state government. His list of shareholders, different

than Mullins' list, is the Rothschild Banks (London and Berlin), Lazard Brothers Banks (Paris), Israel Moses Seif Banks (Italy), Warburg Bank (Hamburg and Amsterdam), Lehman Brothers (New York), Kuhn, Loeb Bank (New York), Chase Manhattan, and Goldman, Sachs (New York). According to Kah, foreign owners did not purchase major interests in US banks but owned them directly despite the fact that officials never issued public stock. Title 12, US Code, Section 283, Public subscription to capital stock, states, "No individual, co-partnership, or corporation other than a member bank of its district shall be permitted to subscribe for or to hold at any time more than \$25,000 par value of stock in any Federal reserve bank. Such stock shall be known as public stock and may be transferred on the books of the Federal Reserve Bank by the chairman of the board of directors of such bank." According to the FR Act, officials could sell public stock only if the member banks, in 1913, failed to initially generate \$4 million, which they did. Therefore, officials never sold public stock to anyone, including foreigners, but rather to banks that belonged to the FR System. However, given the passage of time and congressional corruptness, what has changed since 1913?

Mullins claimed that the New York banks owned the largest percentage of stock in the New York Fed and could select the president and board of directors, giving them managerial control of the Fed's actions. However, official policy restricts each commercial bank to only one vote despite the number of shares it holds, as opposed to other corporations in which the biggest shareholder dominates. It is highly unlikely that any small group of member banks would spend the necessary billions of dollars to exercise control over the votes of at least half of over 1,000 member banks that make up the New York FR district.

While it is easier to attribute the nation's apparent economic woes to ominous, untouchable foreign bankers, the fact is that Congress has control. Mullins and Kah claimed that foreign interests, by controlling the New York Fed, rule the FR System, and therefore manage the United States economy. Yet, the president-appointed seven-member Board of Governors and the Federal Open Market Committee (FOMC) control the System, not the New York Fed, which has only one vote out of twelve. The Senate approves the president's selection of the Board which then determines interest rates, commercial bank loans, the obligatory reserve ratio, and the issuance of new currency each year (12 USCA 248). The FOMC, composed of the Board, the New York Fed president, and four presidents from other Fed Banks, regulates the amount of government bonds that the Fed Banks may trade. The FR Bank must maintain its reserve ratio and cannot issue additional currency, or buy government bonds unless the Board or the FOMC approves. The Board and the FOMC determines United States economic policies, and not international bankers, or the Federal Advisory Council, a Board-appointed nonvoting group that consults quarterly with the Board about economic conditions. Mullins attributes extraordinary power to this Council, which directly contradicts his claim that European

bankers control the New York Fed, and the nation's economy.

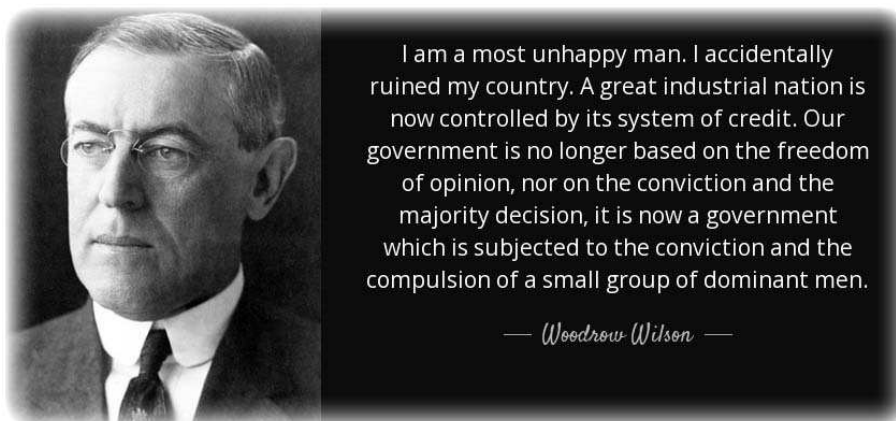


Figure 5.18: U.S. President Woodrow Wilson describing his legacy, bringing the United States back into debt slavery.

The FR System, a corporation, is incredibly successful, and accrues huge profits. According to an agreement between the Board and the Treasury, since 1947, the Fed pays the majority of those profits to the US Treasury. It dispenses the remainder, less than one percent, to its stockholders as dividends. Every issue of FR paper is a lien upon the products of labor. The federal government is responsible for the unequal distribution of wealth. Warfare is one of the biggest expenditures, currently exceeded by bureaucratic agencies. The elite view these as more important than the reasonable needs of society. The parasitic elite, who produce nothing but live off the efforts of others, use bureaucrats and brute force to control the masses. The question one should always ask is *Cui bono*—“To whose benefit;” or literally “as a benefit to whom;”

Conspiracy at Jekyll Island

Jekyll Island was a property off the coast of Georgia owned by J. P. Morgan. A meeting was hosted in 1910 by Senator Nelson Aldrich of Rhode Island, a business associate of Morgan and the father-in-law of John D. Rockefeller Jr. The Republican “whip” in the Senate, Aldrich was known as the Wall Street Senator, a spokesman for big business and banking. Although Aldrich hosted the meeting, credit for masterminding it is attributed to a German immigrant named Paul Warburg, who was a partner of Kuhn, Loeb, the Rothschild’s main American banking operation after the Civil War. Other attendees included Benjamin Strong, then head of Morgan’s Bankers Trust Company; two other heads of Morgan banks; the Assistant Secretary of the U.S. Treasury; and Frank Vanderlip, president of the National City Bank of New York, then the most powerful New York bank (now called Citibank), which represented William Rockefeller and Kuhn, Loeb. Morgan was the chief driver behind the plan, and the Morgan and Rockefeller factions had long been arch-rivals; but

they had come together in this secret rendezvous to devise a banking scheme that would benefit them both. Vanderlip wrote later of the meeting:

“We were instructed to come one at a time and as unobtrusively as possible to the railroad terminal . . . where Senator Aldrich’s private car would be in readiness. . . . Discovery, we knew, simply must not happen. . . . If it were to be exposed publicly that our particular group had written a banking bill, that bill would have no chance whatever of passage by Congress . . . [A]lthough the Aldrich Federal Reserve plan was defeated its essential points were contained in the plan that was finally adopted.”

The panic of 1907 was triggered by rumors that the Knickerbocker Bank and the Trust Company of America were about to become insolvent. Later evidence pointed to the House of Morgan as the source of the rumors. The public, believing the rumors, proceeded to make them come true by staging a run on the banks. Morgan then nobly helped to avert the panic by importing \$100 million worth of gold from Europe to stop the bank run. The mesmerized public came to believe that the country needed a central banking system to stop future panics. Robert Owens, a co-author of the Federal Reserve Act, later testified before Congress that the banking industry had conspired to create such financial panics in order to rouse the people to demand “reforms“ that served the interests of the financiers. Congressman Lindbergh charged:

“The Money Trust caused the 1907 panic [T]hose not favorable to the Money Trust could be squeezed out of business and the people frightened into demanding changes in the banking and currency laws which the Money Trust would frame.”

The 1907 panic prompted the congressional inquiry headed by Senator Aldrich, and the clandestine Jekyll Island meeting followed. The result was a bill called the Aldrich Plan, but the alert opposition saw through it and soundly defeated it. Morgan had another problem besides the opposition in Congress. He needed a President willing to sign his bill. William Howard Taft, the President in 1910, was not a Morgan man. McKinley had been succeeded by his Vice President Teddy Roosevelt, who was in the Morgan camp and had been responsible for breaking up Rockefeller’s Standard Oil. Taft, who followed Roosevelt, was a Republican from Rockefeller’s state of Ohio. He took vengeance on Morgan by filing antitrust suits to break up the two leading Morgan trusts, International Harvester and United States Steel. Taft was a shoo-in for reelection in 1912. To break his hold on the Presidency, Morgan deliberately created a new party, the Progressive or Bull Moose Party, and brought Teddy Roosevelt out of retirement to run as its candidate. Roosevelt took enough votes away from Taft to allow Morgan to get his real candidate, Woodrow Wilson, elected on the Democratic ticket in 1912. Roosevelt walked away realizing he had been duped, and the Progressive Party was liquidated soon afterwards. Wilson was surrounded by Morgan men, including “Colonel“ Edward Mandell House, who had his own rooms at the White House. Wilson called House his “alter ego.”

To get their bill passed, the Morgan faction changed its name from the Aldrich Bill to the Federal Reserve Act and brought it three days before Christmas, when Congress was preoccupied with departure for the holidays. The bill was so obscurely worded that no one really understood its provisions. The bill passed on December 22, 1913, and President Wilson signed it into law the next day. Later he regretted what he had done. He is reported to have said before he died, “I have unwittingly ruined my country.” The Federal Reserve Act of 1913 was a major coup for the international bankers. They had battled for more than a century to establish a private central bank with the exclusive right to “monetize” the government’s debt (that is, to print their own money and exchange it for government securities or I.O.U.s). The Act’s preamble said that its purposes were “to provide for the establishment of Federal Reserve Banks, to furnish an elastic currency, to afford a means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes.” In plain English, the Federal Reserve Act authorized a private central bank to create money out of nothing, lend it to the government at interest, and control the national money supply, expanding or contracting it at will. Representative Lindbergh called the Act “the worst legislative crime of the ages.” He warned:



Figure 5.19: The seven people meeting at Jekyll Island to plan the Federal Reserve System.

“[The Federal Reserve Board] can cause the pendulum of a rising and falling market to swing gently back and forth by slight changes in the discount rate, or cause violent fluctuations by greater rate variation, and in either case it will possess inside information as to financial conditions and advance knowledge of the coming change, either up or down. This is the strangest, most dangerous advantage ever placed in the hands of a special privilege class by any Government that ever existed. . . . The financial system has been turned over to . . . a purely profiteering group. The system is private, conducted for the sole purpose of obtaining the greatest possible profits from the use of other people’s money.”

In 1934, in the throes of the Great Depression, Representative Louis McFadden would go further, stating on the Congressional record:

“ome people think that the Federal Reserve Banks are United States Government institutions. They are private monopolies which prey upon the people of these United States for the benefit of themselves and their foreign customers; foreign and domestic

speculators and swindlers; and rich and predatory money lenders. In that dark crew of financial pirates there are those who would cut a man's throat to get a dollar out of his pocket; there are those who send money into states to buy votes to control our legislatures; there are those who maintain International propaganda for the purpose of deceiving us into granting of new concessions which will permit them to cover up their past misdeeds and set again in motion their gigantic train of crime. These twelve private credit monopolies were deceitfully and disloyally foisted upon this Country by the bankers who came here from Europe and repaid us our hospitality by undermining our American institutions."

In *The Creature from Jekyll Island*, Ed Griffin writes that "modern money is a grand illusion conjured by the magicians of finance and politics." The function of the Federal Reserve, he says, "is to convert debt into money. It's just that simple." The mechanism may seem complicated at first, but "it is simple if one remembers that the process is not intended to be logical but to confuse and deceive." The process by which the Fed converts debt into money begins after the government's bonds are offered to the public at auction. Griffin explains:

"[T]he Fed takes all the government bonds which the public does not buy and writes a check to Congress in exchange for them There is no money to back up this check. These fiat dollars are created on the spot for that purpose. By calling these bonds "reserves," the Fed then uses them as the base for creating 9 additional dollars for every dollar created for the bonds themselves. The money created for the bonds is spent by the government, whereas the money created on top of those bonds is the source of all the bank loans made to the nation's businesses and individuals. The result of this process is the same as creating money on a printing press, but the illusion is based on an accounting trick rather than a printing trick."

The result is the same with this difference: in the minds of most people, printing press money is created by the government. The accounting trick that generates 99 percent of the U.S. money supply today is the sleight of hand of private banks.

Who owns the Federal Reserve?

The "Federal" Reserve is actually an independent, privately-owned corporation.⁹ It consists of twelve regional Federal Reserve banks owned by many commercial member banks. The amount of Federal Reserve stock held by each member bank is proportional to its size. The Federal Reserve Bank of New York holds the majority of shares in the Federal Reserve System (53 percent). The largest shareholders of the Federal Reserve Bank of New York are the largest commercial banks in the district of New York. In 1997, the New York Federal Reserve reported that its three largest member banks were Chase Manhattan Bank, Citibank, and Morgan Guaranty Trust Company. In 2000, JP Morgan and Chase Manhattan merged to become JPMorgan Chase Co., a bank holding company with combined assets of \$668 billion. That made

it the third largest bank holding company in the country, after Citigroup (at \$791 billion) and Bank of America (at \$679 billion). Bank of America was founded in California in 1904 and remains concentrated in the western and southwestern states. Citigroup is the cornerstone of the Rockefeller empire.

In January 2004, JPMorgan Chase & Co. undertook one of the largest bank mergers in history, when it acquired BankOne for \$58 billion. The result was to make this Morgan-empire bank the secondlargest U.S. bank, both in terms of assets (\$1.1 trillion to Citigroup's nearly \$1.2 trillion) and deposits (\$490 billion to Bank of America's \$552 billion). JPMorgan Chase now issues the most Visas and MasterCard's of any bank nationwide and holds the largest share of U.S. credit card balances. In 2003, credit cards surpassed cash and checks as a medium of exchange used in stores. Thus Citibank and JPMorgan Chase Co., the financial cornerstones of the Rockefeller and Morgan empires, are not only the two largest banks in the United States but are the two largest shareholders of the New York Federal Reserve, the branch of the Fed holding a majority of the shares in the Federal Reserve system. The Federal Reserve evidently remains squarely under the control of the Robber Barons who devised it. The central Federal Reserve Board in Washington was set up to include the Treasury Secretary and Comptroller of the Currency, both U.S. government officials; but the Board had little control over the 12 regional Federal Reserve Banks, which set most of their own policy. They followed the lead of the New York Federal Reserve Bank, where the Fed's real power was concentrated. Benjamin Strong, one of the Jekyll Island attendees, became the first president of the New York Federal Reserve. Strong had close ties to the financial powers of London and owed his career to the favor of the Morgan bank.



Figure 5.20: The third Bank of the United States, the Federal Reserve. Shown is just one of the 12 Banks part of the system.

A popular rumor has it that the Federal Reserve is owned by a powerful clique of foreign financiers, but this is obviously not true. It is owned by Federal Reserve Banks, which are owned by American commercial banks, which are required by law to make their major shareholders public; and none of these banks is predominantly

foreignowned. 12 But that does not mean that the banking spider is not in control behind the scenes. According to Hans Schicht (the financial insider quoted in the Introduction of the book “Web of Debt”), the “master spider“ has just moved to Wall Street. The greater part of U.S. banking and enterprise, says Schicht, is now controlled by a very small inner circle of men, perhaps headed by only one man. It is all done behind closed doors, through the game he calls “spider webbing.“ As noted earlier, the rules of the game include exercising tight personal management and control, with a minimum of insiders and front-men who themselves have only partial knowledge of the game; exercising control through “leverage“ (mergers, takeovers, chain share holdings where one company holds shares of other companies, conditions annexed to loans, and so forth); and making any concentration of wealth invisible. The master spider studiously avoids close scrutiny by maintaining anonymity, taking a back seat, and appearing to be a philanthropist.

Before World War II, the reins of international finance were held by the powerful European banking dynasty the House of Rothschild; but during the war, control crossed the Atlantic to their Wall Street affiliates. Schicht maintains that the role of master spider fell to David Rockefeller Sr., grandson on his father’s side of John D. Rockefeller Sr. and on his mother’s side of Nelson Aldrich, the Senator for whom the precursor to the Federal Reserve Act was named. David Rockefeller was a director of the Council on Foreign Relations from 1949 to 1985 and its chairman from 1970 until 1985, and he founded the Trilateral Commission in 1976. Schicht states that he also convoked the 1944 Bretton Woods Conference, at which the International Monetary Fund and the World Bank were devised; and he was instrumental in founding the elite international club called the “Bilderbergers.“

The Council on Foreign Relations (CFR) is an international group set up in 1919 to advise the members’ respective governments on international affairs. It has been called the preeminent intermediary between the world of high finance, big oil, corporate elitism, and the U.S. government. The policies it promulgates in its quarterly journal become U.S. government policy. The Trilateral Commission has been described as an elite group of international bankers, media leaders, scholars and government officials bent on shaping and administering a “new world order,“ with a central world government held together by economic interdependence. 16 Former presidential candidate Barry Goldwater said of it:

“The Trilateralist Commission is international [and] is intended to be the vehicle for multinational consolidation of commercial and banking interests by seizing control of the political government of the United States. The Trilateralist Commission represents a skillful, coordinated effort to seize control and consolidate the four centers of power — political, monetary, intellectual, and ecclesiastical.“

The “Bilderbergers“ were described by a June 3, 2004 BBC special as “one of the most controversial and hotly-debated alliances of our times,“ composed of “an elite coterie of Western thinkers and powerbrokers“ who have been “accused of fixing the

fate of the world behind closed doors.“ The group has been suspected of steering international policy. Some say it plots world domination. But nobody knows for sure, because its members are sworn to secrecy and the press won't report on its meetings.

5.9 Localized Warfare and Asset Exploitation

Iranian Oil Exploitation, a Precursor to Further Warfare

Between 1850 and 1880, numerous individuals from rival companies in France, Belgium, Britain, Russia, and America competed for the opportunity to construct and finance railways and other projects in Persia. However, these various attempts were never productive. Persia had lost territory to Russia in the early nineteenth century so Nasser al-Din Shah Qajar, the King of Persia (1848-1896) compensated for this territorial loss by seizing Herat, Afghanistan (1856). Britain regarded the move as a threat to British India and declared war on Iran, forcing the return of Herat as well as Iranian recognition of the kingdom of Afghanistan. In 1872, Shah Qajar granted a concession to Baron Julius de Reuter (born Israel B. Josephat), a British citizen, for the control of all Persian roads, telegraphs, mills, factories, extraction of resources, and other public properties. In exchange de Reuter would pay the king a specific sum over a five-year period and de Reuter would receive sixty percent of the net profits for twenty years. The public immediately protested this outrageous concession. The Russian government also opposed the agreement. Because of immense pressure, the Shah rescinded, despite his deteriorating financial condition. He was the first Persian monarch to visit Europe (1873, 1878) and was impressed with Britain's technology. In 1873, Queen Victoria made him a Knight of the Order of the Garter, the first Persian monarch to receive it. During his visit, he met with several Jewish leaders, including Sir Moses Montefiore. The Shah, possibly thinking of the financial benefits, suggested that the Jews buy land and establish a state for the Jewish people.

Others had interests in what we now refer to as the Middle East. Ferdinand de Lesseps, a French developer, initially obtained a construction concession (1854 and 1856) from Sa'id Pasha, the Khedive (viceroy) of Egypt and Sudan (1854-1863). The Frenchman visualized a canal, the Suez Canal, as a passage to ships of all nations. Later, people referred to it as the Highway to India, opening in 1869, joining the Mediterranean and Red Seas. Ismail Pasha, the Khedive of Egypt and Sudan (1863-1879), modernized Egypt through industrial investments, infrastructure projects, and expansion of the nation's borders into Africa. However, his modernization efforts came with a huge burden of debt that he could not pay. Benjamin Disraeli, Britain's first Jewish Prime Minister, borrowed £4,080,000 from his friend, Nathan M. Rothschild and bought 176,000 shares in the Suez Canal Company on

November 25, 1875. The British government then assumed managerial control on December 8, 1875 through the Administrative Council of the General Company of the Suez Maritime Canal. Abdülhamid II, the Ottoman Sultan, outraged over foreign bankers, and corrupt officials, ousted Ismail Pasha in 1879, and Tewfik Pasha succeeded him, followed by anarchy and a military mutiny. In September 1879, Robert Gascoyne-Cecil, Lord Salisbury, the Secretary of State for Foreign Affairs, along with the French ambassador in London, decided that Britain and France would not tolerate any political influence in Egypt by what they viewed as a competing power. Both countries would take military action, to the extent necessary, to prevent such a situation. Friedrich Engels viewed the British occupation of Egypt, actually under Turkish jurisdiction, as in the pursuit of human interests. The British military intervened on 1882, to protect its financial interests, the Suez Canal, and to quell nationalist rioting, which resulted in the Battle of Tel el-Kebir, on September 13, 1882. Occupation authorities reinstated Tewfik Pasha twelve days later.



Figure 5.21: Map of Asia before 1900.

Winston Churchill's father, Lord Randolph Churchill, was intimate friends with Nathan M. Rothschild, the great-grandson of Mayer A. Rothschild, and head of the London branch of the family bank after his father's death in 1879. As a boy, Churchill had befriended the Rothschilds, especially his schoolmate Nathan or Natty, as they

called him. Nathan paid for Randolph's trip to South Africa, to evaluate the natural resources in the area, and then lent him £65,000 to invest in the mining syndicates. Randolph died before he repaid the loan. Rothschild also funded Cecil Rhodes, and the creation of the British South Africa Company (1889), patterned after the British East India Company, and the De Beers diamond conglomerate. He administered Rhodes's estate after his death (1902) and helped establish the Rhodes scholarship program at Oxford University. Randolph Churchill was a staunch supporter of Jewish causes, especially the issues that were important to his close associates, and friends. In 1881, as a member of parliament (1874-1895), he persuaded the government to investigate the reports of pogroms against the Jews in Russia. On January 11 and 13, 1882, *The Times*, now owned by a subsidiary of Rupert Murdoch's News-corp, attracted worldwide attention to the pogroms. In 1883, Churchill favored the political emancipation for all of the Jews living in Britain. In 1882, after Britain sent a military force to Egypt, Churchill was annoyed at Prime Minister William E. Gladstone, when he sent a member of the gentile Baring Bank to examine Egypt's financial records, instead of a Rothschild, whose money had enabled the British to attain their financial interest in the canal.

Major part about colonization, oil here and there, natural gases, gold in Australia, diamonds in Africa, drugs in China etc. By 1905, British financiers had realized that petroleum was more efficient and less labor-intensive than coal, which made it strategically and financially important. Britain imported oil from Standard Oil, of Mexico, a country dominated by the US oil firm, or from Russia. Energy-poor Britain was actually behind technologically, agriculturally and industrially. British strength was in naval power, and they kept ships in the Gulf to deter other countries from the resources of India, a country they had exploited for generations. In 1912, the Royal Commission charged with investigating British oil supplies, agreed with Winston Churchill who said, "We must become the owners or at any rate the controllers at the source of at least a proportion of the oil which we require." In 1912, a British, Dutch and German group created the Turkish Petroleum Company, which obtained a concession to prospect for oil in the Baghdad and Mosul Wilayet.

The Committee of Imperial Defence planned for a war against Germany to begin in 1914. Individuals installed Churchill into a managerial position in the Admiralty in order to prepare for that war. In 1913, Churchill, as First Lord of the Admiralty, anticipating not just a local European war, but instead a world war, recognized the necessity of oil-powered ships to win that war. Thus, on June 17, 1914, he urged the government to spend £2 million, financed in part by N.M. Rothschild, to purchase fifty-one percent of the Anglo-Persian Oil Company, founded in 1908, after an oil discovery in Masjed-Soleyman, Iran, a transaction that gave Britain the major interest in the oil company. On May 23, 1914, the *London Petroleum Review* published a map of Mesopotamia (Iraq) showing all of the oilfields that would conceivably fall into the hands of certain British citizens, if they triumphed

in what would be a very bloody battle. Mesopotamia is where the Germans had recently contracted to build the railroad between Berlin and Baghdad, a situation that provoked the British into devising a war. The Germans were also interested in cotton, oil, farming, and trade with the locals, not just a railroad. In August 1914, Britain was bankrupt when it declared war against Germany. The British and other participants in the war had secret agreements, numerous credits, and systematic schemes to redistribute the vast raw materials and the “physical wealth of the entire world after the war, especially areas believed to hold significant petroleum reserves in the Ottoman Empire.”

British and Rothschild foreign policy were uniquely compatible. Britain’s interests became inseparable from the Anglo-Persian Oil Company, the only oil producing enterprise in the Middle East until 1927. In the first few years, Britain, through Anglo-Persian extracted millions of barrels of oil, while treating thousands of indigenous workers like slaves. Britain established a system of filling stations in the UK and retailed Iranian oil to several European countries and in Australia. 815 Britain, experts at imperialistic exploitation, all but drained the life’s blood out of that desert land. People know the company by various names: Anglo-Iranian, British Petroleum, or just BP, which ultimately merged with Standard Oil. On September 17, 1928, Henry Deterding of Shell Oil, John Cadman, of Britain’s Anglo-Persian Oil Company and Walter Teagle, president of the Standard Oil Company formalized the Achnacarry Agreement.

It was a secret pact that established the Seven Sisters oil cartel wherein Britain and France agreed to let the United States share in the oil resources in the Middle East, which they parceled out to the three countries. By 1932, Esso (Standard of New Jersey), Mobil (Standard of New York), Gulf Oil, Texaco, Standard of California (Chevron), Royal Dutch Shell and Anglo-Persian Oil Co. (British Petroleum) had become part of the Achnacarry cartel, which set world oil prices. That pact is apparently still in effect. 816 This oil cartel is part of the global banking and financial interests of the Rockefellers, the Morgans, the Warburgs, the Rothschilds, and others.

Standard’s Procedures

China, Russia, America and Germany were independent, intellectually resourceful and therefore, represented “dangerous competition“ to the banker-dominated British Empire. Consequently, the British, puppets working in behalf of the international bankers, collaborating with or exploiting other nations, have methodically terrorized each target country using numerous methodologies. The British included the following cycle of repression just against China:

Overview of Resource-Wars		
War	British Allies	British Target
<i>First Opium War</i> , 1839 – 42	France	Qing Dynasty
<i>Second Opium War</i> , 1856 – 60	France	Qing Dynasty
<i>Revolution</i> , 1857 – 58	France	Chinese Nationalists
<i>Storming of Peking</i> , 1860	France	Qing Dynasty
<i>Revolution</i> , 1860 – 65	France	Chinese Nationalists
<i>Sino – Japanese War</i> , 1894 – 95	Japan	Qing Dynasty
<i>Boxer Rebellion</i> , 1899 – 1901	8-Nation Alliance	Qing Dynasty
<i>Revolution</i> , 1916 – 27	France, Japan, Spain	Gen. Chiang Kai-Shek
<i>Manchurian Conquest</i> , 1931	Japan	Gen. Chiang Kai-Shek

Several factors contributed to Chinese discontent and the development and expansion of the Boxer movement, called the “Righteous Fists of Harmony“ or the “Society of Righteous and Harmonious Fists“ (Boxers in English). Chinese opposition, by the Boxers, initially began in 1869 when they first used the slogan “Support the Qing, destroy the foreign.“ These important factors were: 1) a drought and subsequent flooding in Shandong province (1897-1898) forced farmers to flee to cities to seek food; 2) an increasing number of Christian missionaries, both Protestant and Catholic; 3) the exemption of missionaries from numerous laws; 4) the French Minister, in 1899, aided the missionaries to obtain special status enabling them to ignore local officials; 5) Since 1840, foreign powers had been fragmenting sovereignty; 6) foreign powers had forced China to import opium, causing widespread addiction; 7) foreign powers appeared to be incrementally colonizing China; 8) foreigners claimed the right to promote Christianity; 9) foreigners imposed unequal treaties whereby their companies were immune from Chinese law; and 10) foreign powers seized land and demanded extraterritorial rights for their citizens living in China. This caused resentment and angry reactions among the Chinese. One official stated it very succinctly, “Take away your missionaries and your opium and you will be welcome.“

France, Japan, Russia, and Germany each had spheres of influence and it appeared, at least to the Chinese, that these countries might actually dismember and rule their country. By 1900, the Qing Dynasty, that ruled China for over 200 years, was faltering and powerful foreigners, with unfamiliar religions, were assaulting the culture and attempting to replace it with materialism. By January 1900, the Empress Dowager Cixi, of the Manchu Yehenara clan, the powerful ruler of the Qing Dynasty (1861-1908) and her supporters came to the defense of the Boxers and their expanding movement. She refused to adopt the Western style of government, although she did approve of, and supported, technological advancement, and the modernization of China’s armies, which undoubtedly benefitted the same bankers and armament manufacturers who were militarizing Japan. The Chinese were completely dependent on foreign petroleum, as they had not yet developed their own resources. By 1900, Standard Oil already had a network of local Chinese merchants, who understood the

culture, and had existing business connections, thus avoiding the stigma of a foreign company. Well-compensated merchants built a complex distribution system of transport and storage facilities throughout China, of which Standard maintained indirect ownership. Local agents promoted Standard's petroleum products, especially kerosene for lamps and stoves.

American Minister Edwin H. Conger cabled Washington, referring to the Chinese, "The whole country is swarming with hungry, discontented, hopeless idlers." On May 30, 1900, British Minister Claude M. MacDonald and other foreign diplomats requested military aid to defend the foreign legations. The Chinese government unwillingly agreed. The following day, over 400 soldiers, part of the Eight-Nation Alliance, disembarked from warships, coincidentally already in the area. The 400 soldiers then traveled from Tianjin to Peking by train. Upon arrival, they established defensive boundaries around their respective missions. The alliance included Austria-Hungary, France, Germany, Italy, Japan, Russia, Britain and the United States. Given the size of their combined military forces of fifty-four warships, 4,971 US Marines and 49,255 soldiers, its intentions were obvious. These foreign forces intervened in China to forcibly suppress the pro-national, anti-foreign Boxers and halt their angry siege of the diplomatic legations in Peking. On June 5, 1900, the Boxers cut the railroad line from Tianjin and isolated Peking. On June 13, Chinese soldiers murdered a Japanese diplomat. On the same day, under the direction of the German Minister, Clemens von Ketteler, German soldiers captured and executed a Boxer, apparently just a boy. In retaliation, thousands of Boxers broke through the walled city of Peking, and burned many Christian churches. US Marines halted a Boxer attack on the Methodist Mission, where many British missionaries had taken refuge. Soldiers at the British Embassy and German Legations killed several Boxers, which disaffected Peking's Chinese population. The Muslim Kansu braves, many Boxers and other Chinese residents killed Chinese Christians, seeing them as agents for foreigners, as a reprisal for the long-term, foreign assaults on the Chinese. Ultimately, the US government sent 100,000 troops to protect foreign business owners during the Boxer Rebellion. By August 14, 1900, US troops, along with the other forces, crushed the short-lived rebellion against foreign exploitation.

In addition to Standard Oil's interests in China, Philander C. Knox, Secretary of State (1909-1913), using the same "Dollar Diplomacy" as he had in Central and South America, tried to coerce the Chinese to negotiate with the Harriman railroad, financed by Kuhn & Loeb, Morgan, the First National Bank and the Rockefeller-controlled National City Bank, instead of working with the British, French and the Germans as they had been doing. The Chinese, with an upsurge of nationalism and anti-foreignism, some of the causes of the Boxer Rebellion, demanded revisions of the treaty system. The big powers considered the requests at the Washington Conference (November 1921-February 1922), and decided to allow China to gradually "regain control over the customs and to permit the interim collection of a 2.5 percent

tax on imports and exports.“ Some of the signatories did not ratify the Washington Treaty so it was invalid. 824 825 President Harding signed it on June 9, 1923. Officials had not invited Russia to this conclave. By 1921, the United States had assumed Britain’s position as the world’s super power. The conference leaders, to satisfy Standard’s demands, adopted inequitable procedures, very similar to those they had used a couple of years earlier against Germany, which people referred to as the “Versailles-Washington“ system of international relations. The United States, while sounding agreeable and obliging, with its complicit corporate partners, quashes many countries that have attempted to develop a nationalistic self-government.

African Resources and the Boer Wars

In 1867, individuals found the first diamonds in the vicinity of the Orange River in South Africa. The Boers, the Dutch and Afrikaans, word for farmer, were the descendants of the Dutch-speaking settlers of the eastern Cape frontier. In September 1870, individuals found diamonds on the farms of Dutoitspan and Bulfontein. 838 In July 1871, merchants founded a diamond mine at Kimberley, a city in South Africa. 839 People found diamonds along the banks of the Vaal River. By October 1871, Britain annexed the Vaal/Harts region. 840 In 1880, the British attempted to annex the Transvaal which led to the First Boer War, December 16, 1880 to March 23, 1881. It led to the signing of a peace treaty, on August 3, 1881, and later the Pretoria Convention, between the British and the newly created South African Republic, ending the First Boer War, which was shortly followed by the second Boer War in 1899 due to claims regarding natural resources.

Cecil Rhodes and Alfred Beit organized and managed the De Beers Mining Corporation and the diamond business. Rhodes and Beit played a part in provoking the war (1899-1902). The indigenous population militantly opposed British control. Germany also sought influence in the area. The Boers held two positions in Bechuanaland while Britain attempted to expand its control of the region, despite the 1884 Anglo-Boer treaty. The Transvaal relinquished its claim in Bechuanaland and withdrew. Rhodes persuaded British officials to provide protection to native chiefs against Germany, in addition to impeding the Boers’ attempts to acquire a republic in Zululand that would give them access to the sea. In 1886, prospectors discovered gold on the Witwatersrand which increased Rhodes’ economic and imperialistic aspirations. He obtained additional powers for his London-chartered South Africa Company, expecting that they would compel acquiescence from the Transvaal. In July 1890, Rhodes assumed the position of Prime Minister of the Cape Colony. Using his company, he added a large portion of Rhodesia to Britain’s Empire and envisioned a Cape to Cairo railroad.

Winston Churchill and Cecil Rhodes, intimate friends, shared the same Anglo-American beliefs of returning the United States to British rule. On June 2, 1899,

Churchill and Rhodes had breakfast at London's Burlington Hotel and planned South Africa's war. Also in 1899, Churchill, referring to the Muslims, wrote, "How dreadful are the curses which Mohammedanism lays on its votaries! Besides the fanatical frenzy, which is as dangerous in a man as hydrophobia in a dog, there is this fearful fatalistic apathy." Further he wrote, "No stronger retrograde force exists in the world ... Mohammedanism is a militant and proselytizing faith. The Second Boer War (October 11, 1899-May 31, 1902) occurred because the bankers and industrialists, backed by an imperialistic government, lusted for the massive South African gold and diamond resources. The British government sent 400,000 propagandized soldiers who waged war against about 30,000 armed farmers, who defending their farmlands, resisted the military onslaught. Lord Alfred Milner, per Rothschild's instructions, in opposition to the wishes of the British population, arranged the Boer Wars. Kruger, the State President of the South African Republic (Transvaal), advocated the use of guerrilla warfare, which the residents used to defy the invaders in the Second Boer War. To avoid these kinds of difficulties in the future, the bankers formulated a system of managed conflict for their next warfare efforts.

When the Boers attempted to expel the British, Lord Herbert H. Kitchener used the scorched earth policy in the Second Boer War and destroyed farms and homes to prevent rebels from obtaining food and supplies, which left women and children without homes, crops, and livestock. The British then erected camps (One of the first concentration camps) for displaced persons until the war ended. Overcrowding, insufficient food and supplies caused the death of 27,927 Boers, 26,251 of whom were women and children. Three factors prompted British aggression in Africa. They were, 1) Britain wanted to control the trade routes to India around the Cape; 2) the 1867-1868 discoveries of diamonds in the Kimberley area on the common borders of the South African Republic which the British called the Transvaal and a major gold find first in the Orange Free State and the Cape Colony, and, in 1886 in the Transvaal and; 3) competition with other European powers that were viewing colonial expansion into Africa. Those other countries included Portugal which controlled what is now Angola and Mozambique. Germany had influence in what is now Namibia while Belgium controlled what is now the Democratic Republic of the Congo and France had interests in what is now West and Equatorial Africa, and Madagascar.

The Transvaal, in South Africa, since the Boer War, was a Crown Colony, governed by a Legislative Assembly, presided over by the governor of the Colony, Lord Alfred Milner. By 1913, Hoover, presumably still a Rothschild minion, had large financial interests in at least sixteen major companies dealing with the natural resources of China, Burma, Russia, and other areas. By 1917, he had vast interests in the Maikop areas of Russia. Fortunately, before the 1917 Bolshevik Revolution, he had withdrawn from one of the major corporations and had sold his holdings. The Soviet government confiscated his numerous concessions and mines. Hoover, at the Paris

Peace Conference, criticized Bolshevism, and allegedly remained a foe of the Soviets for the rest of his life. Nevertheless, he was one of the first Americans to offer massive aid to prevent a major uprising against the faltering Bolshevik regime. On November 28, 1917, his colleague, Edward M. House cabled President Wilson within days after the Bolsheviks had seized power. House told Wilson, “It is exceedingly important that such criticism be suppressed.” Officials concealed the telegram for several years. An armed intervention failed in Russia because of the strong support given the Soviets by France, England and the United States. Americans were adamantly opposed to sending men, arms, food, and money to the anti-Soviet armies because the media had so thoroughly propagandized the public. People organized “Hands off Russia” committees, and laborers and soldiers refused to fight, and support interventionist policies. Journalists, educators and businessmen protested any attack on the Soviets. On December 1, 1919, England’s Chief of Staff wrote, “The difficulties of the Entente in formulating a Russian policy have, indeed, proved insurmountable, since in no Allied country has there been a sufficient weight of public opinion to justify armed intervention against the Bolsheviks on a decisive scale, with the inevitable result that military operations have lacked cohesion and purpose.”

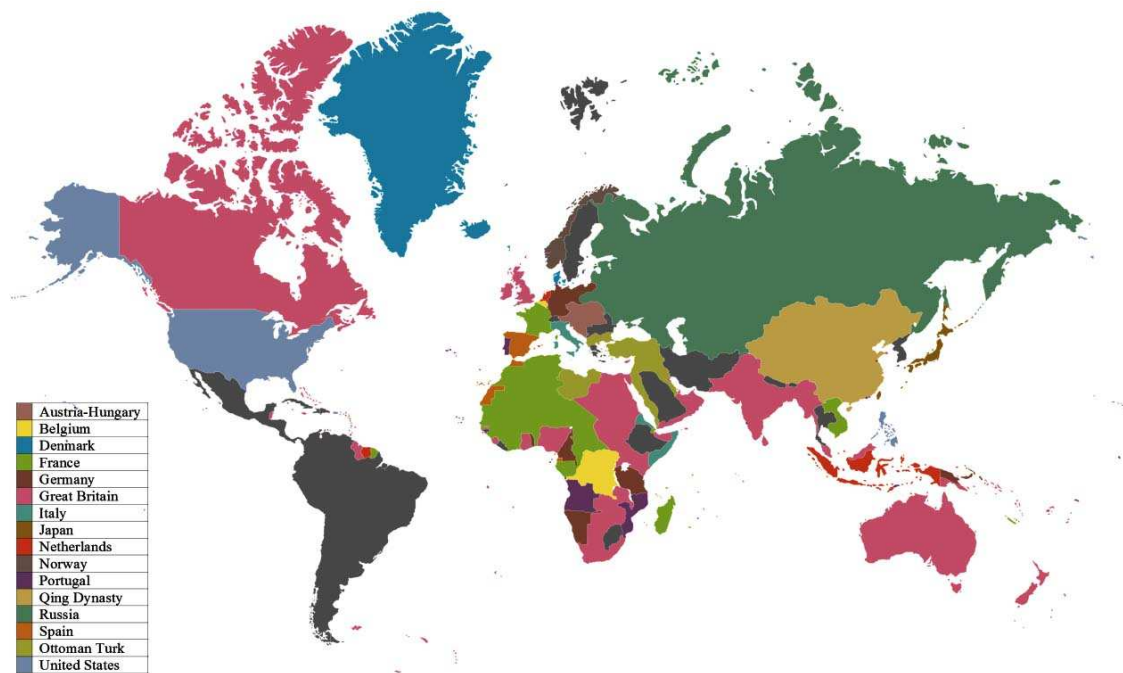


Figure 5.22: Map of the World of 1900, just to have an overview.

Failure to intervene was due to imperialistic rivalries. The British were concerned about France’s objectives in the Black Sea and Germany’s aspirations in the Baltic. Americans were supposedly worrying about Japan’s aims in Siberia. Any covert efforts to halt the Soviets predictably ended in disaster and created an atmosphere of hatred and distrust in Europe. Hoover, as Food Relief Administrator, initially gave aid to the White Russians, and withheld supplies from the Soviets, the Red

Russians, which caused the starvation deaths of hundreds of thousands. Finally, after the fact, he, due to public pressure, sent food to the Soviets. He raised money for food commodities, which the Soviets quickly appropriated, and which Lenin and his thugs used to manipulate the surviving starving peasants, who had previously resisted them. Hoover's unique brand of humanitarianism actually rescued the Soviet regime. The Vanderlips, Harrimans, and Rockefellers helped save the Russian economy. Frank A. Vanderlip compared Lenin to George Washington.

Hoover used Rickard's New York office as his personal address when he began campaigning for the presidency, as he had not resided in the United States since 1895. J. Schröder financed his campaign. Hoover became the US President on March 4, 1929. On March 28, Henry L. Stimson, his Secretary of State initiated efforts to assist Rockefeller's Standard Oil of California (SOCAL) to obtain oil rights in Bahrain from the Gulf Oil Company.

Japan, the Banker's Mercenary in Asia

Third parties frequently benefit from the conflict between two other parties, a situation that is applicable to people as well as nations. It works like this—conflict erupts in which two factions fight each other instead of recognizing the real troublemakers behind the scene. The obscure instigators support both factions and seek economic and political influence while initiating dissension. The strongest apparatus for generating discord is the international secret societies, like freemasonry, which functions in every nation. Its machinations interlink capital, politics, economy and even religion. This is the elementary level in which the elites create nations, instigate wars, and install leaders, who if they do not function as required, they eliminate them, by assassination, by exposure of private indiscretions or crimes, followed by public humiliation, resignation or prosecution, and incarceration.

Another Rothschild agent, Aaron H. Palmer, also worked for the US government as a consultant. According to Palmer's plan, US Commodore Matthew Perry left New York in the spring of 1853 bound for Japan two warships and two steam-powered side-wheelers. The Navy Department was certain that Perry's ships were superior and more intimidating than anything that the Japanese possessed. Perry was prepared to use military force if the Japanese rejected the provisions in President Fillmore's letter. Perry gave the Japanese sufficient time to grasp the letter's contents. On March 31, 1854, on his next trip to Japan, Perry signed the Convention of Kanagawa which opened the Japanese ports of Shimoda and Hakodate to American trade, part of the objectives of the initial mission. This opened the country to Jewish traders and merchants who flocked to Japan. The treaty ended Japan's 200-year policy of seclusion.

During the early Meiji period ((1867-1912), the military began to exert a strong influence on Japanese society. Internal revolts like the Saga and Satsuma Rebellions,



Figure 5.23: The flag of Imperial Japan.

and numerous peasant uprisings, gave rise to Japan's militarization. Japan, as part of its militarization development, acquired ships from England and France, often through Jewish brokers, many of which the Japanese ordered in 1868, with loans from the international Jewish bankers. Japan's leadership, in the military, politics or business, was composed of ex-samurai or their descendants. The Meiji government soon began to feel threatened by western imperialism. To counter this, they devised the *Fukoku Kyohei* policy (enrich the country, strengthen the military), in order to strengthen its economic and industrial foundations, and defend Japan against outside powers. This policy entailed long-range policies to transform Japanese society in an effort to catch up with the West.

Members of the Army Staff College and the Japanese General Staff requested help from Prussia in transforming their system. Prussian Chief of Staff Helmuth von Moltke sent Meckel to Japan, where he worked closely with future Prime Ministers General Katsura Taro and General Yamagata Aritomo. He introduced Clausewitz's military theories, the Prussian concept of war games, and made numerous recommendations. Thereafter, Japan reorganized the command structure of the army, and strengthened their transportation infrastructure. In 1873, Japan's newly-appointed War Minister, Yamagata Aritomo introduced universal military conscription. Then in 1882, with the Imperial Rescript proclamation, the Japanese military indoctrinated thousands of men from various backgrounds with military-patriotic values in conjunction with the idea of absolute loyalty to the Emperor. The Prussian example, of transforming itself from an agricultural state to a leading modern industrial and military power, influenced Yamagata who also favored military expansion abroad, and an authoritarian government at home. However, this imperialistic expansion was/is incredibly costly. The development of a strong military, coupled with an aggressive foreign policy is expensive, money that was only available through the in-

ternational bankers. However, with these new policies, Japan might win the respect of western nations and a revision of the unequal treaties.

Meanwhile, in Korea, Empress Myeongseong (1851-1895), also known as Queen Min, was the first official wife of King Gojong, the twenty-sixth king of the Joseon Dynasty, and the first emperor of the Korean Empire. In 1873, Queen Min overthrew the dictatorship of Heungseon Daewongun (1863-1873), but retained his closed door policy to European powers. France and the United States had already attempted, unsuccessfully, to establish commerce during the previous decade. Following that overthrow, despite Queen Min's stated policies; many new progressive officials supported the idea of commerce with foreign countries. During that period of Korea's political instability, Japan, with pressure and loans from the international bankers, initiated a plan to exert influence on that vulnerable country. On July 25, 1871, the Imperial Japanese Navy received the *Un'yo*, a small warship, built in Scotland. In May 1875, Japan dispatched Inoue Yoshika, in command the *Un'yo* to survey coastal waters without obtaining Korean permission. On September 20, 1875, the ship reached Ganghwa Island, the site of fierce confrontations between Koreans and foreigners in the previous decade.

In 1871, the United States sent a military naval force to Korea, part of an American diplomatic delegation, to try to establish trade and political relations. On June 1, 1871, seeing the intimidating US warships, a Korean shore battery fired on the ships. The US admiral commanding the expedition failed to receive an official apology from the Koreans for what he called an "unwarranted" assault. Therefore, on June 10, 1871, in retaliation, he sent about 650 Americans to shore where they immediately captured three forts, killing approximately 350 Koreans in the process, referred to as Shinmiyangyo. Only three Americans died due to their superior weaponry. Afterwards, Korean officials understandably refused to negotiate with the United States until May 22, 1882, in Incheon. Because of these prior confrontations, the Koreans would inevitably shoot at all approaching foreign ships. Perhaps to provoke an incident, Commander Inoue launched a small boat, allegedly in search of drinkable water. Predictably, the Koreans opened fire on the warship and the Japanese, with their superior firepower, responded. Then the Japanese attacked another Korean port before returning home. Japan, using gunboat diplomacy, compelled Korean officials to sign a trade treaty that opened three Korean ports—Busan, Incheon and Wuson—which ended Korea's status as a tributary state of China's Qing dynasty (1644-1912). This would allow Japan to seize and later annex Korea without military intervention from China. Koreans, hoping to import some defense technologies to avoid future invasions, signed the Japan-Korea Treaty of Amity, also known as the Treaty of Ganghwa.

The treaty awarded Japan some of the same privileges in Korea that Westerners acquired, using the same tactics, from Japan, including extraterritoriality. The Japanese learned their gunboat diplomacy from Commodore Matthew Perry. During

the Meiji era, Western influences transformed Japan from a feudal society into a capitalist economy. Japanese students studied abroad to attain tactical skills, practical expertise, and an understanding of various cultures unavailable in Japan. Prussian advisors instructed Meiji army leaders, modeled after the Prussian style, whose doctrines, methods and organization were meticulously evaluated and implemented. In 1885, General Meckel reorganized the Imperial Japanese Army's command structure into divisions and regiments. He instructed them on logistics, transportation, and the establishment of artillery and engineering regiments. He taught at Japan's Army Staff College (1885-1888) and worked directly with future Prime Ministers, General Katsura and General Yamagata. A more aggressive, financially-backed Japan, once an isolationist country, soon emerged as a strong world power. Japan restructured its Imperial Navy after the British model, the world's leading naval power. Japanese officials sent eager naval students to Britain to observe the Royal Navy and master its techniques. They were very adept students, and quickly acquired seamanship skills. Japan lacked the financial resources to build a large fleet, so the international bankers funded their purchases of warships and torpedoes from British and French shipyards. The French constructed the basic components and the Japanese assembled ships and weaponry in their own country. By the 1890s, the Japanese were prepared, trained and well equipped. By 1894, the Imperial Japanese Army had a force of 120,000 men while the number of their steamships increased from twenty-six in 1873 to 1,514 by 1913. Railroad track, in that same period, increased from eighteen miles to 7,100 miles. All they needed to execute their new skills and power was the right provocation. China's young men, severely weakened by opium use, and Britain's two opium wars, proved to be an appealing target, and China had abundant public and private plunder.

In 1895, when Japan defeated China in the First Sino-Japanese War, Calvin S. Brice, a former senator and railway lawyer created the American China Development Company. Its shareholders included railroad mogul Edward H. Harriman, Jacob H. Schiff of Kuhn, Loeb and Company, James A. Stillman of the Rockefeller-controlled National City Bank, Levi Morton, the former US Vice President, the Carnegie Steel Corporation, and railroad expert, Charles Coster, a J. P. Morgan associate.

Following China's defeat, the nation sought to develop economic reforms in order to build a defense, something the country did not previously need. Opportunistic bankers and concession hunters from other countries offered such tempting arrangements that Chinese officials found hard to resist. China had to acquire foreign capital to finance railway construction. However, Chinese leaders also recognized that their foreign creditors would threaten their empire's dominion. The Americans claimed no political accommodations in return for their monetary advances. The United States had valuable experience in the railway field, given their transcontinental lines. Charles H. Denby, the US Minister in Peking promoted United States involvement and simply awaited the decisions of the Chinese leadership.

US Secretary Olney, in discussions with British officials, agreed to join forces to besiege Asia. They manipulated Japan into providing the military manpower to attack Russia within the next decade. Then Britain and the United States would divide the spoils—one of which was an open door to the lucrative Asian resources. Britain agreed to forfeit their Latin American interests and share the Asian resources. To move forward with further imperialist expansion, Britain and America formalized their alliance in 1897, the year of the first official Zionist conference.

On February 12, 1902, shortly after Theodore Roosevelt became president (1901-1909), the Japanese announced that Hayashi Tadasu, the Japanese minister in London, and Henry Petty-Fitzmaurice, representing Britain, signed the Anglo-Japanese Treaty on January 30, 1902. They had been considering this alliance, recognizing Japan's special interest in Korea, renewable in 1905 and 1911, since 1895, when Britain opted not to join France, Germany and Russia in opposition to the Japanese occupation of China's Liaotung peninsula. This alliance meant that Britain would side with Japan if any nation joined with Russia against Japan. As part of the Anglo-Japanese agreement, 300 British-trained Japanese bankers set up the Japanese banking system, a structure that then began creating devastating hardships requiring loans from the international banking cartel. Britain, challenged with heavy war debt, to America's J. P. Morgan, would terminate the 1902 alliance, in December 1921. J. P. Morgan and other banks, flush with war profits after the First World War, focused on investment opportunities in Japan.

Roosevelt believed that millions of Asians would benefit through a Japanese conquest. The Japanese accepted the Anglo-American Open Door policy, even though Britain and the United States exploited Japan because of their strategic location, which functioned as an Open Door to China, while Japan expanded their power and influence into Korea. The whole objective was cooperative opposition to Russia. Roosevelt anxiously awaited Japan's invasion, and even bragged that he "would not hesitate to give Japan something more than moral support against Russia." Despite his bravado, he recognized that Congress would probably not authorize him to use military force in North Asia. Because of Hay's deteriorating health and advanced age, Roosevelt essentially functioned as his own Secretary of State in addition to having excessive influence in the War Department. During a cruise to Asia, in company with President Roosevelt, War Secretary William Howard Taft met for confidential meetings in Tokyo with Japanese Prime Minister Katsura Taro from July 27-29, 1905. They discussed three items during the meeting. They were, 1) Katsura wanted the support of the United States and Britain for Japan's foreign policy; 2) Concerning the Philippines, Taft indicated that it would be best to have a strong nation like the United States govern the Philippines; and 3) Katsura maintained that the Japanese colonization of Korea was vital as he claimed that Korea caused the recent Russo-Japanese War. Taft agreed that the creation of a Japanese protectorate over Korea would stabilize East Asia. Taft said that President Roosevelt,

who would never win Senate approval for such a constitutionally illegal treaty, would accept Taft's decisions on these matters. This dastardly agreement sealed Korea's fate—forty-five years under Japanese subjugation and sanctioned Japan's plundering of Asia. Britain and the financiers readily approved, as they funded Japan's vicious warfare. People did not discover the treaty papers until 1924..

Japan would be "the Crown's policeman in Asia," to do the dirty work—the killing and the dying. The alliance included high-interest loans from Rothschild-controlled British banks to finance Japan's armament purchases and ships from British firms. Britain then demanded that Russia abandon the Kwantung Peninsula, territory leased from China six years before. Russia had already spent \$300 million on improvements.

Dividing the Spoils, Japan's War against Czarist Russia

President Theodore Roosevelt (1901-1909), intimately connected to J.P. Morgan and Company, manipulated Japan into attacking Russia. Sir Ernest Cassel, by absorbing the Maxim-Nordenfelt Company, created Vickers-Maxim. Cassel, a phenomenally wealthy Germanborn Jew, interested in South-American finance, reorganized Uruguay's finances, lent money to Mexico, acquired the Royal Swedish railway and built the Central London railway. He loaned money to the Chinese after the war with Japan. He was the personal banker to Edward VII (1901-1910) whose advisory staff included various members of the Sassoon family and Leopold and Alfred de Rothschild, who was a violent Russophobe. Cassel was a close friend of Winston Churchill and his father, Randolph, who was an intimate friend of Nathaniel Rothschild. Cassel made a vast fortune in Siberian gold mines, steel concerns, and railway companies.

On February 6, 1904, Japan suspended all contact with Russia. Roosevelt, though he sided with Japan, pretended to maintain neutrality, but would apply the Roosevelt Corollary to Korea. He wrote that impotent nations were appropriate prey for civilized nations. A naive official in Seoul told a reporter, "We have the promise of America. She will be our friend whatever happens." 924 On February 8, 1904, without a declaration of war, Japan attacked Russian ships at Port Arthur and Incheon. The surprised Russians accused the Japanese of violating international law while Jews in America were quite pleased. After Japan's assault, Roosevelt quickly warned Germany and France against assisting Russia, "I should promptly side with Japan and proceed to whatever length was necessary on her behalf." On February 10, 1904, Japan officially declared war on czarist Russia, referred to as the Russo-Japanese War, lasting a little more than a year and a half. Jacob H. Schiff of Kuhn, Loeb and Company, with \$196 million, financed Japan's invasion of Russia while the European Rothschilds financed Russia. Unfortunately, and probably purposefully, Russia failed to receive timely armament deliveries, which greatly affected their de-

fense capabilities. Russia's objectives, in 1895, were an ice-free Pacific port and the acquisition of just enough leased territory in Manchuria for the continuation of her transcontinental railway. 926 Warfare decimated her economy, preparatory to the Marxist revolution in 1905. Oscar S. Straus, a friend and later Roosevelt's Secretary of Commerce and Labor, wrote to the president that he hoped Japan would be victorious. Roosevelt wrote his son, "I was thoroughly well pleased with the Japanese victory, for Japan is playing our game."

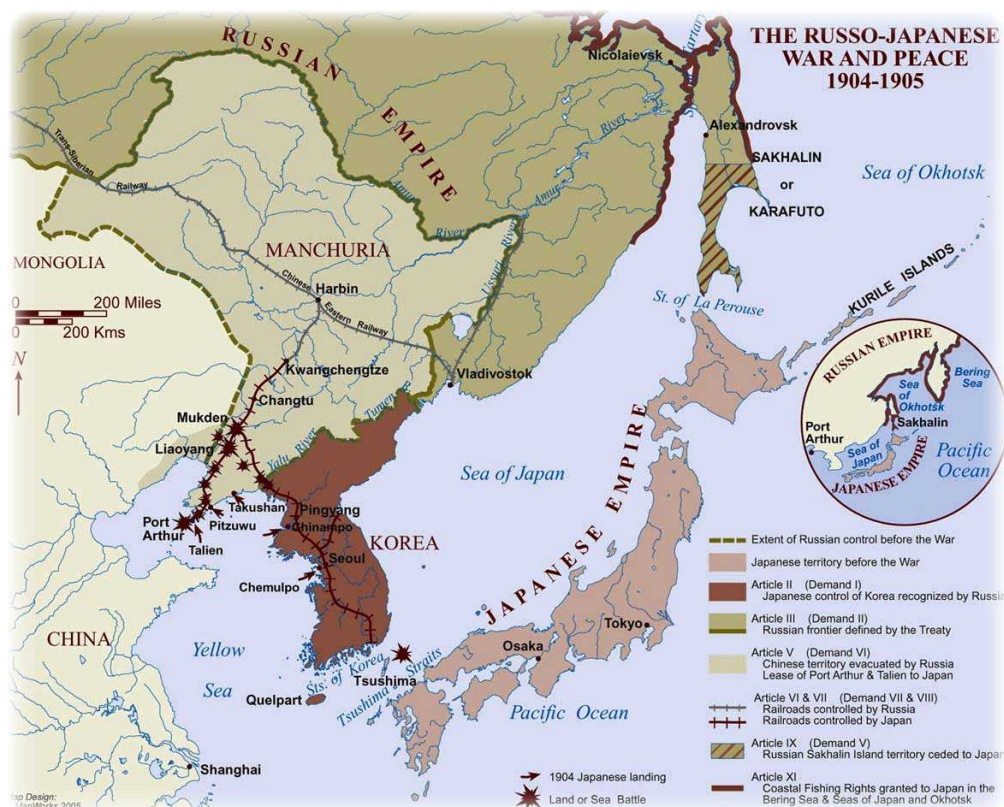


Figure 5.24: Maps of the Russo-Japanese conflict.

On September 5, 1905, officials of the victorious and the vanquished parties met at the Portsmouth Naval Base in Portsmouth, New Hampshire. Roosevelt, advised by attendee, Jacob H. Schiff, the major financier of Japan's warfare, mediated the post war peace agreement, ending the Russo-Japanese War. Count Sergei Witte, was the architect of the October Manifesto, of October 17, 1905, in response to the Russian Revolution of 1905. Witte, a decisive policy-maker, the First Prime Minister of Imperial Russia, represented his nation. Adolf Krause, of B'nai B'rith, told Witte, who was married to a Jewess, Matilda Lisanevich, during the peace negotiations in the summer that the Jews in Russia would revolt again if the Russian government failed to appropriately accommodate them.

Japan's acquisition included the South Manchurian branch of the China Far East Railway, which became the South Manchurian Railway (Mantetsu), spoils that Ed-

ward H. Harriman wanted to purchase. Manchuria had abundant natural resources such as forests, land, and mineral deposits. United States and British investors intended to exploit Manchuria. Secretary of State Philander C. Knox's, whose clients included Carnegie, Vanderbilt, J.P. Morgan, Rockefeller and Harriman, planned to internationalize all existing and future Manchurian railways. That would guarantee an open door policy to China and access to all of the country's resources. On November 6, 1909, Knox wrote to his counterpart, Sir Edward Grey of the Milner Group, regarding an alliance of the United States and British for the Chinchow-Aigun Railway. On January 21, 1910, Foreign Minister Komura formally objected to Knox's proposals. Japan's involvement in the 1905 treaty caused negative public sentiment and had required heavy sacrifices in blood and wealth. Former President Roosevelt wrote to President Taft about Knox's proposal. He wrote, "if the Japanese choose to follow a course of conduct to which we are averse, we cannot stop it unless we are prepared to go to war, and a successful war about Manchuria would require a fleet as good as that of England plus an army as good as that of Germany."

5.10 The Invisible Hand

President Woodrow Wilson, who signed the Federal Reserve Act into law in 1913, said: "I am a most unhappy man. I have unwittingly ruined my country. A great industrial nation is now controlled by its system of credit. We have come to be one of the worst ruled, one of the most completely controlled governments in the civilized world – no longer a government of free opinion, no longer a government by a vote of the majority, but a government by the opinion and duress of a small group of dominant men."

Who were these dominant men? Wilson only hinted, saying:

"Some of the biggest men in the United States, in the field of commerce and manufacture, are afraid of something. They know that there is a power somewhere so organized, so subtle, so watchful, so interlocked, so complete, so pervasive, that they had better not speak above their breath when they speak in condemnation of it."

Many other leaders hinted that the government was controlled by invisible puppeteers. President Franklin D. Roosevelt, Teddy Roosevelt's distant cousin, acknowledged in 1933:

"The real truth of the matter is, as you and I know, that a financial element in the large centers has owned the government since the days of Andrew Jackson. . . . The country is going through a repetition of Jackson's fight with the Bank of the United States – only on a far bigger and broader basis."

Felix Frankfurter, Justice of the Supreme Court, said in 1952:

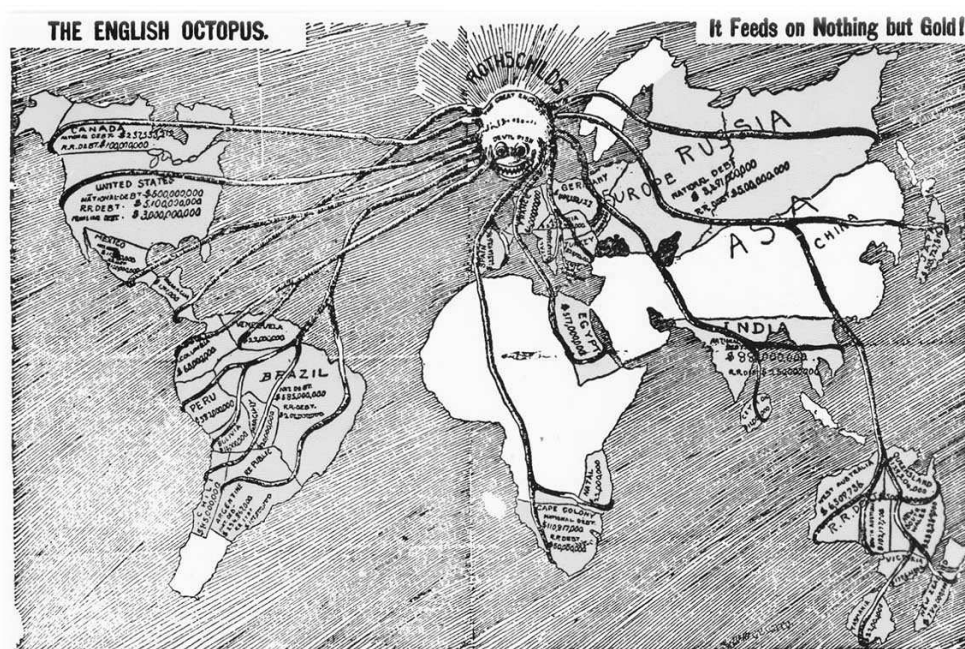


Figure 5.25: “The English Octopus“ from an American Populist cartoon on Rothschild control of world gold, 1894, from “Coin’s Financial School“.

“The real rulers in Washington are invisible and exercise power from behind the scenes.“

Congressman Wright Patman, Chairman of the House Banking and Currency Committee, said in a speech on the House floor in 1967:

In the U.S. today, we have in effect two governments. We have the duly constituted government, then we have an independent, uncontrolled and uncoordinated government in the Federal Reserve, operating the money powers which are reserved to congress by the Constitution. Two decades later, Senator Daniel Inouye would state on the Congressional Record at the conclusion of the Iran Contra hearings:

“There exists a shadowy Government with its own Air Force, its own Navy, its own fundraising mechanism, and the ability to pursue its own ideas of national interest, free from all checks and balances, and free from the law itself.“

In 1927, Mayor John Hylan of New York compared the invisible government to a “giant octopus,“ recalling the “hydra-headed monster“ battled by Andrew Jackson. In a speech in the New York Times, Hylan said:

“The warning of Theodore Roosevelt has much timeliness today, for the real menace of our republic is this invisible government which like a giant octopus sprawls its slimy length over City, State, and nation . . . It seizes in its long and powerful tentacles our executive officers, our legislative bodies, our schools, our courts, our newspapers, and every agency created for the public protection. . . . [A]t the

head of this octopus are the Rockefeller-Standard Oil interest and a small group of powerful banking houses generally referred to as the international bankers. The little coterie of powerful international bankers virtually run the United States government for their own selfish purposes. They practically control both parties, write political platforms, make catspaws of party leaders, use the leading men of private organizations, and resort to every device to place in nomination for high public office only such candidates as will be amenable to the dictates of corrupt big business. . . . These international bankers and Rockefeller-Standard Oil interests control the majority of the newspapers and magazines in this country. They use the columns of these papers to club into submission or drive out of office public officials who refuse to do the bidding of the powerful corrupt cliques which compose the invisible government."

In 1934, these international bankers and businessmen were labeled the "Robber Barons" by Matthew Josephson in a popular book of the same name. The Robber Barons were an unscrupulous lot, who "lived for market conquest, and plotted takeovers like military strategy." John D. Rockefeller's father was called a snake-oil salesman, flimflam man, bigamist, and marginal criminal – never convicted but often accused, of crimes ranging from horse theft to rape. He once boasted, "I cheat my boys every chance I get, I want to make 'em sharp." Once the Robber Barons had established a monopoly, they would raise prices, drop the quality of service, and engage in unfair trading practices to drive other firms out of business. There were many Robber Barons, but J. Pierpont Morgan, Andrew Carnegie, and John D. Rockefeller led the pack. Morgan dominated finance, Carnegie dominated steel, and Rockefeller monopolized oil. Carnegie built his business himself, and he loved competition; but Morgan was a different type of capitalist. He didn't build, he bought. He took over other people's businesses, and he hated competition. In 1901, Morgan formed the first billion dollar corporation, U.S. Steel, out of mills he purchased from Carnegie.

Rockefeller, too, dealt with competitors by buying them out. His company, Standard Oil, became the greatest of all monopolies and the first major multinational corporation. Before World War I, the financial and business structure of the United States was dominated by Morgan's finance and transportation companies and Rockefeller's Standard Oil; and these conglomerates had close alliances with each other. Through interlocking directorships, they were said to dominate almost the entire economic fabric of the United States.

Other industrialists, seeing the phenomenal success of the Morgan and Rockefeller trusts, dreamt of buying out their competition and forming huge monopolies in the same way. But with the exception of Carnegie, no other capitalists had the money for these predatory practices. Aspiring empire-builders were therefore drawn to Morgan and the other Wall Street bankers in search of funding. Corporations began drifting to New York to be near the big investment houses. By 1895, New York had become the headquarters for America's major corporations and the home of half its

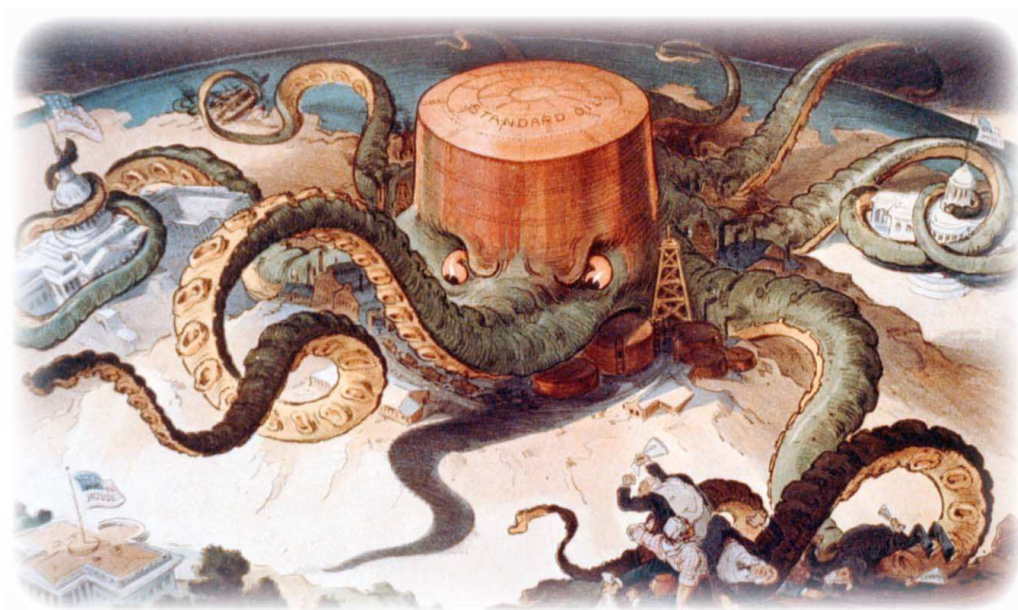


Figure 5.26: Just like the Banks, the Industrial Octopus entangled all instances of government, education and media.

millionaires. Morgan's bank at 23 Wall Street, known as the "House of Morgan," was for decades the most important address in American finance.

Early in the twentieth century, Morgan controlled a Wall Street syndicate that financial writer John Moody called "the greatest financial power in the history of the world." Morgan dominated a hundred corporations with more than \$22 billion in assets. In 1913, in a book called *Other People's Money and How the Bankers Use It*, Supreme Court Justice Louis Brandeis wrote that the greatest threat to the American economy was the "money trust." According to *The Wall Street Journal*, the "money trust" was just another name for J. Pierpont Morgan, who had founded the world's most powerful bank. Like the Rothschilds in England, Morgan had extraordinary political influence in the United States. Morgan men routinely represented the U.S. government at international monetary meetings, something they continue to do today. Alan Greenspan, longstanding Chairman of the Federal Reserve, was a corporate director for J. P. Morgan before President Ronald Reagan appointed him to that post.

Who Pulled the Strings of the Robber Barons?

Rockefeller and Morgan were rivals who competed for power on the political scene, but they both had the support of powerful British financiers. John D. Rockefeller Sr. first made his fortune with some dubious railroad rebate deals during the Civil War. By 1895, he had acquired 95 percent of America's oil refining business. Chase Bank (named after Salmon P. Chase in honor of his role in passing the National Banking

Act) was bought by Rockefeller with financing traced to the Rothschilds. The funds came from a New York banking firm called Kuhn, Loeb, & Co., which was then under the control of a German immigrant named Jacob Schiff. Schiff had bought into the partnership with financial backing from the Rothschilds. He later bought out Kuhn and married the eldest daughter of Loeb. The Manhattan Company (the banking firm established by Hamilton and Burr at the turn of the nineteenth century) also came under the control of the Rothschilds through the banking interests of Kuhn, Loeb and the Warburgs, another Rothschild-related Frankfurt banking dynasty. In 1955, Rockefeller's Chase Bank merged with the Manhattan Company to become the Chase Manhattan Bank. The Morgan family banking interest could be traced back to England in an even more direct way. In the 1850s, Junius Morgan became a partner in what would become Peabody, Morgan, and Company, a London investment business specializing in transactions between Britain and the United States. During the Civil War, the partnership became the chief fiscal agent for the Union. John Pierpont Morgan, Junius' son, later became head of the firm's New York branch, which was named J. P. Morgan & Co. in 1895. J. P. Morgan Jr., John Pierpont's son, then became a partner in the branch in London, where he moved in 1898 to learn the central banking system as dominated by the Bank of England.

Although the Rothschilds were technically rivals of the Peabody/ Morgan firm, rumor had it that they had formed a secret alliance. Nathan Rothschild was not well liked, in part because of religious prejudice. Morgan biographer George Wheeler wrote in 1973, "Part of the reality of the day was an ugly resurgence of anti-Semitism. . . . Someone was needed as a cover." August Belmont (born Schoenberg) had played that role for Morgan during the Civil War; but when the Belmont/Rothschild connection became common knowledge, the ploy no longer worked. Wheeler wrote, "Who better than J. Pierpont Morgan, a solid, Protestant exemplar of capitalism able to trace his family back to pre-Revolutionary times? That could explain why, in the periodic financial crises of the Gilded Age, Morgan's bank always came out on top. In the bank panics of 1873, 1884, 1893, and 1907, while other banks were going under, Morgan's bank always managed to come up with the funds to survive and thrive.

In 1879, Rockefeller turned his company Standard Oil into the new vehicle called a "trust" in order to coordinate all of its production, refining, transportation, and distribution activities. The Rockefeller trust consisted of a network of companies that were wholly or partially owned by Rockefeller and that invested in each other. The scheme worked until 1882, when Standard Oil was driven out of Ohio due to antitrust investigations. In 1883, Rockefeller's trust moved to New York, where it proceeded to systematically devour independent oil producers and refiners across the country and the world. It was aided in these rapacious practices by illegal railroad rebates from Morgan, who had bought up the railroads with funding from the Rothschild bank. Independent oil refiners, being unable to compete, were forced to sell out at a huge loss or face financial ruin. By 1890, Rockefeller owned all of the independent

oil refiners in the country and had a monopoly on worldwide oil sales. In 1911, the U.S. Supreme Court ruled that the Standard Oil cartel was a “dangerous conspiracy” that must be broken up “for the safety of the Republic.” (“Conspiracy” is a legal term meaning an agreement between two or more persons to commit a crime or accomplish a legal purpose through illegal action.) In 1914, Standard Oil was referred to in the Congressional Record as the “shadow government.” Following the Court’s antitrust order, the Standard Oil monolith was split into 38 new companies, including Exxon, Mobil, Amoco, Chevron, and Arco; but Rockefeller secretly continued to control them by owning a voting majority of their stock.

“After having thus successively taken each member of the community in its powerful grasp, and fashioned them at will, the supreme power then extends its arm over the whole community. It covers the surface of society with a network of small complicated rules, minute and uniform, through which the most original minds and the most energetic characters cannot penetrate, to rise above the crowd. The will of man is not shattered, but softened, bent, and guided; men are seldom forced by it to act, but they are constantly restrained from acting; such a power does not destroy, but it prevents existence; it does not tyrannize, but it compresses, enervates, extinguishes, and stupefies a people, till each nation is reduced to be nothing better than a flock of timid and industrious animals, of which the government is the shepherd.”

— Alexis de Tocqueville,
Democracy in America, 1840.



The invention of the automobile and the gasoline engine gave the Rockefeller-Morgan syndicate a virtual stranglehold on the energy business. Rather than conserving oil and finding alternatives to the inefficient gasoline engine, they encouraged waste and consumption and ruthlessly suppressed competition. International strategist Henry Kissinger would say much later that whoever controlled oil controlled the world. That was true so long as the world was powered by oil, and the oil cartel evidently intended to keep it that way. Early in the twentieth century, energy genius Nikola Tesla was reportedly on the verge of developing “free energy” that would be independent of both fossil fuels and wires. But Tesla had the ill fortune of being funded by J. P. Morgan. When Morgan learned that there would be no way to charge for the new energy, he cut off Tesla’s funding and took steps to insure the latter’s financial ruin. Tesla wrote in a plaintive letter to Morgan, “I came to you with the greatest invention of all times. I knew you would refuse What chance have I to land the biggest Wall Street monster with the soul’s spider thread?”

The Information Monopoly

Secrecy has been maintained because the Robber Barons have been able to use their monopoly over money to buy up the major media, educational institutions, and other outlets of public information. While Rockefeller was buying up universities, medical schools, and the Encyclopedia Britannica, Morgan bought up newspapers. In 1917, Congressman Oscar Callaway stated on the Congressional Record:

“In March, 1915, the J.P. Morgan interests, the steel, shipbuilding, and powder interests, and their subsidiary organizations, got together 12 men high up in the newspaper world, and employed them to select the most influential newspapers in the United States and sufficient number of them to control generally the policy of the daily press of the United States. . . . They found it was only necessary to purchase the control of 25 of the greatest papers. The 25 papers were agreed upon; emissaries were sent to purchase the policy, national and international, of these papers; . . . an editor was furnished for each paper to properly supervise and edit information regarding the questions of preparedness, militarism, financial policies, and other things of national and international nature considered vital to the interests of the purchasers [and to suppress] everything in opposition to the wishes of the interests served.”

By 1983, according to Dean Ben Bagdikian in *The Media Monopoly*, fifty corporations owned half or more of the media business. By 2000, that number was down to six corporations, with directorates interlocked with each other and with major commercial banks. Howard Zinn observes:

“[W]hether you have a Republican or a Democrat in power, the Robber Barons are still there. . . . Under the Clinton administration, more mergers of huge corporations took place [than] had ever taken place before under any administration. . . . [W]hether you have Republicans or Democrats in power, big business is the most powerful voice in the halls of Congress and in the ears of the President of the United States.”

In *The Underground History of American Education*, published in 2000, educator John Taylor Gatto traces how Rockefeller, Morgan and other members of the financial elite influenced, guided, funded, and at times forced compulsory schooling into the mainstream of American society. They needed three things for their corporate interests to thrive: (1) compliant employees, (2) a guaranteed and dependent population, and (3) a predictable business environment. It was largely to promote these ends, says Gatto, that modern compulsory schooling was established.

The Robber Barons had succeeded in monopolizing the money spigots, the oil spigots, and the public's access to information; but Morgan wanted more. He wanted to secure the banks' loans to the government with a reliable source of taxes, one that was imposed directly on the incomes of the people.

6. Some Essentials

6.1 The Order of the Illuminati

The leader of the Illuminati was a man named Dr. Adam Weishaupt who was born on February 6, 1748... . When his father died in 1753, he was converted to Catholicism by Baron Johann Adam Ickstatt, who turned the early training of the boy over to the Jesuits. Ickstatt, in 1742, had been appointed by the Jesuits to be the curator of the University [of Ingolstadt] in order to reorganize it. He had retired in 1765, but still controlled its policies. Although Weishaupt later became a priest, he developed a distinct hatred for the Jesuits, and became an atheist. Given access to the private library of Ickstatt, his godfather, the young man became interested in the works of the French philosophers, and studied law, economics, politics, and history. One such philosopher, Voltaire (1694-1778), a revolutionary who held liberal religious views, had written in a letter to King Frederick II ('the Great'), a Mason:

“Lastly, when the whole body of the Church should be sufficiently weakened and infidelity strong enough, the final blow (is) to be dealt by the sword of open, relentless persecution. A reign of terror (is) to be spread over the whole earth, and ... continue while a Christian should be found obstinate enough to adhere to Christianity.“

It is believed that Weishaupt got his ideas concerning the destruction of the Church from Voltaire's writings. He studied in France where he met Robespierre (who later led the French Revolution), and became friends with a few people in the French Royal Court. He graduated from the University of Ingolstadt, [Bavaria] in 1768. He served four years as a tutor until he was promoted to Assistant Instructor. In 1772, Weishaupt was made Professor of Civil Law. In 1773, he was made Professor of Canon Law, a post which had been held by the Jesuits for 90 years. They had founded most of the Universities, and kept strict control of them in order to eliminate Protestant influence. In 1773, Weishaupt got married, against the wishes of Ickstatt, who denounced him. Two years later, at the age of 27, he was made Dean of the Faculty of Law. The Jesuits, worried about his quick progression, tried to thwart his influence by secretly plotting against him, and his liberal thinking. Not wanting to become a martyr for his free-thinking ideas, he began focusing on establishing his organization. To confuse his detractors, he based the organizational structure on the one used by the Jesuits, however, his intention was to have a secret coalition of liberalism.

He studied the anti-Christian doctrines of the Manicheans, whose teachings revolved around astrology, medicine, and magic. He had been indoctrinated into Egyptian occult practices by an unknown merchant named Kolmer, from Jutland (the area

around the border of Denmark and West Germany), who had been traveling around Europe since 1771. He studied the various Masonic writings after meeting a Protestant Freemason from Hanover. At first he thought about creating a superior Masonic-like organization that would be made up of men possessing superior abilities in all fields but concluded that Masonry was too open. Weishaupt spent five years working out a plan through which all of his ideas could be reduced to a single system which would be used to fight the oppression of religion, thereby loosening social ties. He wanted to replace Christianity with a religion of reason. An initial idea was to form an organization comprised of 'Schools of Wisdom,' whose goal was to "make of the human race, one good and happy family." They were to strive for the perfection of morals, so he thought about naming the group the 'Perfectibilists,' but it lacked the air of mystery and intrigue that he sought.

In 1774, he published a fictitious article called *Sidonii Apollinaris Fragment*, which he said was to prepare the people for the doctrine of reason. Weishaupt wrote:

"Princes and nations will disappear without violence from the earth. The human race will then become one family, and the world will be the dwelling of rational men." He wrote of their aims: "To make the perfecting of reasoning powers interesting to mankind, to spread the knowledge of sentiments, both humane and social, to check wicked inclinations, to stand up for suffering and oppressed virtue ... to facilitate the acquirement of knowledge and science."

On May 1, 1776, under the direction of the newly formed House of Rothschild ([along with] Wessely, Moses, Mendelssohn, and the bankers Itzig, Friedlander, and Meyer), Weishaupt founded the "Ancient Illuminated Seers of Bavaria" which became known as the "Order of the Illuminati". Weishaupt said that the name was derived from Luciferian teachings, and means, 'Holders of the Light.' In Latin, it means, the 'enlightened ones.' In layman's terms, it means 'to illuminate,' or 'to give light.' It refers to someone who is enlightened, spiritually and intellectually. Satan, when he was an angel, was known as Lucifer, the 'Bearer of Light,' and being that the group's name evolved from this, we can see the underlying nature of its goals.

Organization of the Order

Starting with only five members (Weishaupt and his inner circle...), the Illuminati wasn't fully operational until 1778. Weishaupt wrote:

The great strength of our Order lies in its concealment, let it never appear, in any place in its own name, but always covered by another name, and another occupation. None is fitter than the three lower degrees of Freemasonry; the public is accustomed to it, expects little from it, and therefore takes little notice of it... For the Order wishes to be secret, and to work in silence, for thus it is better secured from the oppression of the ruling powers, and because this secrecy gives a greater zest to

the whole.“ “How can the weak obtain protection? Only by union, but this is rare. Nothing can bring this about but hidden societies. Hidden schools of wisdom are the means which we will one day free men from their bonds...”

The Order was made up of three degrees: Novice, Minerval, and Illuminated Minerval. It was organized in a manner similar to Freemasonry and the Jesuits. Even though he admired the structure of the Jesuit hierarchy, he wrote that no ex-Jesuits were to be admitted, except by special permission. He wrote that they “must be avoided as the plague.” Their rites and ceremonies were similar to that of the Masons. Their aim, he said, was to have a one-world government, to allow the elite to govern the world, thus preventing future wars. One of their early programs was to distribute anti-religious material to criticize clerical leaders, who they saw as obstacles to social progress, and to oppose the “enemies of the human race and of society.” All members were required to adopt classical names. Weishaupt was called ‘Spartacus’ (who had been the leader of the slave insurrection in ancient Rome). His right-hand man, Xavier von Zwack, a lawyer to Prince von Salm, was known as ‘Cato’; Nicolai, the bookseller, was ‘Lucian’; Professor Westenreider was ‘Pythagoras’; Canon Hertel was ‘Marius’; Marquis di Constanza was ‘Diomedes’; Massenhausen was ‘Ajar’; Baron von Schroeckenstein was ‘Mohomed’; and Baron von Mengenhofen was ‘Sylla.’

Their headquarters was in Munich, Germany, and known as the Grand Lodge of the Illuminati (or Lodge of the Grand Orient) code-named ‘Athens’. Among their other four lodges: Ingolstadt was known as ‘Ephesus’, Heidelberg as ‘Utica’, and Frankfurt was known as ‘Thebes’. The calendar was reconstructed, and the months known by names reminiscent of the Hebrew language: January was known as ‘Dimeh,’ and February as ‘Benmeh,’ etc. They dated their letters according to the Persian Era, named after the king who began to rule in Persia in 632 B.C., Jezdegerd. Their new year began on March 21st. In 1777, Weishaupt joined the Eclectic Masonic lodge ‘Theodore of Good Counsel’ in Munich, and towards the end of 1778, he came up with the idea of merging the Illuminati and the Masons. Xavier von Zwack became a Mason on November 27, 1778, and working with a brother Mason, Abbe Marotti, he divulged the secret of the Order. By the middle of 1779, the Munich Masonic lodge was under the complete influence of the Illuminati.

During the first four years, about 60 active members had been recruited by a committee known as the ‘Insinulators’, and close to 1,000 had become indirectly affiliated with the Order. Soon, three more lodges were established.

Few knew the supreme direction of the Order. Only those within the inner circle, known as the ‘Areopagite’ (meaning ‘Tribunal’), were aware of their true purpose. To all others, Weishaupt said that he wanted a one-world government to prevent all future wars. The book *World Revolution* (by Nesta Webster) stated:

“The art of Illuminism lay in enlisting dupes as well as adepts, and by encouraging the dreams of honest visionaries or the schemes of fanatics, by flattering the vanity of

ambitious egotists, by working on unbalanced brains, or by playing on such passions as greed and power, to make men of totally divergent aims serve the secret purpose of the sect.“

Foolish, naive people, with money to burn, were especially welcomed. Weishaupt wrote:

“These good people swell our numbers and fill our money box; set yourselves to work; these gentlemen must be made to nibble at the bait ... But let us beware of telling them our secrets, this sort of people must always be made to believe that the grade they have reached is the last.“ Weishaupt explained: “One must speak sometimes in one way, sometimes in another, so that our real purpose should remain impenetrable to our inferiors.“

And what was that purpose? It was “nothing less than to win power and riches, to undermine secular or religious government, and to obtain the mastery of the world.“ Initiates were told that the Order represented the highest ideals of the Church, that Christ was the first advocator of Illuminism, and his secret mission was to restore to men the original liberty and equality they had lost in the Garden of Eden. Weishaupt said that Christ exhorted his disciples to despise riches in order to prepare the world for the community of goods that would do away with property ownership. Weishaupt wrote to Zwack:

“The most admirable thing of all is that great Protestant and reformed theologians (Lutherans and Calvinists) who belong to our Order really believe they see in it the true and genuine mind of the Christian religion.“

However, when one of Weishaupt’s followers would reach the higher degrees, their secret was revealed:

“Behold our secret ... in order to destroy all Christianity, all religion, we have pretended to have the sole true religion... to deliver one day the human race from all religion.“

Women were also enlisted. He wrote:

“There is no way of influencing men so powerful, as by means of women. These should therefore be our chief study; we should insinuate ourselves into their good opinion, give them hints of emancipation from the tyranny of public opinion, and of standing up for themselves...“

He also wrote: “This sex has a large part of the world in their hands.“ Female members were divided into two groups: one group of society women, to give the organization an air of respectability; and the other group “who would help to satisfy those brothers who have a penchant for pleasure.“ The Illuminati also used monetary and sex bribery to gain control of men in high places, then blackmailed them with the threat of financial ruin, public exposure, and fear of death.

The Congress of Wilhelmsbad (1781)

An understanding was reached between the Masons and the Illuminati, and on December 20, 1781, a combined Order was proposed which would add to the Illuminati organization the first three degrees of Masonry. It wasn't until the Congress of Wilhelmsbad from July 16th to August 29th, 1781 (which was attended by Masons, Martinistes, and representatives from other secret organizations from Europe, America and Asia) that the alliance was official. Those at the meeting were put under oath not to reveal anything. Comte de Virieu, a Mason from the Martiniste lodge at Lyons, upon his return home when questioned about the Congress said:

“I will not confide [the details] to you. I can only tell you that all this is very much more serious than you think. The conspiracy which is being woven is so well thought out, that it will be, so to speak, impossible for the Monarchy and the Church to escape it.”

Because of a movement begun by Dohm's book *Upon the Civil Amelioration of the Condition of the Jews* in 1781, and a book by Mirabeau in London, a resolution was passed at the Congress to allow Jews into the Lodges. It was obvious that it was done for financial reasons, because the Illuminati moved their headquarters to Frankfurt, Germany, a stronghold of Jewish finance. As the Order spread throughout Germany, money was contributed from such leading Jewish families as the Oppenheimers, Wertheimers, Schusters, Speyers, Sterns, and of course, the Rothschilds. Gerald B. Winrod wrote in his book *Adam Weishaupt: A Human Devil* that “of the thirty-nine chief sub-leaders of Weishaupt, seventeen were Jews.” [However,] arguments that the Illuminati was solely of Jewish origin are completely unfounded.

The Growth of the Order (1781-1784)

From Bavaria, the Order of the Illuminati spread into the Upper and Lower Rhenish provinces, Suabia, Franconia, Westphalia, Upper and Lower Saxony; and outside Germany into Austria and Switzerland. Soon they had over 300 members from all walks of life, including students, merchants, doctors, lawyers, judges, professors, civil officers, bankers, and ministers. By 1783, there were over 600 members; and by 1784, their membership reached nearly 3,000. By 1786 they had numerous lodges across the various German provinces, Austria, Hungary, England, Scotland, Poland, France, Belgium, Switzerland, Italy, Holland, Spain, Sweden, Russia, Ireland, Africa, and America. By the time of the 3rd Masonic Congress in Frankfurt in 1786, the Illuminati virtually controlled all the Masonic lodges, and at this meeting their goals were stated as:

- 1.) Pantheism for the higher degrees; atheism for the lower degrees and the populace

2.) Communism of goods, women, and general concerns

3.) The destruction of the Church and all forms of Christianity, and the removal of all existing human governments to make way for a universal republic in which the utopian ideas of complete liberty from existing social, moral, and religious restraint, absolute equality, and social fraternity, should reign.

Students who were members of wealthy families with international leanings were recommended for special training in internationalism. Those selected by the Illuminati were given scholarships to attend special schools. Weishaupt wrote:

“I propose academies under the direction of the Order. This will secure us the adherence of the Literati. Science shall here be the lure.” He also wrote: “We must acquire the direction of education, of church, management of the professorial chair, and of the pulpit.”

To insure that the activities of the Order would remain a secret, a warning as to the consequences of betraying the Order was included in the ceremony of initiation. They would point a sword at the initiate and say:

“If you are a traitor and a perjurer, learn that all our Brothers are called upon to arm themselves against you. Do not hope to escape or find a place of safety. Wherever you are, shame, remorse, and the rage of our Brothers will pursue you, and torment you to the innermost recesses of your entrails.”

The Order Exposed and Suppressed (1784-1790)

In October 1783, Joseph Utzschneider, a lawyer who had dropped out of the Order in August, presented to the Duchess Maria Anna a document which detailed the activities of the Illuminati. He was upset because he had been promoted too slowly, and was constantly prodded to prove his loyalty. The Duchess gave the information to the Duke. On June 22, 1784, Duke Karl Theodore Dalberg, the Elector Palatinate of Bavaria, after discovering from the information that the goals of the Illuminati were to “in time rule the world” by overthrowing all civil government, criticized all secret societies and groups established without government sanction. On March 2, 1785, he issued a proclamation identifying the Illuminati as a branch of the Masons, and ordered that their Lodges be shut down. The government began a war against the Order by initiating judicial inquiries at Ingolstadt. In an attempt to preserve the secrecy of their motives, the Areopagite burned many of their documents; however, the government was able to seize many of their papers when they raided the Lodges. After being replaced at the University in February, Weishaupt fled across the border into Regensburg, finally settling in Gotha, where he found refuge with another Illuminati member, the Duke of Saxe-Gotha.

In April, 1785, Utzschneider was able to convince three other members to come forward. They were fellow professors at the Marienburg (Marianen) Academy who

had doubts about the validity of the organization's principles when they discovered that they would receive no mystical powers. They were also disgruntled over Weishaupt's tyranny. Cossandey, Grunberger, and Renner went before the Court of Inquiry on September 9, 1785, where they supplied valuable information, such as membership lists, and revealed their aims and goals, which they consolidated into the following six points:

Abolition of the Monarchy and all ordered government.

Abolition of private property.

Abolition of inheritance.

Abolition of patriotism.

Abolition of the family, through the abolition of marriage, all morality, and the institution of communal education for children.

Abolition of all religion. (Sounds already like Communism)

The purposes of these six points were to divide the people politically, socially, and economically; to weaken countries and create a one-world government. They testified that "all religion, all love of country and loyalty to sovereigns, were to be annihilated..." The government pardoned all public officials and military leaders who publicly admitted membership. Those who didn't, and were discovered to be members, lost their rank and standing, were removed from office, and openly disgraced and humiliated. Weishaupt was preparing to set his plans into motion for the French Revolution, which was slated to begin in 1789. In July, 1785, he instructed Zwack to put their plans in book form. This book contained a history of the Illuminati, and many of their ideas for expansion and future endeavors. A copy was sent by courier (identified as Jacob Lanze) to Illuminati members in Paris and Silesia. However, after leaving Frankfurt, as the courier rode through Regensburg on horseback, he was struck by lightning and killed. The authorities found the document and turned it over to the government.

Xavier Zwack ('Cato'), a government lawyer and one of the Order's most prominent leaders whose name was on Renner's list, had his house in Landshut illegally searched by the police in October 1785 and his papers seized. He was dismissed from his position. Many books, documents, papers and correspondence were discovered including over 200 letters written between Weishaupt and the members of the Areopagite which dealt with matters of the highest secrecy. The following year more information was taken from the houses of Baron Bassus and Count Massenhausen ('Ajar'). Among the confiscated documents were tables which contained their secret codes and symbols, secret calendar, geographical locations, insignias, ceremonies of initiation, recruiting instructions, statutes, a partial roster of members, and nearly 130 official seals from the government which were used to counterfeit state documents. Needless to say, all of this information shed more light on the Order and the danger first realized by the government had now become a national emergency. In

1786 the government gathered all of the confiscated documents and published them in a book called *Original Writings of the Order and Sect of the Illuminati* which was circulated to every government and crowned head in Europe, including France, to warn them of the impending danger.

The leaders of the Order who appeared before the government's Court of Inquiry testified that the organization was dedicated to the overthrow of church and state. However, these revelations and the publication of their documents did little to alert the public because of their unbelievable claims. New measures were taken by government officials. The leaders of the Order were arrested and formally interrogated then forced to renounce the Illuminati. The final blow came on August 16, 1787, when Dalberg issued his final proclamation against the Illuminati. Anyone found guilty of recruiting members were to be executed, while those who were recruited, would have their property confiscated and then be deported. Zwack, who was banished, sought sanctuary in the Court of Zweibrucken, where he was later appointed to an official position in the principality of Salm-Kyburg. He contributed to the Illuminati movement in Holland. He was later summoned by Dalberg, as the government tried to deal with the problem of fugitives who might attempt to reorganize the Order. Zwack fled to England. On November 15, 1790, another Edict was announced against the members of the organization. Anyone found to be an active member was to be put to death. The following year a list of 91 names of alleged members was compiled. They were hunted down and banished. This harassment didn't end until 1799 when Dalberg died. The apparent demise of the Order was taken into stride by its highest members, who continued to operate underground. Weishaupt wrote:

“The great care of the Illuminati after the publication of their secret writings was to persuade the whole of Germany that their Order no longer existed, that their adepts had all renounced, not only their mysteries, but as members of a secret society.”

Weishaupt had a contingency plan ready, and wrote:

“By this plan we shall direct all mankind. In this manner, and by the simplest means, we shall set in motion and in flames. The occupations must be allotted and contrived, that we may in secret, influence all political transactions ... I have considered everything and so prepared it, that if the Order should this day go to ruin, I shall in a year re-establish it more brilliant than ever.”

To hide their subversive activities, the highest members of the Order began to masquerade as humanitarians and philanthropists. Weishaupt fled to Switzerland, later returning to Germany, where the Duke of Saxe-Gotha gave him sanctuary. The Order moved their headquarters to London, where it began to grow again. Weishaupt told his followers to infiltrate the lodges of Blue Masonry and to form secret circles within them. Only Masons who proved themselves as Internationalists and were atheists were initiated into the Illuminati.

From this point on, the Illuminati won't be mentioned anymore, simply because actual proof of their involvement after 1800 is lacking. One of their main goals was the infiltration of the Freemason Lodges around the world and it is well known that many relevant persons in history were freemasons. But the Illuminati threat was real and many people knew about it. On July 19, 1789 David Pappin, President of Harvard University, issued a warning to the graduating class concerning the Illuminati's influence on American politics and religion. In April 1793 France sent new ambassador Edmond Genet to America so he could collect payment for the American debt incurred during the American Revolution. The money was to be used to finance France's war with England. However, his real reason for being here was to gain political favor for France and spread Illuminism, which he did through the establishment of 'Democratic Clubs.' Washington said [the clubs] "...would shake the government to its foundations," while John Quincy Adams, oldest son of the 2nd President, John Adams who became our 6th President in 1825, said that these clubs were "so perfectly affiliated with the Parisian Jacobins that their origin from a common parent cannot possibly be mistaken." Because of the Illuminati threat, Washington and Adams lobbied Congress to pass the Alien and Sedition Act which was "designed to protect the United States from the extensive French Jacobin conspiracy, paid agents of which were even in high places in the government."

On May 9, 1798 Rev. Jedediah Morse, pastor of the Congregational Church in Charleston, South Carolina preached a sermon at the New North Church in Boston about the Illuminati:

"Practically all of the civil and ecclesiastical establishments of Europe have already been shaken to their foundations by this terrible organization; the French Revolution itself is doubtless to be traced to its machinations; the successes of the French armies are to be explained on the same ground. The Jacobins are nothing more nor less than the open manifestation of the hidden system of the Illuminati. The Order has its branches established and its emissaries at work in America. The affiliated Jacobin Societies in America have doubtless had as the object of their establishment the propagation of the principles of the illuminated mother club in France ... I hold it a duty, my brethren, which I owe to God, to the cause of religion, to my country and to you, at this time, to declare to you, thus honestly and faithfully, these truths. My only aim is to awaken you and myself a due attention, at this alarming period, to our dearest interests. As a faithful watchman I would give you warning of your present danger."

Later in July, Timothy Dwight, President of Yale University, told the people of New Haven: "Shall our sons become the disciples of Voltaire (a French writer) and the dragoons of Murat, or our daughters, the concubines of the Illuminati?" To infiltrate the Masonic lodges in Europe, Weishaupt had enlisted the aid of John Robison who was a long time, high degree Mason in the Scottish Rite, a professor of Natural Philosophy at Edinburgh University in Scotland, a British historian, and Secretary-

General to the Royal Society of Edinburgh. When he went to Germany, he was given Weishaupt's revised conspiracy plans to study, in order to expand the Illuminati's influence in the British Isles. However, Robison didn't agree with their principles, and after warning American Masons in 1789, published a book to expose the organization in 1798 called *Proofs of a Conspiracy Against All Religions and Governments of Europe, Carried On In the Secret Meetings of Freemasons, Illuminati, and Reading Societies* which presented the Protestant view. He wrote:

“I have observed these doctrines gradually diffusing and mixing with all the different systems of Freemasonry till, at last, an association has been formed for the express purpose of rooting out all the religious establishments, and overturning all the existing governments of Europe.”

During the summer of 1798, Rev. G. W. Snyder, a Lutheran minister, wrote a letter to President Washington and included a copy of Robison's book expressing his concern about the Illuminati infiltrating the American Masonic lodges. In Washington's response, dated September 25, 1798, he wrote: “I have heard much about the nefarious and dangerous plan and doctrines of the Illuminati,” but went on to say that he didn't believe that they had become involved in the lodges. A subsequent letter by Snyder, requesting a more reassuring answer resulted in a letter from Washington, dated October 24, 1798, which can be found in *The Writings of George Washington* (volume 20, page 518, which was prepared under the direction of the U.S. George Washington Bicentennial Commission and published by the U.S. Government Printing Office in 1941). He wrote:

“It was not my intention to doubt that the doctrines of the Illuminati and the principles of Jacobinism had not spread in the United States. On the contrary, no one is more satisfied of this fact than I am. The idea I meant to convey, was, that I did not believe that the lodges of Freemasons in this country had, as societies, endeavored to propagate the diabolical tenets of the first, or pernicious principles of the latter. That individuals of them may have done it, or that the founder or instruments employed to have found the democratic societies in the United States may have had this object, and actually had a separation of the people from their government in view, is too evident to be questioned.”

Shortly before his death, Washington issued two more warnings about the Illuminati. On July 4, 1812, Rev. Joseph Willard, the president of Harvard University, said in a speech in Lancaster, New Hampshire:

“There is sufficient evidence that a number of societies, of the Illuminati, have been established in this land of Gospel light and civil liberty, which were first organized from the grand society in France. They are doubtless secretly striving to undermine all our ancient institutions, civil and sacred. These societies are closely leagued with those of the same Order, in Europe; they have all the same object in view. The enemies of all order are seeking our ruin. Should infidelity generally

prevail, our independence would fall of course. Our republican government would be annihilated...”

The Order of the Illuminati was real and especially in the United States the danger was known, while in Europe it was ignored. Another goal of their ways was not only to subvert the Masonic Lodges but also to create new secret society to create confusion.

Going further into the Conspiracy

In 1829, the Illuminati held a secret meeting in New York, which was addressed by a British Illuminist named Frances “Fanny” Wright, from Scotland, who was an associate of socialist Robert Dale Owen. She had come to America in 1818, then again in 1824. In 1828, she became the co-editor of the *New Harmony Gazette* with Owen. In 1829, they moved to New York, and called their publication the *Free Enquirer*. At the meeting, she spoke of equal rights, atheism, and free love, as she promoted a Women’s Auxiliary of the Illuminati. Those present were told that an international movement of subversives was being developed along the lines of Illuminati principles, who would be used to ferment future wars. They were to be known as ‘Communists.’ This movement was to be used to make the idea of a one-world government more appealing by bringing chaos to the world through war and revolution, so the Illuminati could step in to create order. In 1843, poet Heinrich Heine, revealed what he knew about this new group, when he wrote a book called *Letece*, which was a compilation of articles he wrote for the *Augsburg Gazette* from 1840-1843. A passage from that book read:

“Communism is the secret name of this tremendous adversary which the rule of the proletariat, with all that implies, opposes to the existing bourgeois regime ... Communism is nonetheless the dark hero, cast for an enormous if fleeting role in the modern tragedy, and awaiting its cue to enter the stage.”

Clinton Roosevelt, Horace Greeley (1811-72, Editor of the *New York Tribune* which he founded in 1841), and Charles Dana (1819-97, City Editor on the *New York Tribune*, and later Editor of the *New York Sun*), prominent newspaper publishers at that time, were appointed to a committee to raise funds for the project which was being financed by the Rothschilds. In 1841, Clinton Roosevelt wrote a book called *The Science of Government Founded on Natural Law* which was the blueprint of the conspiracy to eliminate the U.S. Constitution and to communize the country based on the principles of Weishaupt. It contained the detailed plan for the New Deal and the National Recovery Act that was implemented 92 years later by his direct descendant Franklin D. Roosevelt. His book “*The Science of Government Founded on Natural Law*” was also the blueprint of “*The Communist Manifesto*” by Karl Marx who copied much of it’s content.

Conspiracy or Theory?

There are much more information regarding the Illuminati than shown here and it seems all too unplausible. Yet, there are people with wide ranging influence and access to secret documents who very well believe in all this and also made this knowledge public. One of such people is Sir Winston Churchill, Lord of Admiralty in World War 1 and British Prime Minister in World War 2. In 1920, he published a newspaper article labeled "Zionism versus Bolshevism" where he wrote:

"In violent opposition to all this sphere of Jewish effort rise the schemes of the International Jews. The adherents of this sinister confederacy are mostly men reared up among the unhappy populations of countries where Jews are persecuted on account of their race. Most, if not all, of them have forsaken the faith of their forefathers, and divorced from their minds all spiritual hopes of the next world. This movement among the Jews is not new. From the days of Spartacus-Weishaupt to those of Karl Marx, and down to Trotsky (Russia), Bela Kun (Hungary), Rosa Luxemburg (Germany) and Emma Goldman (U.S.), this world-wide conspiracy for the overthrow of civilization and for the reconstruction of society on the basis of arrested development, of envious malevolence, and impossible equality, has been steadily growing."

In Churchill's view, it was all a Jewish conspiracy for the One World Government. As we will see in later chapters, he himself became a Zionist at the end of World War 1 and was bribed to do their bidding. With his corruption, he sacrificed the very thing he fought for his entire life, the British Empire, in order to destroy the only movement which could oppose this worldwide conspiracy. Today, we know of this as the Second World War.

6.2 Socialism/Communism

Introduction

The words socialism and socialist were first used about the year 1830 but the origin of the ideas which led to the establishment of the modern labor movement goes back to the time of the French Revolution. For a variety of reasons Jews were attracted to socialism as it developed in Western Europe. Some regarded it as the building of a "just society" based on the teachings of the Bible and the Prophets, while others were attracted by its revolutionary nature. Thus, while some Jews saw socialism as a reply to antisemitism, there were also Jews who saw in it a way of getting rid of their Jewish heritage and serving the cause of the "Brotherhood of Man." Socialism was particularly attractive for Jews anxious to leave the ghetto behind them and who, disappointed with the slow progress of 19th-century liberalism, were keen to

embrace a new universal faith.

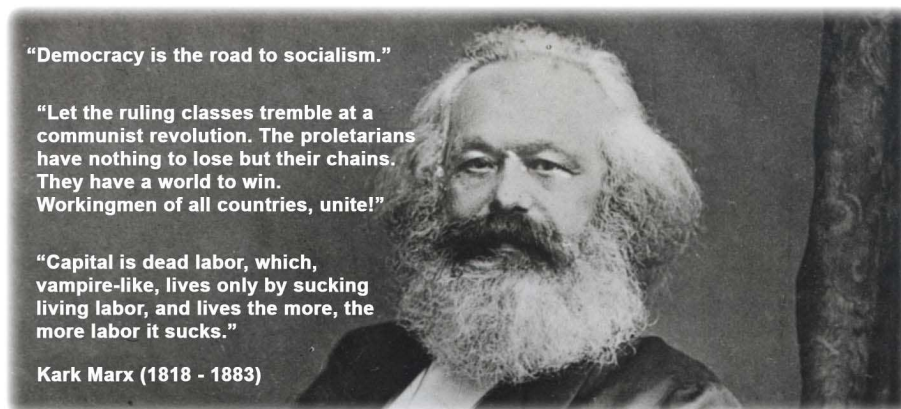


Figure 6.1: Karl Marx was a philosopher, economist, sociologist, journalist, and revolutionary socialist. Author of “The Communist Manifesto“. He ancestry shows that he is vaguely related to the Rothschild Family.

France

The forerunners of modern socialism were two Frenchmen, Count Henry Claude de Rouvroy de Saint-Simon (1760–1825; see Saint-Simonism) and Charles Fourier (1772–1837). Saint-Simon was impressed by Jewish messianic ideals and, referring to the persecution of the Jews, wrote that he looked forward to the time when all men would be brothers. Two of his followers, Barthélemy Prosper Enfantin (1796–1864) and Armand Bazard (1791–1832), considered the emancipation of the Jews as being one of the preconditions for the liberation of humanity. They believed that Jewish monotheism foreshadowed the approaching unity of mankind and their supporters included many French Jews, among them the poet Léon Halévy, the bankers Émile and Isaac Péreire, and the financier Olinde Rodrigues (1794–1851). On the other hand, Charles Fourier identified Jews with capitalism and opposed their emancipation on the grounds that they were “parasites, merchants, usurers.“ Nevertheless, in his last writings he argued that the Jews should be helped to escape from persecution in Europe by returning to Palestine and once more become a recognized nation with their own king, their own flag, their own consuls, and their own currency. A number of Fourier’s followers were Jews who rejected their master’s antisemitism. Thus Alexander Weil wrote in 1845 that it was unfair to blame one section of the population for what he regarded as the iniquities of Catholicism and capitalism. He also described the serious condition of the Jews in Eastern Europe, in order to draw the attention of the public to their plight. Similarly, Jean Czynsky, a Polish refugee of Jewish origin, wrote that freedom for Poland and the emancipation of Polish Jews were concepts for which all socialists must strive.

Great Britain

The early development of socialism in Britain at the beginning of the 19th century had little to do with the Jews, who numbered only 20,000 in the country. Nevertheless, Robert Owen (1771–1858), “the father of British socialism,” actively campaigned for equality for the Jews and in 1830 submitted a petition to the House of Commons urging the abolition of religious disabilities. His example was followed by a number of leaders of the Chartist movement. Jews first became prominent in British socialism in the latter half of the 19th century and in May 1876 the Aguddat ha-Sozialistim ha-Ivrim was formed in London, its founders including A.S. Liebermann and Lazar Goldenberg. German radical groups were also active in London and largely influenced the ideology of Jewish socialists in Britain. They kept in contact with the Russian revolutionary Peter Lavrov (1823–1900), who published the socialist organ, *Vpered*, in London. Toward the end of the 19th century an increasingly large number of Russian Jews became active in British socialism. Theodor Rothstein was a leader of the Marxist Social Democratic Federation, founded by H.M. Hyndman in 1884. Rothstein, who was shocked by an antisemitic outburst by Hyndman, later played an important part at the congress of the Russian Social Democratic Party in London in 1907, and after the Bolshevik seizure of power in 1917 was their unofficial representative in London. Later he helped found the British Communist Party, in which his son Andrew Rothstein was a prominent figure for many years. He was anti-Zionist, as were Joe Finberg, and Boris and Zelda Kahn, all refugees from Russia who played a major part in the British socialist movement. An outstanding figure of the British socialist movement was Eleanor Marx-Aveling (1855–1898), Karl Marx’s youngest daughter, who felt a close affinity with the Jewish people and affirmed that “my happiest moments are when I am in the East End of London amid Jewish workpeople.”

Germany

In Germany, many of the pioneers of socialism were Jewish. Among them was Moses Hess, whose study *Die Philosophic der Tat* (“The Philosophy of Action”), linked the ideas of the German philosophical school with the concept of historical materialism on which communism was based. Hess largely influenced the thinking of Karl Marx and Friedrich Engels but differed from them in that his brand of socialism was based upon ethical concepts. The course of socialism in Germany, however, was dominated not by Hess but by Marx and Ferdinand Lassalle, the former as the founder of the school of economic materialism and the latter as the father of German Social Democracy. But while Marx was the great theoretician who set out to revolutionize international politics, Lassalle was the political strategist who brought socialism into German political life. Both showed a marked hostility to Judaism. On the other hand, Marx’s non-Jewish colleague Friedrich Engels, who at first equated Jews with

capitalists, later took a stand against antisemitism which he described as the weapon of the German governing class.

The First International

A number of Jews became prominent during the 19th century in the International Working Men's Association, formed in 1864 by Marx and Engels, which became known as the First International. Among them were several French Jews, including E.E. Fribourg, an opponent of Marx, who was a disciple of the non-Jewish anarchist writer Pierre Proudhon (1809–1865). Fribourg advocated membership in the association only to people engaged in physical work, a move against Marx, whereas Lazare Lévy, another leading member of the French section of the First International, was a strong supporter of Karl Marx. Jews were also prominent in the workers' uprising in the Paris Commune in March 1871, one of the leaders being Léo Frankel.



Figure 6.2: The hammer and chisel and the color red are usually associated with Communism.

The Second International

The Second International set up at the Paris Congress of 1889 was largely dominated by German socialists, whose delegates represented a strong socialist party in effective control of the trade unions. They included August Bebel, William Liebknecht, Clara Zetkin, and Eduard Bernstein, the son of a Jewish worker, who had a profound influence on the development of socialism in Germany and elsewhere. Bernstein combined Marxist ideology with British pragmatism in a concept which became known as "Revisionism." He considered assimilation the best solution to the Jewish problem but Jewish suffering in World War I made him a supporter of Jewish settlement in Palestine and of Po'alei Zion. His non-Jewish colleague August Bebel was also sympathetic to the Jewish cause, describing antisemitism as "socialism of the fools,"

and, while there were antisemites among the German socialists, the party was committed to fight against discrimination. By 1912 there were 12 Jews among the 100 Social Democrats in the German Parliament. Many other Jews were prominent in the party, the majority of them favoring assimilation, especially after Karl Kautsky's book, *Race and Judaism*, was published in 1914. Most members of the Social Democratic Party were hostile to Zionism, as was the party organ *Die Neue Zeit*, but the Revisionists showed understanding of the labor Zionist cause and their newspaper *Sozialistische Monatshefte*, edited by Joseph Bloch, was pro-Zionist. In Austria, many prominent figures in the Socialist Party were Jews, among them Victor Adler, Friedrich Adler, Otto Bauer, Max Adler, Hugo Breitner, and William Ellenbogen. They all supported assimilation and opposed Jewish national aspirations. In particular, Otto Bauer's work *Die Nationalitaetenfrage und die Sozialdemokratie* (1907), which denied that the Jews were a separate nationality, had considerable influence in socialist circles. On the whole, Jewish socialists in Austria avoided discussion of the Jewish question and were hostile to Zionism, but a notable exception was Julius Braunthal, who supported the labor Zionist movement.

Goals from the Communist Manifesto

1. Abolition of property in land and application of all rents of land to public purposes.
2. A heavy progressive or graduated income tax.
3. Abolition of all rights of inheritance.
4. Confiscation of the property of all emigrants and rebels.
5. Centralisation of credit in the hands of the state, by means of a national bank with State capital and an exclusive monopoly.
6. Centralisation of the means of communication and transport in the hands of the State.
7. Extension of factories and instruments of production owned by the State; the bringing into cultivation of waste-lands, and the improvement of the soil generally in accordance with a common plan.
8. Equal liability of all to work. Establishment of industrial armies, especially for agriculture.
9. Combination of agriculture with manufacturing industries; gradual abolition of all the distinction between town and country by a more equable distribution of the populace over the country.
10. Free education for all children in public schools. Abolition of children's factory labour in its present form. Combination of education with industrial production

6.3 Nationalism

Nationalism was the most successful political force of the 19th century. It emerged from two main sources: the Romantic exaltation of “feeling“ and “identity“ [see Herder above all on this] and the Liberal requirement that a legitimate state be based on a “people“ rather than, for example, a dynasty, God, or imperial domination. Both Romantic “identity nationalism“ and Liberal “civic nationalism“ were essentially middle class movements. There were two main ways of exemplification: the French method of “inclusion“ - essentially that anyone who accepted loyalty to the civil French state was a “citizen“. In practice this meant the enforcement of a considerable degree of uniformity, for instance the destruction of regional languages. The US can be seen to have, eventually, adopted this ideal of civic inclusive nationalism. The German method, required by political circumstances, was to define the “nation“ in ethnic terms.

Although nationalism is unique to the modern world, some of its elements can be traced throughout history. The first roots of nationalism are probably to be found in the ancient Hebrews, who conceived of themselves as both a chosen people, that is, a people as a whole superior to all other peoples, and a people with a common cultural history. The ancient Greeks also felt superior to all other peoples and moreover felt a sense of great loyalty to the political community. These feelings of cultural superiority (ethnocentrism), which are similar to nationalism, gave way to much more universal identifications under the Roman Empire and with the Christian Church through its teaching of the oneness of humanity.

As strong centralized monarchies were built from petty feudal states, as regional languages and art forms were evolved, and as local economies widened, popular identification with these developments became increasingly strong. In areas such as Italy, which were not yet single nations, recurring invasions led such thinkers as Niccolò Machiavelli to advocate national political federation. The religious wars of the Reformation set nation against nation, though the strongest loyalty continued to adhere to the sovereign. In the 16th and 17th cent. the nationalistic economic doctrine of mercantilism appeared.

The growth of the middle classes, their desire for political power, and the consequent development of democratic political theory were closely connected with the emergence of modern nationalism. The theorists of the French Revolution held that people should establish governments of equality and liberty for everyone. To them the nation was inseparable from the people, and for the first time in history a people could create a government in accordance with the nation’s general will. Although their aims were universal, they glorified the nation that would establish their aims, and nationalism found its first political expression.

It was in the 19th cent. that nationalism became a widespread and powerful force.

During this time nationalism expressed itself in many areas as a drive for national unification or independence. The spirit of nationalism took an especially strong hold in Germany, where thinkers such as Johann Gottfried von Herder and Johann Gottlieb Fichte had developed the idea of Volk. However, the nationalism that inspired the German people to rise against the empire of Napoleon I was conservative, tradition-bound, and narrow rather than liberal, progressive, and universal. And when the fragmented Germany was finally unified as the German Empire in 1871, it was a highly authoritarian and militarist state. After many years of fighting, Italy also achieved national unification and freedom from foreign domination, but certain areas inhabited by Italians (e.g., Trieste) were not included in the new state, and this gave rise to the problem of irredentism. In the United States, where nationalism had evinced itself in the doctrine of Manifest Destiny, national unity was maintained at the cost of the Civil War. In the latter half of the 19th cent., there were strong nationalist movements among the peoples subject to the supranational Austrian and Ottoman empires, as there were in Ireland under British rule, and in Poland under Russian rule. At the same time, however, with the emergence in Europe of strong, integrated nation-states, nationalism became increasingly a sentiment of conservatives. It was turned against such international movements as socialism, and it found outlet in pursuit of glory and empire.

6.4 Imperialism

Imperialism has been the most powerful force in world history over the last four or five centuries, carving up whole continents while oppressing indigenous peoples and obliterating entire civilizations. Yet, it is seldom accorded any serious attention by our academics, media commentators, and political leaders. When not ignored outright, the subject of imperialism has been sanitized, so that empires become “commonwealths,” and colonies become “territories” or “dominions”. Imperialist military interventions become matters of “national defense,” “national security,” and maintaining “stability” in one or another region.

The earliest victims of Western European imperialism were other Europeans. Some 800 years ago, Ireland became the first colony of what later became known as the British empire. A part of Ireland still remains under British occupation. Other early Caucasian victims included the Eastern Europeans. The people Charlemagne worked to death in his mines in the early part of the ninth century were Slavs. So frequent and prolonged was the enslavement of Eastern Europeans that “Slav” became synonymous with servitude. Indeed, the word “slave” derives from “Slav”. Eastern Europe was an early source of capital accumulation, having become wholly dependent upon Western manufactures by the seventeenth century.

The preponderant thrust of the European, North American, and Japanese imperial

powers has been directed against Africa, Asia, and Latin America. By the nineteenth century, they saw the Third World as not only a source of raw materials and slaves but a market for manufactured goods. By the twentieth century, the industrial nations were exporting not only goods but capital, in the form of machinery, technology, investments, and loans. To say that we have entered the stage of capital export and investment is not to imply that the plunder of natural resources has ceased. If anything, the despoliation has accelerated.

Of the various notions about imperialism circulating today in the United States, the dominant view is that it does not exist. Imperialism is not recognized as a legitimate concept, certainly not in regard to the United States. One may speak of “Soviet imperialism“ or “nineteenth-century British imperialism“ but not of U.S. imperialism. A graduate student in political science at most universities in this country would not be granted the opportunity to research U.S. imperialism, on the grounds that such an undertaking would not be scholarly. While many people throughout the world charge the United States with being an imperialist power, in this country persons who talk of U.S. imperialism are usually judged to be mouthing ideological blather.

Imperialism mixed with Capitalism

Imperialism is older than capitalism. The Persian, Macedonian, Roman, and Mongol empires all existed centuries before the Rothschilds and Rockefellers. Emperors and conquistadors were interested mostly in plunder and tribute, gold and glory. Capitalist imperialism differs from these earlier forms in the way it systematically accumulates capital through the organized exploitation of labor and the penetration of overseas markets. Capitalist imperialism invests in other countries, transforming and dominating their economies, cultures, and political life, integrating their financial and productive structures into an international system of capital accumulation.

A central imperative of capitalism is expansion. Investors will not put their money into business ventures unless they can extract more than they invest. Increased earnings come only with a growth in the enterprise. The capitalist ceaselessly searches for ways of making more money in order to make still more money. One must always invest to realize profits, gathering as much strength as possible in the face of competing forces and unpredictable markets. Given its expansionist nature, capitalism has little inclination to stay home. Almost 150 years ago, Marx and Engels described a bourgeoisie that “chases over the whole surface of the globe. It must nestle everywhere, settle everywhere, establish connections everywhere. . . . It creates a world after its own image.“ The expansionists destroy whole societies. Self-sufficient peoples are forcibly transformed into disfranchised wage workers. Indigenous communities and folk cultures are replaced by mass-market, mass-media, consumer societies. Cooperative lands are supplanted by agribusiness factory farms, villages by desolate shanty towns, autonomous regions by centralized autocracies.

Consider one of a thousand such instances. A few years ago the Los Angeles Times carried a special report on the rainforests of Borneo in the South Pacific. By their own testimony, the people there lived contented lives. They hunted, fished, and raised food in their jungle orchards and groves. But their entire way of life was ruthlessly wiped out by a few giant companies that destroyed the rainforest in order to harvest the hardwood for quick profits. Their lands were turned into ecological disaster areas and they themselves were transformed into disfranchised shantytown dwellers, forced to work for subsistence wages—when fortunate enough to find employment. North American and European corporations have acquired control of more than three-fourths of the known mineral resources of Asia, Africa, and Latin America. But the pursuit of natural resources is not the only reason for capitalist overseas expansion. There is the additional need to cut production costs and maximize profits by investing in countries with cheaper labor markets. U.S. corporate foreign investment grew 84 percent from 1985 to 1990, the most dramatic increase being in cheap-labor countries like South Korea, Taiwan, Spain, and Singapore.

Because of low wages, low taxes, nonexistent work benefits, weak labor unions, and nonexistent occupational and environmental protections, U.S. corporate profit rates in the Third World are 50 percent greater than in developed countries. Citibank, one of the largest U.S. firms, earns about 75 percent of its profits from overseas operations. While profit margins at home sometimes have had a sluggish growth, earnings abroad have continued to rise dramatically, fostering the development of what has become known as the multinational or transnational corporation. Today some four hundred transnational companies control about 80 percent of the capital assets of the global free market and are extending their grasp into the ex-communist countries of Eastern Europe. Transnationals have developed a global production line. General Motors has factories that produce cars, trucks and a wide range of auto components in Canada, Brazil, Venezuela, Spain, Belgium, Yugoslavia, Nigeria, Singapore, Philippines, South Africa, South Korea and a dozen other countries. Such “multiple sourcing” enables GM to ride out strikes in one country by stepping up production in another, playing workers of various nations against each other in order to discourage wage and benefit demands and undermine labor union strategies.

Some writers question whether imperialism is a necessary condition for capitalism, pointing out that most Western capital is invested in Western nations, not in the Third World. If corporations lost all their Third World investments, they argue, many of them could still survive on their European and North American markets. In response, one should note that capitalism might be able to survive without imperialism—but it shows no inclination to do so. It manifests no desire to discard its enormously profitable Third World enterprises. Imperialism may not be a necessary condition for investor survival but it seems to be an inherent tendency and a natural outgrowth of advanced capitalism. Imperial relations may not be the only way to pursue profits, but they are the most lucrative way.

6.5 Zionism

Zionism is the Jewish national movement. Zionism derives its name from Zion, (pronounced Tzyion in Hebrew) a hill in Jerusalem. The word means marker or commemoration. Shivath Tzion is one of the traditional terms for the return of Jewish exiles. The term Zionism was coined by the Zionist publicist Nathan Birnbaum in 1890. Zionism did not spring full blown from a void with the creation of the Zionist movement in 1897. Jews had maintained a connection with Palestine, both actual and spiritual. This continued even after the Bar Kochba revolt in 135, when large numbers of Jews were exiled from Roman Palestine, the remains of their ancient national home. The Jewish community in Palestine revived. Under Muslim rule, is estimated to have numbered as many as 300,000 prior to the Crusades, about 1000 AD. The Crusaders killed most of the Jewish population of Palestine or forced them into exile, so that only about 1,000 families remained after the reconquest of Palestine by Saladin. The Jewish community in Palestine waxed and waned with the vicissitudes of conquest and economic hardship. A trickle of Jews came because of love of Israel, and were sometimes encouraged by invitations by different Turkish rulers to displaced European Jews to settle in Tiberias and Hebron. At different times there were sizeable Jewish communities in Tiberias, Safed, Hebron and Jerusalem, and numbers of Jews living in Nablus and Gaza. A few original Jews remained in the town of Peki'in, families that had lived there continuously since ancient times.

From time to time, small numbers of Jews came to settle in Palestine in answer to rabbinical or Messianic calls, or fleeing persecution in Europe. Beginning about 1700, groups of followers led by rabbis, reached Palestine from Europe and the Ottoman empire with various programs. For example, Rabbi Yehuda Hehasid and his followers settled in Jerusalem about 1700, but the rabbi died suddenly, and eventually, an Arab mob, angered over unpaid debts, destroyed the synagogue the group had built and banned all European (Ashkenazy) Jews from Jerusalem. Rabbis Luzatto and Ben-Attar led a relatively large immigration about 1740. Other groups and individuals came from Lithuania and Turkey and different countries in Eastern Europe.

The French revolution and the rise of Napoleon hastened the emancipation of European Jewry, who were no longer confined to the ghettos of European cities, and became citizens like everyone else. Eventually, the liberalization reached Eastern Europe and Russia as well. The enlightenment of the 18th century and the emancipation of the 19th were a great shock for Jewish culture and identity. Jews split into several groups during the nineteenth century. Ultraorthodox Jews remained faithful to the culture of the ghetto, which excluded the possibility of intermingling in modern society or gaining a modern education. A second group attempted to assimilate completely into European society, converting to Christianity and losing their Jewish identity. A third group believed that they could assimilate as modern citizens, with equal rights and still maintain their Jewish faith, while renouncing any cultural or

group allegiance to Judaism.

At the same time, after the French Revolution and the emancipation of European Jewry, the vague spiritual bonds of the Jewish people began to express themselves in more concrete, though not always practical ways. About 1808, groups of Lithuanian Jews, followers of the Vilna Gaon (a famous rabbi and opponent of Hassidism) arrived in Palestine and purchased land to begin an agricultural settlement. In 1836, Rabbi Zvi Hirsch Kalischer petitioned Anselm Rothschild to buy Palestine or at least the Temple Mount for the Jews. In 1839-1840, Sir Moses Montefiore visited Palestine and negotiated with the Khedive of Egypt to allow Jewish settlement and land purchase in Palestine. However, the negotiations led to nothing, possibly frustrated by the outbreak of an anti-Semitic blood-libel in Damascus. Thereafter, Montefiore continued with less ambitious philanthropic schemes in Palestine and in Argentina. In the 1840s, Rabbi Kalischer in Poland, and Rabbi Yehuda Alkalai, a Sephardic Jew, wrote articles urging practical steps for hastening redemption by settling in the Holy Land, to be sponsored by the efforts of philanthropists.

The idea of a Jewish restoration also took the fancy of British intellectuals for religious and practical reasons. The restoration was championed in the 1840s by Lords Shaftesbury and Palmerston, who in addition to religious motivations thought that a Jewish colony in Palestine would help to stabilize and revive the country, Jewish national stirrings were also voiced by novelists and writers such as Lord Byron, Benjamin Disraeli, George Eliot and Walter Scott. Through an accident of history, European (Ashkenazy) Jews took the lead in organized Zionism for many years. However, Sephardic (Spanish) Jews and Jews in Arab lands maintained a closer practical tie with the holy land and with the Hebrew language than did Ashkenazy Jews and also influenced and participated in the the Zionist movement from its inception. Sarajevo-born Judah ben Solomon Hai Alkalai (1798-1878,) is considered one of the major precursors of modern Zionism. Alkalai believed that return to the land of Israel was a precondition for the redemption of the Jewish people. Alkalai's ideas greatly influenced his Ashkenazy contemporary, Rabbi Tsvi Hirsch Kalischer. Alkalai was also a friend of the grandfather of Theodore Herzl, the founder of modern Zionism. Another Sephardi Jew, David Alkalai, a grand-nephew of Judah Alkalai, founded and led the Zionist movement in Serbia and Yugoslavia., and attended the first Zionist Congress in Basel (1897).

The modern formulation of Zionism was divorced from religious aspirations. The 19th century enlightenment allowed the Jews to leave the ghettos of Europe for the first time. Some converted to Christianity and assimilated to surrounding society. Others, exposed to a general education, dropped their religious beliefs, but understood that both they and others still considered them to be Jews. This suggested a conundrum. If one could be a non-believer and still be a Jew, then "Jew" must be more than just the name of a religion. Moses Hess, a more or less secular Jew and a socialist, was probably the first to enunciate these ideas in so many words in his book Rome

and Jerusalem, published in 1862, calling for a Jewish national movement similar to the Italian risorgimento nationalist movement. These and similar sentiments were adopted by numerous small groups that formed primarily in Eastern Europe, but also in Britain and in the United States.

Moses (Moshe) Hess (1812-1875), a Jewish philosopher, was the teacher of Karl Marx. Marx became a freemason and an agitator who edited the *Rheinische Zeitung* (1842-1843). Initially, Marx, who did “not actually originate anything but merely streamlined Talmudism for Gentile Consumption,”⁵⁹ opposed mass demonstrations, but, through his mentor’s guidance, he soon adapted. In the fall of 1844, in Paris, Hess introduced Marx to Friedrich Engels, which began a lengthy collaboration. Hess formulated the communist ideology, including the abolition of all personal property. He advocated class warfare as a method of preventing mutual cooperation. He hoped to use Judaism, racism, and the class struggle to initiate a revolution and maintained that socialism was akin to internationalism, as socialists have no homeland and do not acknowledge nationality. However, he stated, this did not apply to Jews, as he believed that internationalism operated in the best interests of Judaism. He wrote, “Whoever denies Jewish nationalism is not only an apostate, a renegade in the religious sense, but also a traitor to his people and to his family.” Hess maintained that Judaism would evolve into a godless socialist, revolutionary ideology. In an 1845 article, “About the Monetary System,” He said that the Jews’ function was to change mankind into a savage animal. Marx and Engels advocated many of his ideas, and Theodor Herzl endorsed and advanced Hess’s Zionist dogma in the 1890s. Levi Baruch stressed that the Jews should retain Judaism so that other Jews would not view them as traitors. In earlier centuries, in Spain, some Jews pretended to convert to Christianity to gain access to important government and church positions. Baruch promoted this as a way for “revolutionary Jews“ to conceal their Judaism. When ensconced in these administrative positions, they could enact laws prohibiting private property, thus allowing vast riches to fall into their hands and fulfilling the Talmud mandate that they would control the world’s riches. According to Baruch, Jews would control the world, merge the races, abolish borders, eliminate the royal families, and establish the Zionist state.

The Dreyfus affair, which developed in France beginning in 1894, made Western European Jews conscious of their national identity, and in particular, affected a young Vienna journalist, Theodor Herzl. His pamphlet *Der Judenstaat*, *The Jewish State*, was published in 1896. Herzl’s plan for creating a Jewish state, which evolved after he had weighed other solutions as well, provided the practical program of Zionism, and led to the first Zionist Congress in Basle, Switzerland, in August, 1897. After the first Basle Congress, Herzl wrote in his diary, “Were I to sum up the Basle Congress in a word- which I shall guard against pronouncing publicly- it would be this: “At Basle, I founded the Jewish State. If I said this out loud today, I would be answered by universal laughter. If not in 5 years, certainly in 50, everyone will know it.”

Herzl thought that diplomatic activity would be the main method for getting the Jewish homeland. He called for the organized transfer of Jewish communities to the new state. Herzl attempted to gain a charter from the Sultan of Turkey for the establishment of a Jewish state in Palestine, then ruled by the Ottoman Empire. To this end he met in 1898 with the German Kaiser, Wilhelm II, in Istanbul and Palestine, as well as the Sultan, but these meetings did not bear fruit. Later, Herzl negotiated with the British regarding the possibility of settling the Jews on the island of Cyprus, the Sinai Peninsula, the El Arish region and Uganda. All these negotiations came to naught. The insistence of Eastern European Jews on Palestine as the Jewish homeland, coupled with the failure of alternatives, maintained the focus of the Zionist movement on Palestine.

There have always been Jews in Jerusalem, Safed, Nablus, and Hebron. Individual immigration to the area has never ceased. Thousands of Jews had settled peacefully and assimilated in Palestine before others ever viewed the area as an exclusive, designated Jewish homeland. In 1948, Benjamin H. Freedman addressed a large audience at the Pentagon, including high ranking army and military intelligence officers regarding the developing situation in the Middle East. He explained the origin of the Khazars so they would have a comprehensive understanding and be able to evaluate the events that had occurred since 1917, starting with the Bolsheviks in Russia and ultimately culminating in Palestine. For centuries, the Christian world opposed any kind of Jewish settlement in the Holy Land, as it would certainly place the control of the traditional Christian holy sites under Jewish jurisdiction. With the establishment of the enlightenment philosophy, Napoleon Bonaparte, a freemason (initiated into the Army Philadelphie Lodge in 1798), while camped near Acre, announced in a written proclamation to the Jews, dated April 20, 1799, that he was going to restore Palestine to them. He ascended the throne as Emperor of France (1804-1815).

Even before the fatal Battle of Waterloo on June 18, 1815, several individuals in Britain had already adopted Napoleon's idea of "restoring" Palestine to the Jews. Rothschild allegedly provided the funds that guaranteed the victory at Waterloo. He had established a courier service that allowed the brothers to have daily communication, which gave them major advantages over their competitors. Napoleon lost the war and had to rescind his promise to restore the Jews to Palestine. Thereafter, apparently with a change of heart, he tried to eliminate Jacobinism, a belief in a nationally uniform and centralized government, in France and its plan for world government and acquired other benefactors. Rothschild, by 1815, opposed him and funded the opposition.

With time, Jewish organizations, often financed and lead by the Rothschild family, worked towards establishing Palestine as their homeland. Their agents even asked the Ottoman Sultan Abdülmeçid I (1839-1861) if the British Jews could relocate to Ottoman Palestine. On August 11, 1840, Lord Palmerston wrote to the British ambassador at Constantinople regarding the Jews. He wrote, "There exists at the

present time among the Jews dispersed over Europe, a strong notion that the time is approaching when their nation is to return to Palestine ... It would be of manifest importance to the Sultan to encourage the Jews to return and to settle in Palestine because the wealth which they would bring with them would increase the resources of the Sultan's dominions ... I have to instruct Your Excellency strongly to recommend to (the Turkish government) hold out every just encouragement to the Jews of Europe to return to Palestine." The sultan rejected the request. In 1841, Queen Victoria appointed Michael Alexander as the Protestant bishop in Jerusalem, as suggested by King Frederick William IV of Prussia. Reportedly, the Jews Society and the German Rothschilds persuaded King Frederick and the Lutherans to establish Protestant representation in Jerusalem, akin to the Vatican.

The Damascus Affair, a terrible but not necessarily isolated incident against minorities, laid the indispensable foundation for the creation of a Jewish state. England, a historically imperialistic country, in addition to its religious interest in the Holy Land, saw economic, political, and colonial opportunities as early as 1840. Cohn made numerous visits to Jerusalem. In 1854, rich European Jews and the Rothschilds would send him to Jerusalem to evaluate missionary activities, financially assist the Christian missionaries, and establish a hospital, a society of manual workers, a girls' school, and a loan society. Lord Palmerston was the Prime Minister of the United Kingdom twice (1855-1858; 1859-1865) and the secretary of state for Foreign Affairs three times (1830-1834; 1835-1841; 1846-1851). On July 13, 1841, he signed the Straits Convention, wherein five countries agreed to the permanent closure of the straits to all warships. This superseded the Treaty of Unkiar Skelessi, signed on July 8, 1833, between Russia and the Ottoman Empire, through which Czar Nicholas I sought to preserve the authority and territorial integrity of the existing states in Europe and the Near East. The treaty also initiated an eight-year alliance between Russia and the Ottoman Empire, calling for Russian aid if another country attacked the sultan. The czar hoped that this alliance would keep the straits in the hands of the Ottomans and French and English warships out of the straits. They did not renew the treaty, which paved the way for the Crimean War.

William H. Hechler, an avowed Zionist, had tutored the children of Friedrich I, the Grand Duke of Baden. During this time, he had the opportunity to develop a relationship with Friedrich's nephew, the young Hohenzollern prince, who would later become Kaiser Wilhelm II (1888-1918). Through Hechler's instrumentality, Herzl first contacted Friedrich I, which led to Herzl's meeting with Wilhelm II in Eretz Israel in 1898. Wilhelm, of Germany, very sympathetic to Turkey, had previously offered to intervene with the sultan in behalf of the Zionists. Dr. Max Bodenheimer, the attorney for the Zionist Congress, and others accompanied Herzl on his journey to meet Kaiser Wilhelm in Constantinople. Wilhelm journeyed in the Near East (October 13-November 24, 1898), after the policymaking Second Zionist Congress, when he visited Constantinople, Syria, and Palestine. The Zionists viewed this as an



Figure 6.3: Theodor Herzl was an Austro-Hungarian journalist, playwright, political activist, and writer. He was one of the fathers of modern political Zionism. Herzl formed the World Zionist Organization and promoted Jewish migration to Palestine in an effort to form a Jewish state (Israel).

unprecedented opportunity to acquire German support, and Herzl attributed undue significance to a meeting between Sultan Abdülhamid II and Kaiser Wilhelm.⁷⁶ Theodor Herzl, searching for a strong country to support a Jewish homeland, proudly showed the Kaiser a Jewish settlement in Palestine. However, the Kaiser rejected the idea of sponsoring a Jewish homeland. Wilhelm II withdrew whatever support he ever had for Zionism. His attitude influenced some of the leaders of other countries regarding their potential support. One of those countries was Russia.

Ultimately, the European powers intimidated the Ottoman government into only applying restrictions to Jews coming to Palestine en masse. Single families could immigrate and could purchase land. In 1911, Abdülhamid II, then in exile, told his physician, “I am sure that with time they can and will be successful in establishing their own state in Palestine.”¹¹⁷ In 1915, Louis D. Brandeis wrote, “It is not a movement to remove all the Jews of the world compulsorily to Palestine. In the first place, there are 14,000,000 Jews, and Palestine would not accommodate more than one-third of that number.” Most immigrants to Palestine following World War I were predominantly Eastern European Jews of Soviet and satellite origin. Therefore, the Soviets and Soviet-controlled Czechoslovakia supplied them with weapons. Political Zionists encouraged the use of violence, especially after the discovery of the vast mineral wealth of Palestine.

There were numerous reasons for wanting Palestine. Interest in the potential resources in the Dead Sea began before World War I. Novomeysky (Russian engineer and political Zionist) made the first survey of the Dead Sea in 1911, and recognized its potential wealth. Winston Churchill, secretary of state for the colonies (1921-1922), gave Novomeysky a grant for the exploitation of the Dead Sea.¹²¹ Novomeysky then established the Palestine Potash Company in 1929, the company that would supply 50 percent of Britain’s potash during World War II.

In February 1924, in 1925, and in 1928, Weizmann and Marshall conferred with po-

tential investors willing to further their interests in Palestine. In 1926, the Brandeis-Mack Group, headed by Louis D. Brandeis and Julian W. Mack, both members of the American Jewish Congress, founded the Palestine Economic Corporation (PEC) to develop enterprises in Palestine. By 1946, PEC funded more than ninety operations and launched or enhanced industries such as chemicals, citrus products, paper, plastics, and tires. In 1967, PEC had 11,000 stockholders, primarily in the United States, with millions invested in Israel's industries.¹²² Investors included Leon Blum, Albert Einstein, Herbert Samuel, Felix M. Warburg, Cyrus Adler, and Lee K. Frankel. Suddenly, Weizmann had support from American Jews. Marshall and Warburg assured him that his financial troubles were over, and he would no longer have to travel to make appeals to save his movement from bankruptcy. On January 14, 1947, in *The New York Herald Tribune*, Zionist opponents inserted a full-page article, entitled *According to Zionists: Misleading World with Untruths for Palestine Conquest*, as an advertisement. Experts estimated the chemical and mineral wealth of the Dead Sea to have a proven value of \$5 trillion (1947 money). In order for bankers and Zionists to acquire the resources, it was necessary to establish a Jewish state there. Rose M. Schoendorf, of the Cooperating Americans of the Christian Faiths, signed the article, along with Habib I. Katibah, of the Cooperating Americans of Arab Ancestry, and by Benjamin H. Freedman of the Cooperating Americans of the Jewish Faith. Apart from the Dead Sea minerals, people discovered oil in the Negev Desert in 1951, in addition to the rest of the oil resources in the Middle East.

On November 29, 1947, the UN General Assembly resolved to divide Palestine into three parts—as proclaimed, “Independent Arab and Jewish States and the Special International Regime for the City of Jerusalem ... shall come into existence in Palestine.” On May 14, 1948, in the Provisional State Council in Tel Aviv, David Ben-Gurion, the first Prime Minister of Israel, standing below a portrait of Theodor Herzl, proclaimed the State of Israel.

Zionism and the American War Congress

In 1897, after the first World Zionist Congress in Basel, the Jews of Shanghai holding British citizenship, numbering several hundred people, mostly from Baghdad, supported Britain's views on Zionism and the Zionist movement. Nissim E. Benjamin Ezra, from India, launched the Shanghai Zionist Association (SZA) in 1903, one of the three earliest Zionist organizations in Asia; the others were in Iraq and Turkey. 1869 The Kadoories were dedicated Zionists by the early twentieth century. Officials in Hong Kong appointed several Jews to government positions such as Sir Matthew Nathan, governor of Hong Kong (1904- 1907).

On June 11, 1918, the Zionist Organization of America (ZOA), founded in 1897, to support the Jewish National Home in Palestine, sent a letter to each member of what they described as the “War-Congress” in order to assess their individual attitudes

about the Zionist movement. They included a copy of the letter from British officials to Arthur J. Balfour, the Secretary of State for Foreign Affairs. It stated that French (February 11, 1918), and Italian officials (February 23, 1918), had both formally endorsed the British Declaration. This campaign, with endorsements from other countries, is a form of Sigmund Freud's crowd behavior theory. People who act as a group, like Congress or a jury, tend to blend their behavior to reach a consensus as opposed to most independent thinkers who base their conclusions on objectivity, moral principles and pertinent data. In herd mentality, each person's enthusiasm increases based on the group's subtle energy and the leadership's persuasiveness. The letters to members of Congress, undoubtedly discussed with others by leading congressional figures, requested five things.

1. Do you approve the official Declaration of England, France and Italy on the Zionist question?

2. Would you please let us have your reasons for favoring the Declaration? (If you do not favor it, please give us your reasons.)

3. Do you favor action by the United States Government in line with the British Declaration, now or within the near future?

4. Do you favor the adoption of an appropriate resolution by Congress in favor of the establishment in Palestine of a Jewish National Centre?

5. What are your views in general with regard to the effort of the Jewish people to establish a national home in Palestine?

The US government had not yet declared their position on a Jewish homeland in Palestine. A few months after the ZOA had sent its letters to Congress, President Woodrow Wilson wrote to Rabbi Stephen S. Wise, Chairman of the Provisional Executive Committee for General Zionist Affairs, New York, on August 31, 1918:

“My Dear Rabbi Wise, I have watched with deep and sincere interest the reconstructive work which the Weizmann Commission has done in Palestine at the instance of the British Government, and I welcome an opportunity to express the satisfaction I have felt in the progress of the Zionist movement in the United States and in the Allied countries since the declaration by Mr. Balfour on behalf of the British Government, of Great Britain's approval of the establishment in Palestine of a national home for the Jewish people, and his promise that the British Government would use its best endeavors to facilitate the achievement of that object, with the understanding that nothing would be done to prejudice the civil and religious rights of non-Jewish people in Palestine or the rights and political status enjoyed by Jews in other countries. I think that all Americans will be deeply moved by the report that even in this time of stress the Weizmann Commission has been able to lay the foundation of the Hebrew University at Jerusalem, with the promise that that bears of spiritual rebirth.”

Regarding the letters that the ZOA sent to Congress, sixty-one senators favorably responded while 239 representatives favorably responded for a total of 300 members of Congress who supported a Zionist state in Palestine. Similarly, nearly 300 members of Congress signed a similar declaration in March 2010, addressed to Secretary of State Hillary Clinton, reaffirming their commitment to “the unbreakable bond” that exists between the United States and the Israeli State. The United States Senate and House of Representatives, for almost a century, have promoted, represented, and acted in behalf of the best interests, financially and politically, of an ethnic/religious/cultural minority, comprising about two percent of the population, a group whose loyalties are to a country in another part of the world.

6.6 The Rothschild Family

In 1743 a goldsmith named Amschel Moses Bauer opens a coin shop in Frankfurt, Germany. Above his door he hangs a sign depicting a Roman eagle on a red shield. The shop became known as the Red Shield (German: Rothschild). Amschel Bauer had a very intelligent son, Meyer Amschel Bauer. His father spent much of his time teaching him everything he could about the money lending business and in the dynamics of finance. After his father’s death in 1755, Mayer went to work in Hannover as in a bank, owned by the Oppenheimer Family. Meyer’s immense ability was quickly recognized and he quickly advanced within the firm. He was awarded a junior partnership. His success allowed him to return to Frankfurt and to purchase the business his father had established in 1743. The Red Shield was still displayed over the door. Recognizing the significance of the Red Shield (his father had adopted it as his emblem from the Red Flag which was the emblem of the revolutionary minded Jews in Eastern Europe), Mayer Amschel Bauer changed the family name to Rothschild. It was at this point that the House of Rothschild came into being.

Through his experience with the Oppenheimers, Rothschild learns that loaning money to governments is much more profitable than loaning to individuals. The loans are not only much bigger, but they are secured by the nation’s taxes. The Rothschild Banking Dynasty becomes the richest family business in world history. (1) Forbes Magazine refers to Mayer Amschel Rothschild as “a founding father of international finance“. (2) Rothschild’s five sons will later branch out to head banking dynasties in Austria, Italy, France, and England, becoming lenders to the Kings of Europe, often financing both sides of the European wars that will so enrich them. To this very day, the House of Rothschild and its allies remain the dominant force behind world finance, Globalism, “environmentalism“, and ‘liberalism’. The Jewish-Zionist Rothschild Family will also play a major role in establishing Israel in the 1900’s (Zionism).

In [1789], he became a court agent for Prince William IX of Hesse-Kassel, who was

the grandson of George II of England, a cousin to George III, a nephew of the King of Denmark, and a brother-in-law to the King of Sweden. Soon Rothschild became the middleman for big Frankfurt bankers like the Bethmann Brothers, and Rueppell & Harnier. After expanding his business to antiques, wineries, and the importing of manufactured materials from England, the Rothschild family began to amass a sizable fortune. Prince William inherited his father's fortune upon his death in 1785, which was the largest private fortune in Europe. Some of this money had come from Great Britain paying for the use of 16,800 Hessian soldiers to stop the revolution in America, because the money was never given to the troops.

The Rothschild estate in Frankfurt had something unique in the garden, a secret office used only for secret documents not for the "public" eye. The room was not bigger than eight square meters and within was a huge iron-chest. It could not be opened by key, but by lifting the lid from the backside of the chest. But even this chest was just a diversion. Behind, there were additional hidden shelves and a hatch leading down to a cellar which had no connection to the cellar of the main estate. Here, he Mayer stored secret documents, papers and contracts showing his correspondence with Prince William IX of Hesse-Kassel. From here, the Rothschild schemes started to take form.

Important for Mayer were his sons. Amschel later became financier of the German confederation, Salomon went to Vienna and Nathan, which later received more influence than any other British citizen ever. Then the fourth son Kalman, who went to Italy and Jacob going to France. Through trade and speculation, they quickly increased their fortunes and made friends with the aristocrats in their respective countries. They created the first large scale banking network throughout Europe with the power still localized in Frankfurt. For more than 20 years, the taxes payed by Mayer were around 2000 guilder per year due to his limited fortune. Suddenly in 1795, the amount of taxes to be payed doubled and was at 15000 guilders in 1797.

In 1804, the Rothschilds secretly made loans to the Denmark government, on behalf of Prince William. Denmark was bankrupt and needed help and Rothschild secured himself his first loan given directly to a foreign state, leaving other established German bankers furious. By now, he also stored stocks/securities and gold in his secret office. The Rothschild influence grew and the two oldest sons now worked also for the German war treasury. But their plans to gain more and more influence seemed to be destroyed when Napoleon arrived in 1806 and Frankfurt was occupied. All international trade lines were interrupted and Nathan seemed to be isolated in Britain. Napoleon declared that the House of Hesse-Kassel shall be removed from power and with that, Rothschilds most relevant friend.

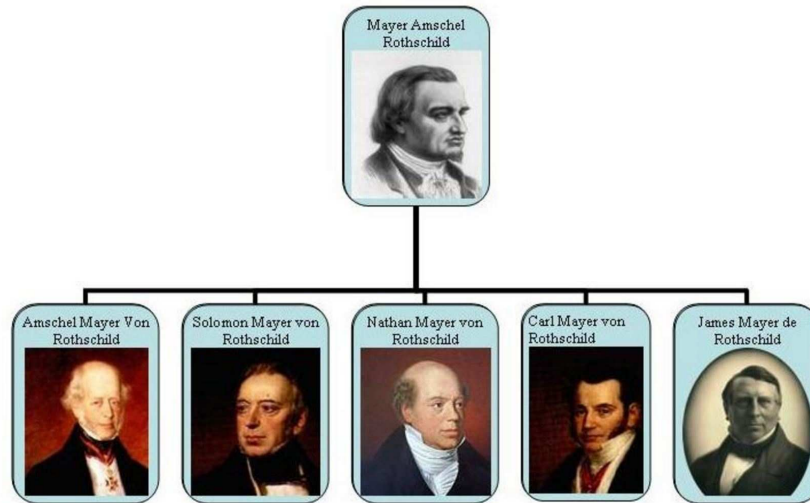


Figure 6.4: Mayer Amschel Rothschild and his five sons.

Rothschild versus Napoleon

During the night of November 1st 1806, Mayer Rothschild buried a huge package of documents and protocols of the secret hessian state council. But this was not the only thing Prince William wanted to hide from Napoleons troops. Servants of his house also hid expensive jewelry and gems in Williams villas. The riches were found, the documents were not. One of Williams merchants paid General La Grange 1 million Francs and the jewelry could be retrieved and were back in Williams hands. But these were only a small part of his wealth. As one of the riches person back then, he loaned money to other aristocrats and also had british investments which guaranteed him monthly interest payments. Now he still had a lot of his wealth, but was in exile sitting in Denmark, cut off from his financial affairs. To keep his finances with all the other aristocrats and countries afloat, he asked Mayer Rothschild to take care of this. Through a verbal contract, part of the earnings from William were guaranteed to Mayer for his work.

Napoleons newly founded ministry of finance in Hesse tried to find and seize all the wealth of the local aristocrats. But the Rothschilds already had a private courier service which wandered through the countries to collect the interest from the debtors. When the police went to into the Judengasse in Frankfurt, they only found an old house where an old jewish married couple could barely keep their shop afloat. Ah! - this evil war had cost them their grown up sons scattered to the four winds. Such a tragedy. Also all the book keeping seemed to be in order and no trace of the dealings with Prince William was found. All the real books were still in the secret cellar in the garden or in constant motion hidden in one of the Rothschilds couriers carriage. This carriage had a false bottom to store secret documents, all of which were in Hebrew, Yiddisch or German in addition to using aliases as names. The investments in Britain

were called “Stockfisch“, Mayer was called “Arnoldi“ and William was called “Herr Goldstein“. To take care of Mr. Goldstein was Mayers main task, meaning getting all of Williams earnings to him in Denmark in time.

Meanwhile in London, the son Nathan Rothschild bought huge amounts of cotton and food, colonial goods and all the other things which couldn't be bought on European mainland due to Napoleons economic blockade. All these things suddenly disappeared in London and resurfaced in Hamburg, where by pure coincidence, Amschel and Salomon Rothschild went along with their business. Suddenly all the missing goods could be found again in the stores, not only in Germany, but also Scandinavia, the Netherlands and France. Cotton, swering threads, tabacco, coffee, sugar and Indigo were suddenly available again and for extreme prices. Who cares if someone might get extremely rich, right?

Napoleons police cared and after a while they thought there might be a connection between the Rothschilds and William. They raided all storehouses in Frankfurt and again the old house in the Judengasse. Again, they found nothing. The reason was that Mayer Rothschild gave all his businesses officially to his sons and could no longer be made liable for their dealings. Especially Nathan on London was immune against Napoleons doings and he was the mastermind behind ignoring the economic blockade.

Nathan moved from Manchester to London in 1804. He was known as he big merchant banker for textiles with his company N.M. Rothschild & Sons Ltd., which you can find in the telephone book still today. Soon he stopped earning money by trading goods and switched to the “goods of goods“, financing. Since Napoleon owned all the lands, the millions of pounds of the Rothschild family could only be invested reliably in Britain and they invested in Consols, the government bonds of England. In addition, they convinced Prince William to invest big parts of his even greater wealth into these Consols. In 1810 they invested 550.000 Pound Sterling into Consols. To compare this wealth: 550.000 Pounds in 1800 would be worth nearly 20 million today. In addition, costs of living were lower. You could live a luxury live for 1500-2000 pounds a year with male servants earning 20-50 pounds a year and female servants earning 5-15 pounds a year. Thus they invested over 25000 times the yearly salary of a servant into Consols.

Nathan told Prince William that he would buy Consols for 72 a piece. In reality, he waited till the price dropped to 62 (as he expected) and put the difference into his own pocket, using Williams money for profit. He also did this with other goods like gold. This was possible because the Rothschilds delayed the payments to William on purpose and they always gave him some excuses “you know, it isn't easy with Napoleon ruling these lands.“ Having all this wealth from Prince William available also had another positive effect for Nathon Rothschild. All dealing in London were registered in his name and moving around such huge sums of money made great impression with the other bankers and they wondered how he could become so wealthy

so quickly... he must be doing something right. When Nathan reached the age of 34 in 1811, his own wealth he invested already surpassed that of the invested money from Prince William.

When Nathan was old, he told further stories about the time with Napoleon. The East Indian Trading Company wanted to sell gold worth 800.000 Pounds. He bought it all, knowing that the Duke of Wellington could needed this gold. Thus, the British government came to Nathan, wanting to buy this gold from him. But they didn't know how to get it to Wellington, who was in Portugal fighting with British troops against Napoleon. Nathan made sure to send this gold through France, under Napoleons nose, to Portugal. Nathan had created an artificial shortage of goods in 1807 to disturb Napoleons schemes. Now he was to face him again. Through the British government, Nathan became the main dealer for financial interests regarding the war with Napoleon and he became the chief paymaster for Britains most important army.

To get the gold through France and Paris, Mayers youngest son, now called James, was needed. He was only 19 years old at that time. He arrived in Paris on March 24 1811 and two days later he already appeared in a report of the Ministry of Finance given to Napoleon. "A Frankfurt Rothschild is now in Paris and his main task is moving British cash money from the British coast to the city of Dunkirk. He is in contact with Parisian bankers of highest reputation. He received letter from London saying to prevent exporting Gold out of England." The Minister seemed to have received fake information he thought were true: He know about the gold but didn't know what was supposed to happen with it. He received letter from James Rothschild depicted England feared the loss of gold would weaken them. Of course, the complete opposite was their goal. Thus a 19 year old Rothschild tricked the French government into allowing the transportation of gold through their country.

Nathan moved huge amounts of gold to the coast were James picked it up, moved it to Paris and made sure that the gold would be on its way to certain spanish banks. South of Paris, Kalmann Rothschild went to action, making sure the gold would reach spain and Wellington. Salmonon Rothschild was also part of the scheme, making sure to keep everything secret. Of course, some French policemen discovered the secret behind the gold but the Rothschild took also care of these problems. For instance was the Chief of Police of the town Calais suddenly able to live a luxury life and it was more and more difficult for him to secure the northern coast. The police in Paris tried to arrest James Rothschild twice but he was protected by the French Minister of Finance, who still thought getting the gold out of Britain would weaken the empire.

While Napoleon lost his forces in the Russian Winter, the Rothschilds strengthened the army which threatened his back. It didn't take long and the Rothschilds became Britains most important bankers, not only because of Wellington, but also because the Rothschilds gave them connections to allies: Austria, Prussia and Russia received

big loans in the last year of the war against Napoleon from Britain. To get all this money to these countries, the Rothschilds helped again. Through their network moved a total of 15 million pounds to Britains allies, roughly 750.000 times the yearly salary of the average worker in England at that time.

The Battle of Waterloo made England to the leading force in Europe. But the hard work for defeating Napoleon began a few years earlier. The Rothschilds developed a private messeging service throughout Europe, which still existed in London in the days of the Second World War. They had carriages, ships, they were everywhere. They transported cash money, securities, letters, news, everything relevant for the biggest banking network at that time. And through these messengers they delivered the most important message, that of the Battle of Waterloo. The London stock market waited nervously already for days for the news. Should Napoleon win then the value of the Consols would plummet. Would Napoleon lose and his empire crumble, then the value of the Consols would rise.



Figure 6.5: Napoleon's demise, the Battle of Waterloo 1815.

On June 19. 1815, Mr. Rothworth, one agent of the Rothschilds, jumped on a ship in "Ostende" and in his hands he had a Dutch newspaper which print was still wet. In the morning of June 20. Nathan Rothschild read this newspaper in the Port of Folkstone and he moved directly to the British government. He arrived hours before the messenger of Wellington. He told the government correctly that Napoleon was defeated and then went immediately to the stock market. Usually everybody would have used his entire wealth to buy Consols to make profit of the coming rise in value. But he sold everything he had. His name was important enough, and his wealth was big enough, to reduce the value of the Consols. He kept selling and selling and all the other bankers thought "Rothschild must know already, Waterloo was lost for England". The Consols fell and fell because all the other bankers started selling to in a panic. And then when the price was very low, Nathan bought all available Consols for a

minimal amount of money and a few hours later, the message of Britain defeating Napoleon arrived. The Consols rose drastically in value and Nathan made a huge fortune. In addition to Nathan owning nearly all of the Consols (government bonds), Britain also paid interest to Nathan for these Bonds.

After Waterloo, there was peace. On September 16, 1812, an old wound of Mayer Rothschild from a previous operation reopened in Frankfurt. He barely was able to create a testament, giving all of his remaining businesses to his sons. He also gave them instructions to never let anyone except his sons have a look into the Rothschild business, not their wives and only their sons should they be ready some day. Mayer died on September 19, 1812 in the arms of his Wife Gudula.

The other nations in Europe did not accept Jews as official bankers and so they struggled to gain influence and respect, especially with aristocrats and other bankers. Thus, during peace times, the Rothschild family used their money and schemes to increase their influence and improve the living standards of Jews in Europe. Hence, they all used their money to push liberal agendas wherever they could. At first, some Rothschilds even received aristocrat titles and would be called "von Rothschild", but this was not enough for them. They wanted more power and influence to even have a say in government and influencing monarchs. The Rothschilds used their combined wealth to outplay other influential bankers, bankrupted many through their schemes, especially with artificial market crashes.

One could write much more here of the time after 1820. They received the highest honors though their money, monarchs thought them as important for their finances and they even got into British parliament before 1900. They fought for liberal agendas, financing institutions everywhere, all to improve the rights of Jews. They also profited from wars, financing both sides and even have their hand in the "World Revolutionary Movement". They and other bankers subverted democracies with their money, becoming the real rulers behind the scenes.

Nathan Mayer Rothschild: "I care not what puppet is placed on the throne of England to rule the Empire, ... The man that controls Britain's money supply controls the British Empire. And I control the money supply."

The wife of Mayer, who nearly reached 100 years of aged, is quoted in saying: "If my sons did not want nations to war, there would be none".

6.7 The Gold Standard and the Strawman of Inflation

Humbug is a word that isn't used much today, but in the Gilded Age it was a popular term for describing frauds, shams and con artists. Vernon Parrington, a Pulitzer prize-winning historian writing in the 1920s, used it to describe the arguments of the bankers to silence the farmers who were trying to reform the banker-controlled

money system in the 1890s. It was the farmers who particularly felt the pinch of tight money when the bankers withheld their gold. Parrington wrote that the farmers “pitted their homespun experience against the authority of the bankers and the teaching of the schools.” In response to their clear-headed arguments, the bankers defended with a smokescreen of confusing rhetoric:

“Denunciation took the place of exposition, and hysteria of argument; and in this revel of demagoguery the so-called educated classes – lawyers and editors and business men – were perhaps the most shameless purveyors of humbuggery. Stripped of all hypocrisy the main issue was this: Should the control of currency issues – with the delegated power of inflation and deflation – lie in the hands of private citizens or with the elected representatives of the people? . . . [But] throughout the years when the subject was debated in every newspaper and on every stump the real issue was rarely presented for consideration. The bankers did not dare to present it, for too much was at stake and once it was clearly understood by a suspicious electorate their case was lost. Hence the strategy of the money group was to obscure the issue, an end they achieved by dwelling on the single point of inflation.”

The gold standard and the inflation argument that was used to justify it were based on the classical “quantity theory of money.” The foundation of classical monetary theory, it held that inflation is caused by “too much money chasing too few goods.” When “demand” (the money available to buy goods) increases faster than “supply” (goods and services), prices are forced up. If the government were allowed to simply issue all the Greenback dollars it needed, the money supply would increase faster than goods and services, and price inflation would result. If paper money were tied to gold, a commodity in limited and fixed supply, the money supply would remain stable and price inflation would be avoided.

A corollary to that theory was the classical maxim that the government should balance its budget at all costs. If it ran short of money, it was supposed to borrow from the bankers rather than print the money it needed, in order to keep from inflating the money supply. The argument was a “straw man” argument – one easily knocked down because it contained a logical fallacy – but the fallacy was not immediately obvious, because the bankers were concealing their hand. The fallacy lay in the assumption that the money the government borrowed from the banks already existed and was merely being recycled. If the bankers themselves were creating the money they lent, the argument collapsed in a heap of straw. The money supply would obviously increase just as much from bank-created money as from government-created money. In either case, it was money pulled out of an empty hat. Money created by the government had the advantage that it would not plunge the taxpayers into debt; and it provided a permanent money supply, one not dependent on higher and higher levels of borrowing to stay afloat. The quantity theory of money contained another logical fallacy, which was pointed out later by British economist John Maynard Keynes. Adding money (“demand”) to the economy would drive up prices only

if the “supply“ side of the equation remained fixed. If new Greenbacks were used to create new goods and services, supply would increase along with demand, and prices would remain stable.² When a shoe salesman with many unsold shoes on his shelves suddenly got more customers, he did not raise his prices. He sold more shoes. If he ran out of shoes, he ordered more from the factory, which produced more. If he were to raise his prices, his customers would go to the shop down the street, where shoes were still being sold at the lower price. Adding more money to the economy would inflate prices only when the producers ran out of the labor and materials needed to make more goods. Before that, supply and demand would increase together, leaving prices as they were before.

That theoretical revision helps explain such paradoxical data as the “economic mystery“ of China. The Chinese have managed to keep the prices of their products low for thousands of years, although their money supply has continually been flooded with the world’s gold and silver, and now with the world’s dollars, as those currencies have poured in to pay for China’s cheap products. The Keynesian explanation is that prices have remained stable because the money has gone into producing more goods, increasing supply along with demand.

The Remarkable Island of Guernsey

While U.S. bankers were insisting that the government must borrow rather than print the money it needed, the residents of a small island state off the coast of England were quietly conducting a 200- year experiment that would show the bankers’ inflation argument to be a humbug. Guernsey is located among the British Channel Islands, about 75 miles south of Great Britain. In 1994, Dr. Bob Blain, Professor of Sociology at Southern Illinois University, wrote of this remarkable island:

“In 1816 its sea walls were crumbling, its roads were muddy and only 4 1/2 feet wide. Guernsey’s debt was 19,000 pounds. The island’s annual income was 3,000 pounds of which 2,400 had to be used to pay interest on its debt. Not surprisingly, people were leaving Guernsey and there was little employment. Then the government created and loaned new, interest-free state notes worth 6,000 pounds. Some 4,000 pounds were used to start the repairs of the sea walls. In 1820, another 4,500 pounds was issued, again interest-free. In 1821, another 10,000; 1824, 5,000; 1826, 20,000. By 1837, 50,000 pounds had been issued interest free for the primary use of projects like sea walls, roads, the marketplace, churches, and colleges. This sum more than doubled the island’s money supply during this thirteen year period, but there was no inflation. In the year 1914, as the British restricted the expansion of their money supply due to World War I, the people of Guernsey commenced to issue another 142,000 pounds over the next four years and never looked back. By 1958, over 542,000 pounds had been issued, all without inflation.“

Guernsey has an income tax, but the tax is relatively low (a “flat“ 20 percent), and

it is simple and loophole-free. It has no inheritance tax, no capital gains tax, and no federal debt. Commercial banks service private lenders, but the government itself never goes into debt. When it wants to create some public work or service, it just issues the money it needs to pay for the work. The Guernsey government has been issuing its own money for nearly two centuries. During that time, the money supply has mushroomed to about 25 times its original size; yet the economy has not been troubled by price inflation, and it has remained prosperous and stable.

The Gold Humbug

The requirement that paper banknotes be backed by a certain weight of gold bullion, was a fiction. Banks did not have nearly enough gold to “redeem“ all the paper money that was supposed to be based on it, and there was no real reason the nation’s paper money had to be linked to gold at all.

The gold standard just put America at the mercy of the foreign financiers who controlled the gold. When national imports exceeded exports, gold bullion left the country to pay the bill; and when gold stores shrank, the supply of paper money “based“ on it shrank as well. The real issue, as Vernon Parrington pointed out, was not what money consisted of but who created it. Whether the medium of exchange was gold or paper or numbers in a ledger, when it was lent into existence by private lenders and was owed back to them with interest, more money would always be owed back than was created in the first place, spiraling the economy into perpetual debt. A dollar borrowed at 6 percent interest, compounded annually, grows in 100 years to be a debt of \$13,781.8 That is true whether the money takes the form of gold or paper or accounting entries. The banks lend the dollar into existence but not the additional \$13,780 needed to pay the loan off, forcing the public to go further and further into debt in search of the ephemeral interest due on their money-built-on-debt. Merchants continually have to raise their prices to try to cover this interest tab, producing perpetual price inflation. Like the Tin Woodman whose axe was enchanted by the Witch to chop off parts of his own body, the more people work, the less they seem to have left for themselves. They cannot keep up because their money keeps shrinking, as sellers keep raising their prices in a futile attempt to pay off loans that are collectively impossible to repay.

Challenging Corporate Feudalism

The popular grassroots movements that produced the Greenback and Populist Parties in the 1890s represented the interests of the common man over these corporate and financial oppressors. “Populism“ today tends to be associated with the political left, but the word comes from the Latin word simply for the “people.“ In the nineteenth century, it stood for the “government of the people, by the people, for

the people“ proclaimed by Abraham Lincoln. According to Wikipedia (an online encyclopedia written collaboratively by volunteers):

“Populism . . . on the whole does not have a strong political identity as either a left-wing or right-wing movement. Populism has taken left-wing, right-wing, and even centrist forms. In recent years, conservative United States politicians have begun adopting populist rhetoric; for example, promising to “get big government off your backs.”

Although the oppressor today is seen to be big government, what the nineteenth century Populists were trying to get off their backs was a darker, more malevolent force. They still believed that the principles set forth in the Constitution could be achieved through a democratic government of the people. They saw their antagonist rather as the private money power and the corporations it had spawned, which were threatening to take over the government unless the people intervened. Abraham Lincoln is quoted as saying:

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

Lincoln may not actually have said this. As with many famous quotations, its authorship is disputed. But whoever said it, the insight was prophetic. In a January 2007 article called “Who Rules America?”, Professor James Petras wrote, “Today it is said 2% of the households own 80% of the world’s assets. Within this small elite, a fraction embedded in financial capital owns and controls the bulk of the world’s assets and organizes and facilitates further concentration of conglomerates.” Professor Petras observed:

“Within the financial ruling class, ... political leaders come from the public and private equity banks, namely Wall Street, especially Goldman Sachs, Blackstone, the Carlyle Group and others. They organize and fund both major parties and their electoral campaigns. They pressure, negotiate and draw up the most comprehensive and favorable legislation on global strategies (liberalization and deregulation) and sectoral policies ... They pressure the government to “bailout“ bankrupt and failed speculative firms and to balance the budget by lowering social expenditures instead of raising taxes on speculative “windfall“ profits. . . . [T]hese private equity banks are involved in every sector of the economy, in every region of the world economy and increasingly speculate in the conglomerates which are acquired. Much of the investment funds now in the hands of US investment banks, hedge funds and other sectors of the financial ruling class originated in profits extracted from workers in the manufacturing and service sector.”

6.8 Protocols of the Learned Elders of Zion

History

In 1884 the daughter of a Russian general, Justine Glinka, was in Paris obtaining secret political information to be communicated back to Russia. She employed a Jewish assistant, Joseph Schorst, a member of the Miz-raim Lodge in Paris. Schorst offered to obtain for her a document of great importance to Russia, on payment of 2,500 francs. She forwarded the French original, accompanied by a Russian translation, to the Tsar in St Petersburg, but it was suppressed by those under obligation to wealthy Jews. The Tsar never received it, and Glinka was eventually banished to her estate in Orel. Glinka gave a copy to Alexis Sukhotin, who showed the document to two friends, Stepanov and Professor Sergius A. Nilus; the former had it printed and circulated privately in 1897; the second, Nilus, published it for the first time in Russia in 1901, in a book entitled *The Great Within the Small*. At about the same time, a friend of Nilus, G. Butmi, brought a copy to England, where it was apparently deposited in the British Museum on August 10, 1906. [Ed: The British Museum deny ever having received a copy of the Protocols.]

Meantime, through Jewish members of the Russian police, minutes of the proceedings of the Basle congress in 1897 had been obtained and these were found to correspond with the Protocols. In January 1917, Nilus prepared a second edition, revised and documented, for publication. But before it could be put on the market, the revolution of March 1917 had taken place, and Kerenskii, who had succeeded to power, ordered the whole edition of Nilus' book to be destroyed. In 1924, Prof. Nilus was arrested by the Cheka in Kiev, imprisoned, and tortured; he was told by the Jewish president of the court, that this treatment was meted out to him for "having done them incalculable harm in publishing the Protocols". Released for a few months, he was again led before the GPU (Cheka), this time in Moscow and confined. Set at liberty in February 1926, he died in exile in the district of Vladimir on January 13, 1929. A few copies of Nilus's second edition were saved and sent to other countries where they were published: in Germany, by Gottfreid zum Beek (1919); in England, by The Britons (1920); in France, by Mgr. Jouin in *La Revue Internationale des Societes Secretes*, and by Urbain Gohier in *La Vieille France*; in the United States, by Small, Maynard & Co. (Boston 1920), and by The Beckwith Co. (New York 1921). Later, editions appeared in Italian, Russian, Arabic, and even in Japanese.

The Protocols gained widespread recognition upon their translation into English, in 1920. They soon became notorious. Esteemed newspapers such as *The Times* and *The Morning Post* (whose Moscow correspondent Victor E. Marsden was responsible in 1921 for the translation used in this document) covered the story in numerous articles, much to the chagrin of world Jewry, who immediately began the propaganda bandwagon rolling. They not only denied that the Protocols were a Jewish plot,

but also that there was any plot whatsoever. The latter was quite clearly false to all educated men and women of the time. “Probably so much money and energy were never before in history expended on the effort to suppress a single document.” The period of 1920 “marks the end of the time when the Jewish question could be impartially openly discussed in public.” (Douglas Reed – “The Controversy of Zion”).

Fraud or Genuine?

There have been many attempts to discount The Protocols as a fraud, and the fact remains that there is no documentary proof that the Protocols of the Elders of Zion are what they say they are. Allegations of forgery and fraud have dogged their public history. However, despite many opinions to the contrary, the documents have never been categorically proved to be fraudulent. The fact also remains that since the apparent publication, world events have unfolded exactly according to their description - surely this should be proof enough that a plan such as the Protocols exists? M. Henry Ford, in an interview published in the New York World, February 17, 1921, put the case for the Protocols tersely and convincingly thus:

“The only statement I care to make about the PROTOCOLS is that they fit in with what is going on. They are sixteen years old, and they have fitted the world situation up to this time. THEY FIT IT NOW.”

What are they about?

Today, the entire document can easily be found via quick web-search. It starts off with the contents looking like this while covering around 50 pages worth of information:

THE PROTOCOLS OF THE LEARNED ELDERS OF ZION

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PREFACE

Without going too much into detail here, the protocols outlined the plan for the Zionist World Order or New World Order [ZWO / NWO]. It will be accomplished by control of the money and the media. Goyim are mentally inferior and can't run their nations properly. For their sake and ours, we need to abolish their governments and replace them with a single government. This will take a long time and involve much bloodshed, but it's for a good cause. Here's what we'll need to do:

- 0 Place our agents and helpers everywhere
- 1 Take control of the media and use it in propaganda for our plans
- 2 Start fights between different races, classes and religions
- 3 Use bribery, threats, blackmail, lies and deception to get our way
- 4 Use Freemasonic Lodges to attract potential public officials
- 5 Appeal to successful people's egos
- 6 Appoint puppet leaders who can be controlled by blackmail
- 7 Replace royal rule with socialist rule, then communism, then despotism
- 8 Abolish all rights and freedoms, except the right of force by us
- 9 Sacrifice people (including Jews sometimes) when necessary
- 10 Eliminate religion; replace it with science and materialism
- 11 Control the education system to spread deception and destroy intellect
- 12 Rewrite history to our benefit
- 13 Use our media to create entertaining distractions
- 14 Corrupt minds with filth and perversion
- 15 Encourage people to spy on one another
- 16 Keep the masses in poverty and perpetual labor

- 17 Take possession of all wealth, property and [especially] gold
- 18 Use gold to manipulate the markets
- 19 Introduce a progressive tax on wealth
- 20 Replace sound investment with speculation
- 21 Make long-term interest-bearing loans to governments [FED, IMF, BIS, ECB]
- 22 Give bad advice to governments and everyone else
- 23 Blame the victim

Eventually the Goyim will be so angry with their governments (because we'll blame them for the resulting mess) that they'll gladly have us take over. We will then appoint a descendant of David to be king of the world, and the remaining Goyim will bow down and sing his praises. Everyone will live in peace and obedient order under his glorious rule.

Some supporting quotes:

“Goyim were born only to serve us. Without that, they have no place in the world – only to serve the People of Israel,” “In Israel, death has no dominion over them. . . . With gentiles, it will be like any person – they need to die, but [God] will give them longevity. Why? Imagine that one’s donkey would die, they’d lose their money. This is his servant. . . . That’s why he gets a long life, to work well for this Jew. Goyim were born only to serve us. Without that, they have no place in the world; only to serve the People of Israel. Why are gentiles needed? They will work, they will plow, they will reap. We will sit like an effendi and eat,” Rabbi Ovadia Yosef October-18-2010 during his weekly Saturday night sermon on the laws regarding the actions non-Jews are permitted to perform on Shabbat. The crowd responded with laughter.

880,000 including many elected and unelected US policy makers as well as influential world leaders attended the funeral of Chief Rabbi Ovadia Yosef.

“Our race is the Master Race. We are divine gods on this planet. We are as different from the inferior races as they are from insects. In fact, compared to our race, other races are beasts and animals, cattle at best. Other races are considered as human excrement. Our destiny is to rule over the inferior races. Our earthly kingdom will be ruled by our leader with a rod of iron. The masses will lick our feet and serve us as our slaves.” Menaheim Begin, 6th Prime Minister of Israel. speech to the Knesset (24 June 1982), quoted in “Begin and the ‘Beasts’” Amnon Kapeliouk, in *The New Statesman* (25 June 1982);

“give me control of a nations money and I care not who makes the laws” – Mayer Amschel Rothschild

The supranational sovereignty of an intellectual elite and world bankers is surely preferable to the national auto-determination practiced in past centuries.” – David Rockefeller, *Memoirs*

“By this means [printing money] government may secretly and unobserved, confiscate the wealth of the people, and not one man in a million will detect the theft.”—John Maynard Keynes

“The real rulers in Washington are invisible, and exercise power from behind the scenes.” Supreme Court Justice Felix Frankfurter, 1952

The world is governed by very different personages from what is imagined by those who are not behind the scenes.” Benjamin Disraeli 1844

“Three hundred men, each of whom knows all the others, govern the fate of the European continent, and they elect their successors from their entourage.” Walter Rathenau WIENER FREIE PRESSE, December 24, 1912

“Fifty men have run America, and that’s a high figure.” Joseph Kennedy, father of JFK, in the July 26th, 1936 issue of The New York Times.

“We will have a world government whether you like it or not. The only question is whether that government will be achieved by conquest or consent.” James (son of Paul) Warburg quotes (Banker, Shareholder, Founder, US Federal Reserve, Founder Council on Foreign Relations 1896-1969) while speaking before the United States Senate, February 17, 1950

“Today the path of total dictatorship in the United States can be laid by strictly legal means, unseen and unheard by the Congress, the President, or the people. Outwardly we have a Constitutional government. We have operating within our government and political system, another body representing another form of government – a bureaucratic elite.” Senator William Jenner, 1954

“The New World Order cannot happen without U.S. participation, as we are the most significant single component. Yes, there will be a New World Order, and it will force the United States to change it’s perceptions.” — Henry Kissinger, World Affairs Council Press Conference, Regent Beverly Wilshire Hotel , April 19th 1994

“The Protocols of the Elders of Zion were in point of fact not the original Protocols at all, but a compressed extract of the same. Of the 70 Elders of Zion, in the matter of origin and of the existence of the original Protocols, there are only ten men in the entire world who know. I participated with Dr. Herzl in the first Zionist Congress which was held in Basle in 1897. Herzl was the most prominent figure at the Jewish World Congress. Herzl foresaw, twenty years before we experienced them, the revolution which brought the Great War, and he prepared us for that which was to happen. He foresaw the splitting up of Turkey, that England would obtain control of Palestine. We may expect important developments in the world.” —(Dr. Ehrenpreis, Chief Rabbi of Sweden, 1924)

“With Gold one can buy the most upright consciences, with Gold one can fix the value of every stock, the price of every merchandise, one can loan it to states that afterwards one holds at ones mercy. “Already the principle banks, the stock

exchanges throughout the world, the loans to all governments are in our hands. “The other great power is the press. By ceaselessly repeating certain ideas, the press in the end makes them considered as truths. The Theatre renders similar services, every where theater and press follow our directives. By an indefatigable campaign in favor of the democratic form of government, we will divide the Gentiles amongst themselves in political parties, we shall thus destroy the unity of their nations, we will sow the seeds of discord. Powerless they will have to accept the laws of our bank, always united, always devoted to our cause.” Rabbi RZEICHORN speech in Prague – 1865

It is up to the reader to decide what of these things remind him/her about our modern world, especially after having read this “copy-pasted“ book. Looking up the entire document online is recommended.

7. The long Road towards World War 1

7.1 Underlying Causes of the War

The underlying causes are so complex and reach so far back into the past that any attempt to describe them adequately would involve nothing less than the writing of the whole diplomatic history of Europe since 1870, or rather from 1789 ; some questions go back to the age of Louis XIV, and even to that of Charlemagne. It would also involve the difficult technical study of the military and naval forces of the various countries, their plans of campaign, the relation of the military to the civilian authorities in each country, the psychology of fear, and all the other factors which go to make up the somewhat vague conceptions of "militarism" and "navalism" as causes of war. No less important would be the analysis of that complex force which first began to be a powerful, disruptive agency during the French Revolution, and which steadily gathered strength for a century and a quarter, which we call "nationalism." This in turn is closely bound up with psychological and political questions of race, religion, democracy, education, and popular prejudice. Still more important, in many minds, as underlying causes of the War are the intricate political and economic problems which have arisen from the transformation of society during the past hundred years by the modern industrial system which began in England and subsequently penetrated more or less all the great countries of the world — problems of excess population, food supply, foreign markets and raw materials, colonial possessions, and the accumulation of capital seeking investment abroad. Several factors play a role in the start of World war I. Thus, the causes can be summarized as: (a) the system of secret alliances, (b) militarism, (c) nationalism, (d) economic imperialism and (e) the newspaper press.

The greatest single underlying cause of the War was the system of secret alliances which developed after the Franco-Prussian War. It gradually divided Europe into two hostile groups of Powers who were increasingly suspicious of one another and who steadily built up greater and greater armies and navies. Though this system of alliances in one sense tended to preserve peace, inasmuch as the members within one group often held their friends or allies in restraint for fear of becoming involved in war themselves, the system also made it inevitable that if war did come, it would involve all the Great Powers of Europe. The members of each group felt bound to support each other, even in matters where they had no direct interest, because failure to give support would have weakened the solidarity of the group. Thus, Germany often felt bound to back up Austria-Hungary in her Balkan policies, because otherwise Germany feared to lose her only thoroughly dependable ally. Similarly, France had no direct political (only financial) interests in the Balkans, but felt bound to back

up Russia, because otherwise the existence of the Dual Alliance would have been threatened, the balance of power destroyed, and the best guarantee of French safety from a German attack would have been lost. Likewise, the officials of the British Foreign Office became increasingly convinced that England must support France and Russia in order to preserve the solidarity of the Triple Entente as a check to the Triple Alliance. In the crisis of July, 1914, it was not, merely a question of Austria, Serbia and the Balkans; it was a question of the solidarity and prestige of the two groups of Powers into which Europe had become divided.

Many of the documents and memoirs dealing with the immediate causes of the War contain also material on the earlier period. But the most important single contribution to our fuller knowledge of the growth of the system of secret alliances is the great set of new German diplomatic documents covering the years from 1871 to 1914. This consists of the most secret instructions sent by Bismarck and his successors to the German Ambassadors abroad, their reports to the German Foreign Office, and the secret papers exchanged between the German Emperor and his Foreign Office officials. It includes exceedingly interesting marginal notes on documents from the hand of Bismarck, and later from that of William II. Bismarck's notes reveal the Iron Chancellor's innermost thoughts on foreign policy. They formed the basis of instructions sent by the German Foreign Office to the ambassadors abroad. William II's marginal notes, which are more numerous, more emotional, and often merely indicative of the mood of the moment, are interesting as a study of the psychology of the imperial mind, but exercised somewhat less directive influence upon the German Foreign Office than did Bismarck's masterly notes. From this collection of documents one sees that the German Foreign Office did not always completely inform William II on all matters and often made its will prevail over his preferences.

The Bolshevik Materials for the History of Franco- Russian Relations from 1910 to 1914, contains much of the correspondence between the Russian Foreign Office and the Russian Embassy in Paris during the four years before the War. It enables one to see how Izvolski and Poincare were transforming the Franco- Russian alliance from its originally defensive character into a potentially aggressive combination to support Russian ambitions in the Balkans.

Parallel to this Paris-St. Petersburg correspondence, supplementing and confirming it, is the London-St. Petersburg correspondence of Count Benckendorff for the years 1908-1914. His letters and other secret papers were clandestinely copied by B. von Siebert, a counsellor in the Russian Embassy at London. They were apparently sold or conveyed to German authorities, and published by von Siebert in a German edition in 1921. They have been conveniently rearranged and published in English translation by G. A. Schrciner, *Entente Diplomacy and the World* (1921). They show the efforts of Russia and France to strengthen the friendship with England and to tighten the bonds of the Triple Entente into a combination which should be firm and powerful enough to defy the Triple Alliance, if necessary.

Militarism

A second underlying cause of the War, closely connected with the system of secret alliances, was militarism. The word is often used vaguely. But usually it includes at least two definite conceptions. First, the dangerous and burdensome mechanism of great standing armies and large navies, with the attendant evils of espionage, suspicion, fear, and hatred. Second, the existence of a powerful class of military and naval officers, headed by the General Staff, who tend to dominate, especially at a time of political crisis, over the civilian authorities.

The system of great armies, embracing the larger part of the male population capable of bearing arms, began with the French during the Revolution and under Napoleon. It was extended and efficiently developed by the Prussians in the War of Liberation. As a result of its success in the victories of Moltke and Bismarck in the Wars of 1864, '66 and 70, it came to be esteemed and imitated in the rest of Continental Europe. From the Franco-Prussian War onwards the military and naval armaments of all the Great Powers tended to grow larger and larger, and the financial burden became heavier and heavier. Armaments were alleged to be for defense and in the interests of peace, according to the fallacious maxim, *si vis pacem, para helium*. They were intended to produce a sense of security.

That was the argument used in getting from legislatures the necessary grants of money. What they really did produce was universal suspicion, fear, and hatred between nations. If one country increased its army, built strategic railways, and constructed new battleships, its fearful neighbors were straightway frightened into doing likewise. So the mad competition in armaments went on in a vicious circle.

Germany and Austria, uncertain of Italy's loyalty, believed they must increase their armaments to secure their own safety. France urged Russia to increase her army and build strategic railways against Germany, and readily loaned her half a billion francs on condition that it be spent for these purposes. Russia urged France to extend the term of French military service from two to three years. "Russia is ready; France must be also," declared the Russian Minister of War in an alarming newspaper article early in 1914. So armaments were increased, not only to give security to an individual country, but also to strengthen the alliance to which it belonged.

Militarism implied also the existence of an influential body of military and naval officers, whose whole psychological outlook was naturally colored by the possibility, if not the "inevitability," of an early war. To these professional fighters war held out the prospect of quick promotion and great distinction. It would, however, be a grave injustice to them to imply that they urged war for selfish motives of personal advancement. Nevertheless, the opportunity to put into practice the results of the work of preparation for war to which their lives were devoted cannot have failed to have its psychological effect. Quite aside from any personal motives, the military officers in all countries had a high sense of national honor and patriotic duty, as they

understood it. It was their supreme duty to be ready at any moment to protect the state by force of arms. It was the constant preoccupation, day and night, of the General Staff in every country to be ready to make or meet an attack in the shortest possible time. To this end every General Staff drew up or revised every year the most minute and complete plans for mobilization and march to the frontier to satisfy all possible contingent situations. Military officers generally held to the theory that it was advantageous to take the offensive. This meant striking the foe before his mobilization was complete—at the moment, therefore, when the enemy country was in the most vulnerable process of transforming itself from a peace to a war footing.

devastation and demoralizing political and psychological effects, would be carried on in the enemy's country instead of within one's own frontiers. In a political crisis, therefore, the military leaders were always quick to conclude that war was "inevitable," and exerted all their influence to persuade the ruling civilian authorities to consent to an order for general mobilization at the earliest possible moment, in order to gain the advantage of the offensive. But a general mobilization, according to prevailing military opinion, actually did make war inevitable. It was a process virtually impossible to halt when once begun. This was one of the greatest evils of militarism. It is always at a crisis, precisely when it is most difficult for diplomats to keep their heads clear and their hands free, that militarist leaders exert their influence to hasten decisions for war, or get the upper hand altogether.

Another evil of militarism was the fact that the plans of the General Staff were technical and were worked out and guarded in such absolute secrecy. Not only were they unknown to Parliament and the public; they were often not even known to the Minister of Foreign Affairs, or at least their details and significance were not grasped by him.

Closely akin to this influence of military and naval officers was the pressure exerted on civilian authorities by munition makers and "big business."

Some militarists believed in "preventive" war—the waging of a war upon a neighbor while he was still weak, in order to prevent him growing stronger later on. So it is often alleged that Germany wanted war in 1914, in order to have a final reckoning with Slavdom before Russia should have completed her "Great Program" of military reorganization in 1916 or 1917. M. Poincare and his associates are alleged to have wanted war in 1914 before Germany grew any stronger by reason of her rapidly increasing population, wealth, and naval force, and also before French Socialists, revolting against the burden of French military expenditure, should repeal the recently voted three-year term of service. For the same reasons Russian militarists are said to have wanted war sooner rather than later. England even is often said to have been glad of the opportunity to crush the growing German navy before it should become a greater menace to that of England.

Nationalism

Nationalism, whose essence and development have recently been so admirably analyzed by a distinguished American historian, must be accounted one of the major underlying causes of the War. In its chronic form of Pan-Germanism, Pan-Slavism and revandte, it nourished hatred between Germany and her two neighbors on the East and West. It worked in curious and devious ways. It had contributed happily to the unification of Germany and Italy. On the other hand, it had disrupted the Ottoman Empire and threatened to disrupt the Hapsburg Monarchy. In its virulent form, it had contributed for a century to a series of wars for national liberation and unity in the Balkans. It was such an important factor in the Balkan situation and led so directly to the immediate occasion of the World War that some account of it in this corner of Europe will be given below in the chapter on Balkan Problems.

Economic Imperialism

Economic imperialism embraces a series of international rivalries which resulted in large part from the Industrial Revolution in England and its subsequent introduction into the other great countries of the world. It led to quantity production of goods which in turn involved the struggle for new markets and new sources of raw materials. It resulted in a great increase of population, part of which sought to emigrate to the still unoccupied regions of the world, thereby sharpening the colonial rivalry of the Great Powers. It brought about the accumulation of capital which sought investment abroad, thus leading to economic exploitation and political competition. In consequence of these and other factors, the Great Powers began to partition Africa among themselves, to secure territory or exclusive spheres of influence in China, and to build railroads in Turkey and elsewhere. This struggle for markets, raw materials, and colonies became more acute during the last quarter of the nineteenth and the beginning of the twentieth century, owing to the fact that Germany and Italy entered the competition. Hitherto politically weak and divided, they had now secured national unity and wished to come forward to share with the other Powers in the partitioning of the world. It can hardly be said that any one of the Great Powers was more responsible than another for the international jealousies and friction which arose out of this economic imperialism.

By 1914, all the Great European Powers had secured slices of Africa. In China, Italy only had failed to gain something for herself. In the matter of railway construction, which was one of the most important forms of economic imperialism because it involved political as well as economic interests, one sees the English building the Cape-to-Cairo railway, the Russians the Trans-Siberian, and the Germans the so-called Bagdad Railway. The first of these came into conflict with German, Belgian and French ambitions; the second was partly responsible for the Russo-Japanese War; the third caused endless suspicions and friction between Germany and the Triple

Entente.

Protective tariffs which usually accompanied the modern industrial system, except in England, were another form of economic imperialism. "Tariff wars" and retaliatory measures caused irritation between countries, especially in the mind of the man in the street and in newspaper discussion. There was always the danger that great merchants and industrialists would use official government support to secure economic advantages for themselves. This tended to bring governments into conflict with one another.

As already depicted in other chapters, especially the economic competition was a major factor for wanting war for Britain because they ought to lose their # 1 spot if peace is kept together with Anglo-American plan for world hegemony, either through a monetary system or by controlling the resources.

The Newspaper Press

Another underlying cause of the War was the poisoning of public opinion by the newspaper press in all of the great countries. This is a subject which is only beginning to receive the careful investigation which it deserves.

Too often newspapers in all lands were inclined to inflame nationalistic feelings, misrepresent the situation in foreign countries, and suppress factors in favor of peace.¹ : In the diplomatic correspondence of the forty years before the War there were innumerable cases in which Governments were eager to establish better relations and secure friendly arrangements, but were hampered by the jingoistic attitude of the newspapers in their respective countries. Ambassadors and Cabinet Ministers frequently admitted the senseless attitude of the leading newspapers in their own country, apologized for it and promised to exert themselves to restrain it, if only the other Government would do the same toward its press. These were often quite genuine efforts and may frequently be seen in Anglo-German relations in the quarter of a century before the War.

It is, nevertheless, true that the newspapers of two countries often took up some point of dispute, exaggerated it, and made attacks and counter-attacks, until a regular newspaper war was engendered, which thoroughly poisoned public opinion, and so offered a fertile soil in which the seeds of real war might easily germinate. A particularly good example of this is to be seen in the press feud carried on between Austria and Serbia in the weeks following the murder of the Archduke Ferdinand. Here was a case in which the Governments of both countries, instead of apologizing for their press or trying to restrain it, deliberately allowed the newspapers to incite public opinion (and fire it to an indignation and enthusiasm for war. It would, perhaps, be too much to say that, had it not been for this Austro-Serbian newspaper feud, the War might have been averted. But it is true that the violence of the Serbian

press was one of the determining factors which led Count Tisza to change his opinion and to accept war with Serbia, whereas at first he had been stubbornly opposed to it ; and without his consent Count Berchtold and the militarists could not have made war on Serbia.

Bismarck's oft-quoted remark is even more true for the generation immediately preceding the World War than for his own : "Every country is held at some time to account for the windows broken by its press; the bill is presented, some day or other, in the shape of hostile sentiment in the other country."

7.2 The System of Secret Alliances 1871-1890

Consequences of the Franco-Prussian War

The Franco-Prussian War reversed a situation which had existed for two hundred years. After the Thirty Years' War in the seventeenth century Germany remained weak. Economically she had been exhausted by that terrible conflict in which all Europe trampled on her soil. Politically she was weak by her division into an incongruous multitude of states differing in size and character, and by the increasing rivalry for leadership between the decaying power of the Hapsburgs and the growing vigor of the Hohenzollerns. Consequently she was continually subject to the French policy of Richelieu and Mazarin, which aimed to keep her weak and divided. Occasionally, also, she was subject to actual invasion and dismemberment by French armies, as in the time of Louis XIV and Napoleon. Early in the nineteenth century, to be sure, in a time of great danger and humiliation, Prussia and Austria had temporarily sunk their mutual rivalry; with English and Russian assistance they had united in the War of Liberation to expel and dethrone Napoleon. But Waterloo did not end Germany's internal weaknesses. The loose Confederation of 1815 and the continued jealousy of Austria and Prussia left Germany still comparatively impotent and unimportant as an international power. Finally, in the 1850's at the Frankfurt Diet, Bismarck became convinced that Germany's weakness could only be cured by a fratricidal war in which Austria should be forcibly expelled from the German body politic.

At Paris and at Biarritz, he learned to gauge the weakness and ambition of Napoleon III which could be turned to Germany's advantage. So he annexed Schleswig-Holstein, expelled Austria by the Prussian victory at Sadowa, and established the North German Federation under Prussian leadership. In 1870-1871, by Sedan and Versailles, he at last transformed Germany into a strong unified Empire. The situation between France and Germany was now reversed: it was no longer Germany, but France, which was weak and in danger from an attack from across the Rhine.

Bismarck's unification of Germany was hailed at the time as a desirable, even glori-



Figure 7.1: Overview of Europe in 1900.

ous, accomplishment of the spirit of nationalism. But it was accompanied by the annexation of Alsace-Lorraine. The French have always regarded this as a crime—“the brutal dismemberment of a nation,” “the tearing of children from their mother.” France, including the annexed districts of Alsace and Lorraine, had become one body, powerfully conscious of its unity and nationality; if one of its members suffered, all suffered together. Bismarck had mutilated a living body and the wound would not heal; it was to remain an awful open sore, threatening the peace of Europe for forty years.

League of the Three Emperors 1872-1878

Between Russia and Prussia there had existed traditional bonds of friendship ever since their armies had fought side by side for the overthrow of Napoleon. These bonds had been further strengthened during the Crimean War and the Polish uprising of 1863. Both Powers had a common interest in preventing the reestablishment of Polish independence, which would have deprived them of the spoils of the partitions of Poland. During the Franco-Prussian War, Russia had done Bismarck the great service of maintaining an attitude of benevolent neutrality and of tending to restrain Austria from joining France and seeking *revanche* for Sadowa. The long months during the siege of Paris were for Bismarck a critical and difficult period, and Russia might, if she had chosen, have greatly embarrassed him. Bismarck therefore at once frankly recognized the service which Russia had done him in 1870-1871 by assenting to the Tsar's abrogation of the humiliating Black Sea Clauses, imposed on Russia after the Crimean War. A still stronger bond between the two countries was the

close personal tie between old Emperor William and his nephew, Alexander II, a tie which was renewed by the visit which the Tsar paid to Berlin in the month following the signature of peace between Germany and France.

With Austria, Bismarck was especially anxious to establish firm and friendly relations. Having accomplished his purpose of establishing German unity under Prussian leadership, he believed that the natural relation of the two countries which contained such large German elements and which for centuries had formed part of the same Holy Roman Empire should be one of friendship. Accordingly, Bismarck was able to bring about friendly personal meetings between Emperor William and Francis Joseph in the summer of 1871 on Austrian soil.

In April, 1872, Count Andrassy suggested that Emperor Francis Joseph should pay a return visit to Emperor William at Berlin. When Tsar Alexander II heard of the intended visit he asked the German Ambassador in St. Petersburg, "Have they not written to ask you whether they would like to have me there at the same time with the Emperor of Austria?" Alexander did not want to be left out in the cold while his two brother monarchs were conferring together. It was finally arranged that the three monarchs, accompanied by their Foreign Ministers, should visit Berlin together in the second week of September, 1872.

Though no written agreement was signed, and though the Foreign Ministers conferred in pairs and not all together, there was established a close "understanding" or "Entente a trois"—the basis for the "League of the Three Emperors" a few months later. Now they were to stand together in defense of monarchical solidarity against the rising danger of international socialism, and for the preservation of the peace and status quo of Europe against possible moves of France or others to disturb it.



Figure 7.2: From left to right: Germany, Austria-Hungary and Russia.

A secret military convention was soon signed by which Russia and Germany promised to each other the assistance of two hundred thousand men in case either was attacked by a European Power. Germany, as a result of her recent victories and her large army, was the strongest of the three Powers. And of the three ministers—Gorchakov, Andrassy and Bismarck—the last was by far the ablest in grasping the European situation as a whole, in seeing what the political interests of his neighbors were, and in being willing to recognize and bargain on the basis of these interests.

But in 1875, the harmony of the League was seriously ruffled. Gorchakov's vanity made it difficult for him to play second fiddle to Bismarck. With personal inclinations toward France, which were not shared by the Tsar, he listened to anti-German reports of his representatives at Berlin, Belgrade and Constantinople. Bismarck feared, with reason, that Gorchakov might influence the Tsar against Germany and thus weaken the League of the Three Emperors. He therefore sent Radowitz to St. Petersburg to take the

place of the German Ambassador who was on indefinite sick leave. Radowitz was to represent Bismarck's views to Gorchakov energetically, and he did so successfully. But Gorchakov then circulated rumors which grew into the French legend that Radowitz had been sent to bribe Russia to give Germany a free hand against France in return for Germany's giving Russia a free hand in the Orient. This alarmed France and England and contributed to the so-called "war-scare of 1875." Bismarck was unjustly suspected of contemplating a "preventive war" against France.

The French Foreign Minister appealed to Tsar Alexander and Queen Victoria to use their influence to prevent Germany from any aggressive action. Gorchakov easily persuaded the Tsar, on his visit to Berlin, to make it clear that Russia could not allow France to be crushed. Gorchakov's pompous announcement from Berlin, "Now peace is assured," flattered his own vanity, but made Bismarck very angry, because Gorchakov seemed to have implied that Germany had really intended a preventive war and that Russia had averted it—an implication the truth of which Bismarck always energetically denied, and for which he never forgave the Russian foreign minister.

The incident led to cooler relations between Berlin and St. Petersburg, but cannot be said to have really destroyed the League of the Three Emperors, since Alexander II and William I still remained close personal friends.

The near eastern Crisis 1875-1878

Another event in 1875 which threatened the harmony of the League of the Three Emperors was the outbreak of a new and prolonged crisis in the Balkans. The progressive dissolution of the Sick Man of Europe and the outrages committed by his savage soldiers on his long-suffering Christian subjects led Russia again to consider the possibility of his demise. In Herzegovina the cruelty of the land-owning aristoc-

racy, a large part of whom were of Serb blood but who had become converted to Mohammedanism in order to live on better terms with the Turkish rulers, caused an uprising of the unhappy Christian peasantry in July, 1875.

The uprising spread rapidly into Bosnia. It awoke the fanatical sympathy of Serb brethren in Austria-Hungary and the neighboring principality of Serbia. On account of the mountainous nature of the region and the inefficiency of the Sultan's government, the Turks seemed powerless to suppress the revolt. Russia and Austria were at once brought face to face again in their old rivalry over Balkan interests.

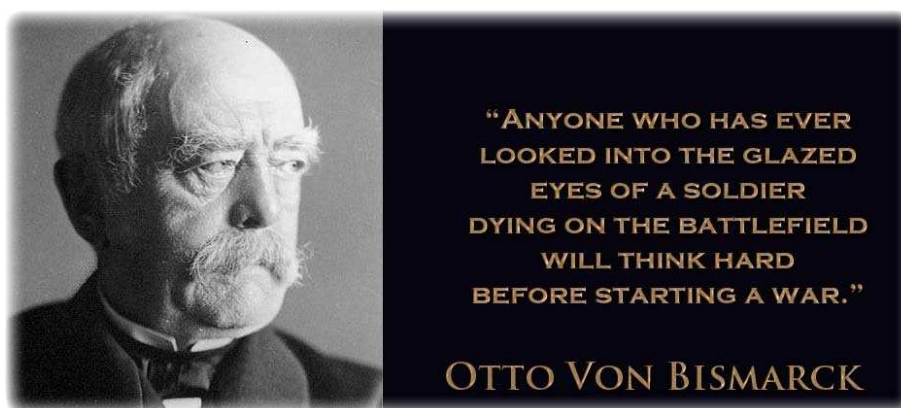


Figure 7.3: Otto Eduard Leopold, Prince of Bismarck, Duke of Lauenburg (1 April 1815 – 30 July 1898), known as Otto von Bismarck, was a conservative Prussian statesman who dominated German and European affairs from the 1860s until 1890.

Bismarck now had the difficult task during the next fifteen years of preventing this rivalry from causing a rupture between the two Powers whom he wished to have as friends and whom he wished to prevent from gravitating toward France.

Russia's ambitions in the Balkans were of long standing. With the remarkable rise and consolidation of the Russian state at Moscow, the Slav Empire had begun to push steadily southward toward the Black Sea and the Dardanelles. Peter the Great, in wars with Turkey, had acquired for a short time at Azov his coveted "window" on the Black Sea, and given that impetus to Russian progress toward the south which his successors came to regard as Russia's historic mission. Catherine the Great, taking up anew the war with Turkey, had secured the Crimea and the whole northern shore of the Black Sea. Conveniently for Russia's ambitions, the spirit of nationalism awakened by the French Revolution had stimulated in Greeks and Slavs of the Balkans the desire to throw off the Turkish yoke.

Austria, had no ostensible ties of religion and blood with the oppressed Christian nationalities in the Balkans and no desire to see them achieve independence as clients of Russia. Austria-Hungary—especially Hungary—already included more Slav peoples than could be easily assimilated. With the growing spirit of nationalism, these Slav subjects were becoming more and more difficult to govern. The Austrian Minister of

Foreign Affairs, Andrassy, a Magyar, was therefore at first opposed to the acquisition of Bosnia and Herzegovina, which he feared would aggravate the internal problem of the Dual Monarchy of ruling over a large number of Slavs.

He preferred to have the Great Powers act jointly by way of a Conference and enforce reforms upon Turkey for the benefit of the peasantry in Bosnia and Herzegovina, but he did not desire to begin the partition of the Ottoman Empire. His desire found expression in the "Andrassy Note" of December 30, 1875, which demanded an armistice, a series of reforms, and the appointment of a mixed Christian and Mohammedan commission to look after the carrying out of the reforms. The Turks, as usual, made a pretense of accepting the demands ; but the insurgent Bosnians, fired with enthusiasm by their successes and by their hope of support from their brother Serbs in Serbia and Montenegro, refused to abide by the terms of the Andrassy Note. The crisis became more serious.

Bismarck's chief concern in the whole Eastern Question was to prevent it from disturbing the peace of Europe and the satisfactory relations between Austria and Russia which had been established by the League of the Three Emperors.

Meanwhile, however, Tsar Alexander and Emperor Francis Joseph, accompanied by their Ministers, had come together at Reichstadt and on July 8, 1876, reached a secret but somewhat hazy "agreement" without Bismarck's knowledge. They agreed to refrain from intervention in Turkey for the present. But for the future, if the Turks should regain the upper hand over the insurgents, Russia and Austria would protect the Serbs from excessive violence and insist upon real reforms. If, on the other hand, the insurgents continued their successful resistance and the Ottoman Empire in Europe should crumble to pieces, Austria was to annex part of Bosnia, Russia was to regain the part of Bessarabia lost in 1856 and territories on the eastern shore of the Black Sea [in which Austria had no interest] ; Bulgaria and Rumelia were to be autonomous; additions of territory were to be given to Serbia, Montenegro and Greece; and Constantinople was to be erected into a free city.

By this Reichstadt Agreement Gorchakov had secured Austria's agreement in principle to the partition of Turkey.

But the fortunes of war in the Balkans during the following weeks did not bear out the probable expectation of Gorchakov and Andrassy that Turkey was on the point of collapsing. On the contrary, the Turks showed an extraordinary revival of energy. They defeated the insurgents in one encounter after another, until finally on August 29, Prince Milan of Serbia called for help. Gorchakov and the Russian Pan-Slavs were not deaf to the call. They felt that they must intervene on behalf of the oppressed Orthodox Slav peasantry, in spite of the principle of non-intervention for the present, which had formed the first clause of the Reichstadt Agreement. This at once renewed the old hostility between Russia and Austria over Balkan affairs and led to a tense situation between the two Great Powers. Both accordingly turned to

Bismarck.

By instructions to the German Ambassador at St. Petersburg, Bismarck again emphasized his aim of preserving peace in Europe and harmony in the League of the Three Emperors. If Russia decided to intervene and make war on Turkey, Bismarck would use his influence to prevent Austria from attacking Russia, and he hoped he could succeed in this. If not, and if war broke out between Russia and Austria in spite of all his efforts, Germany would not necessarily abandon neutrality. He would make no promises beforehand, but he would say that German interests could not allow a coalition of all Europe permanently to weaken Russia's position as a Great Power; nor could he, on the other hand, permit Austria to be endangered in her position as a European Power or in her independence, and so cease to be one of the factors on which Germany could reckon in the European balance of power.

In April, 1877, as soon as weather conditions permitted, Russia opened against Turkey the war which she had long desired. Though checked for months at Plevna, she eventually won a series of victories which brought her armies to the outskirts of Constantinople and forced Turkey to accept the Treaty of San Stefano on March 3, 1878. This provided for the creation of a great Bulgarian State, more or less comprising the predominantly Bulgarian parts of Turkey and embracing an extensive sea coast on the Aegean.

The Treaty met with objections on every side: by Greece, Serbia, and Rumania because this "Greater Bulgaria" was to be so much more powerful than any one of themselves. It was objected to by Austria and England who feared the greatly enlarged Bulgaria would be virtually a vassal state under Russian control; Austria did not like to see such an increase of Russia's power near her border, and England feared for the safety of the Suez Canal. Both these Powers therefore insisted on a Congress for the revision of the Treaty of San Stefano. Bismarck at first had no great liking for this proposal, but finally consented to act as "Honest Broker," and invited the Powers to the Congress of Berlin.

In the various preliminary negotiations which settled almost all the essential points before the Congress met, so that the Congress merely had to register decisions which had already been arranged by Bismarck, the German Chancellor strove hard to satisfy both Austrian and Russian interests. In the end, Austria was again accorded by the Treaty of Berlin the right to occupy and administer Bosnia and Herzegovina and also, if military necessity required, to occupy the tongue of territory between Serbia and Montenegro known as the Sanjak of Novibazar. Russia acquired the part of Bessarabia lost in 1856 and valuable territories between the Black and Caspian Seas. These were important gains for Russia, but to Gorchakov they seemed but slight rewards after all Russia's military efforts and successes. He left the Congress with bitter feelings against Bismarck. He felt that Bismarck had betrayed Russian interests and been guilty of unpardonable ingratitude in view of Russia's benevolent neutrality during the Franco-Prussian War. In Russia there was a violent outburst

in the Pan-Slav press against Germany which Bismarck regarded as altogether unjustifiable. Though he had supported Austria and England on many points, he had also done Russia a real service, getting far more for her at the Congress than she could have gotten for herself.

The result of this personal bitterness between the two Ministers and of the violent newspaper attacks of one country against the other put an end for the time being to that harmony and cooperation which had been the object of the League of the Three Emperors.

The Austro-German Alliance of 1879

The hostility between Russia and Germany was not confined merely to personal bitterness between the Ministers or to the recriminations of newspapers. In the commissions established for executing the terms of the Treaty of Berlin, the German delegates sided regularly with Austria against Russia. In reply, Russia undertook a vigorous increase in armaments-and pushed her troops westward into Poland toward the German frontier. "Russia must prepare for War," declared General Miliutin, and his declaration was reiterated by the Pan-Slavs. At last, in the summer of 1879, even Alexander himself, unable longer to restrain his feelings, poured out his grievances to the German Ambassador in St. Petersburg, and wrote a letter to Emperor William complaining of Bismarck's policy and warning him of "the disastrous consequences which might follow."



At about the same time Bismarck heard that his friend Andrassy was soon to resign and was likely to be replaced by Baron Haymerle, on whose friendship he did not feel

sure that he could count. In view of the danger from Russia he decided to seek at once a defensive alliance with Austria while Andrassy was still in office. He accordingly drew up with him the Treaty of October 7, 1879, which established the Austro-German Alliance. He would have liked a treaty in which Austria and Germany would promise to support each other in case either were attacked by a third Power, whether Russia, France, or Italy. But Austria was unwilling to expose her eastern frontier to a Russian attack by promising unconditionally to assist Germany in the West in case the French should undertake a war of revenge. Austria was mainly concerned with the danger from the side of Russia.

Therefore the treaty provided that should Austria or Germany be attacked by Russia, the two Contracting Parties were bound to come to the assistance one of the other with their whole war strength ; should either be attacked by a Power other than Russia [such as France or Italy], the other Contracting Party bound itself to observe a benevolent neutrality; should, however, the attacking Power be supported by Russia, then the other Contracting Party would come to the assistance of her ally with her whole strength. The treaty was to be for five years and renewable. It was also to be secret, though if the armaments of Russia really proved menacing, the Contracting Powers would consider it a duty of loyalty to let the Tsar know, at least confidentially, that they would consider an attack on either as an attack on both.

The Austro-German Alliance consolidated the Central Empires and became henceforth, until their collapse in November, 1918, the very foundation rock of German policy. It indicated a political course from which neither Bismarck nor his successors ever seriously swerved. In its origin, and as long as Bismarck remained at the helm, it was essentially defensive in purpose and fact. Germany and Austria mutually protected each other against the rising tide of Pan-Slavism ; and Germany, if attacked by an outbreak of French revanche, could count upon Austria's neutrality, just as Austria could count on that of Germany in case of an outbreak of Italian Irredentism.

Contemporary opinion regarded Bismarck's establishment of this Alliance as a master stroke. In the words of the French Ambassador at Berlin : "From the point of view of his prestige in Europe and of his popularity in Germany, Bismarck has never accomplished a work so considerable as that of the Alliance with Austria. ... He has realized without wars, without conquests dearly bought, without

burdensome or enfeebling annexations, the German political dream of union of all the States where the German race dominates in a common political system and a powerful solidarity." This contemporary opinion has for the most part been endorsed by posterity. Only here and there before the World War were there those who criticized it. But after 1914, when German support of Austria became one of the causes which involved all Europe in war, many voices, even in Germany, questioned Bismarck's wisdom. They alleged that Bismarck, by further alienating Russia through alliance with Austria, made inevitable the Franco-Russian Alliance; and that by taking sides with Austria against Russia in the Balkans, he prepared the way for the

clash which came in 1914.

Such critics, however, are wrong in thinking that Russia was permanently alienated from Germany after 1879. They did not know of the very secret treaty which Bismarck made with Russia within two years (June 18, 1881) and which he renewed (with modifications) and kept effective as long as he remained in power. They are wrong in thinking that it made the Franco-Russian alliance inevitable. This was perhaps "inevitable" anyway, in view of the growth of Pan-Slavism in Russia and the persistence of Alsatian memories in France. And they are wrong in thinking that Bismarck's alliance of 1879 necessarily involved an Austro-Russian clash in the Balkans.

It was not until many years after Bismarck's dismissal that Austria began to pursue the more aggressive and independent policy, which tended to pervert the Austro-German Alliance from one which was defensive in form to one which became offensive in fact. Criticism should not be directed against Bismarck, but against his later successors—especially Bulow and Bethmann—who failed to follow sufficiently closely his conservative policy of holding Austria in check.

The Alliance of the Three Emperors 1881-1887

Among Russia's diplomats there were two who did not allow themselves to be blinded by indignation against Bismarck over the outcome of the Congress of Berlin. One of these was Giers, who soon assumed virtual charge of Russian foreign affairs in place of Gorchakov. The other was Peter Saburov, who foresaw the probability of an Austro-German alliance even before it was signed. In January, 1880, Saburov came as Ambassador to Berlin, where he had many intimate interviews with Bismarck with a view to reknitting the close personal relations between Tsar Alexander II and Emperor William I, thus reviving the League of the Three Emperors.

Saburov, like all Russian diplomats, always had one eye out for Russian control or influence at Constantinople. He had realized in 1878 how easy it was for an English fleet to threaten the Turkish capital and he feared for the future.

He therefore laid before Bismarck his view of Russia's danger in a memorandum to the following effect. In 1833 Russia had aided Turkey against the victorious army of Mehemet Ali, and was rewarded for this service by the Treaty of Unkiar Skelessi, in which Turkey undertook to close the Dardanelles to all enemy fleets which sought to penetrate to the Black Sea. This stipulation, negotiated exclusively for Russia's benefit, protected her southern shores from hostile attack; but this stipulation was modified to her detriment by the Treaty of London of 1840 and the Straits Convention of 1841, in which the principle of the closure of the Straits, hitherto applied to entry into the Black Sea, was equally extended to exit from it.

Russia was thus shut off from sending her navy into the Mediterranean. These

principles were confirmed in the Treaty of Paris which in addition forbade Russia and Turkey to have ships of war on the Black Sea; this treaty remained in force until the Treaty of London of 1871. The London agreement, resulting from Russia's attempt to abrogate the Black Sea Clauses while France and Germany had their hands tied by the Franco-Prussian War, annulled the provision of 1856 forbidding Russian or Turkish war vessels on the Black Sea, but admitted for the first time the principle that foreign navies might enter the Straits if the Sultan judged it necessary for the safeguarding of the other clauses of the Treaty of Paris.

This reversed completely to Russia's disadvantage the principle of the closure of the Straits, which in its origin had been intended to provide Russia with a lock and chain at the Dardanelles for the protection of her shores and her influence over Turkey. At the Congress of Berlin, England had declared that "her obligations, concerning the closure of the Straits, were limited to an engagement to the Sultan to respect in this matter only the independent decisions of the Sultan" ; in other words, England was not obliged to respect the decision of the Sultan if the latter tried to close the Straits at Russia's demand, for such a decision would not be "independent."

England, Saburov concluded, was reserving the right to enter the Straits and threaten Russian interests whenever she pleased. Russia's lock and chain were valueless therefore, unless she could get the support of Germany and Austria. This is what Saburov wanted and what Bismarck was willing to give, in return for the restoration of friendly relations with Russia. A friendly agreement with Russia would mean a renewal of the League of the Three Emperors, and tend to guarantee the peace of Europe. Saburov had also been duly impressed by the Austro-German Alliance and began to realize Russia's diplomatic isolation. Russia was anxious again for German and Austrian support.

In view of the advantages to each of the three Powers, it was not difficult to reach the very secret agreement which was signed by Bismarck, Saburov, and Szechenyi on June 18, 1881. It was regarded as so secret that Bismarck did not entrust the drawing up of documents in regard to it to the chancery secretaries, but wrote them out with his own hand; and the diplomatic correspondence dealing with it was marked with special numbers and reserved for the eye of as few initiates as possible. The secret was so well preserved that the world knew nothing of it until part of it was published by Professor Goriainov in 1918. 28 It provided among other things (Art. I) that "in case one of the High Contracting Parties should find itself at war with a fourth Great Power, the other two will preserve a benevolent neutrality toward it and will devote their efforts to the localizing of the conflict." In other words, if Germany should be at war with France, or Austria at war with Italy, or Russia at war with Turkey, the country at war need have no fear of an attack on its rear by either of the other two Eastern Empires.

In Art. II the three Signatory Powers agreed to respect the rights acquired by Austria in Bosnia and Herzegovina by the Treaty of Berlin, and to make no changes

in the territorial status quo of "Turkey in Europe" except by common consent. By tacit implication this meant that Russia could still pursue her forward policy in the Caucasus where Austria and Germany were not particularly interested.

Saburov's fears of an English fleet in the Straits were quieted by Art. III:

"The three Courts recognize the European and mutually obligatory character of the principle of the closure of the Straits of the Bosphorus and of the Dardanelles. . . . They will take care jointly that Turkey shall make no exception to this rule in favor of the interests of any Government whatsoever by lending to warlike operations of a belligerent Power the portion of its Empire constituted by the Straits. In case of infringement, or to prevent it if such infringement should be in prospect, the three Courts will inform Turkey that they would regard her, in that event, as putting herself in a state of war towards the injured Party, and as having deprived herself thenceforth of the benefits of the security assured to her territorial status quo by the Treaty of Berlin."

The Tsar had an ineradicable distrust of Austria. He had inherited it from his grandfather at the time of Austria's "astonishing ingratitude" during the Crimean War. It had been fostered and nourished by his tutors and advisers, who belonged to the Pan-Slav group represented by Miliutin and Katkov, and it had taken a deep hold on him during the long Bosnian crisis which ended so unsatisfactorily for Russia in the Congress of Berlin.

Bismarck worked hard to bring about the renewal of the tripartite agreement of 1881. He did not want to see it "thrown behind the stove." But when he found that the Tsar was unshakeable in his distrust of Austria, he had no mind to forfeit Russia's friendship because of Austria's unnecessarily aggressive support of Serbians against Bulgarians. Moreover, his relations with France had grown very much worse during recent months as Boulanger had come into prominence, and he had heard rumors in September, 1886, and in the spring of 1887, of secret negotiations for a Franco-Russian coalition.

The Russo-German Reinsurance Treaty 1887-1890

Bismarck therefore accepted with alacrity a Russian proposal that in place of the existing tripartite agreement, Russia and Germany should make a defensive treaty of their own without Austria. With a characteristic directness of action, Bismarck drew out of his portfolio the text of the Alliance of 1879 and read it to Schuvalov, declaring that he sincerely regretted that Russia's attitude at that time had compelled Germany to protect herself by means of this treaty. Nevertheless it existed; Germany must and would remain loyal to its terms and to Austria, and therefore this fact must be taken into consideration in framing any treaty between Russia and Germany.

After the discussion of a number of alternatives, this difficulty was finally overcome by the wording agreed upon in Art. I : "If one of the High Contracting Parties shall find itself at war with a third Great Power, the other will maintain towards it a benevolent neutrality and will devote its efforts to the localization of the conflict. This provision shall not apply to a war against Austria or France resulting from an attack made upon one of these two powers by one of the Contracting Parties." This defensive arrangement was perfectly satisfactory to Bismarck as he had no intention of attacking France; and in case France should attack Germany he had been insured since 1879 against danger on his Southern frontier by Austria's promise of benevolent neutrality.

Now, by the new treaty with Russia, he was re-insured against any danger on his Eastern frontier. Furthermore, if Russia should attack Austria, the new "Re-insurance Treaty" in no way conflicted with his obligation to protect Austria, in accordance with the Austro-German Alliance.

The success of one set of alliances, establishing the domination of the Eastern Empires, by which Bismarck for nearly a score of years conjured away an open clash between Russia and Austria in the Balkans, preserved almost unbroken the good relations of Germany with her powerful neighbors to the south and east, and thereby lessened the danger from the west. The very existence of the Alliance of 1881 with Russia and Austria had been preserved with such perfect secrecy that it gave rise to no suspicions or alarm on the part of France or other Powers.

The Tripple Alliance of 1881

The formation of the Triple Alliance is commonly attributed to Bismarck. He is pictured as encouraging France to seize Tunis with the calculation that this "would arouse such bitterness in Italy that Bismarck could undoubtedly secure the consent of the Italian Government to an alliance with Austria and Germany."

Early in 1882, Italy asked for a treaty of alliance with Germany and Austria. Italy wanted to strengthen her position and to gain support for future ambitions. Italy had come away from the Congress of Berlin "with clean hands," which meant empty hands, though Bismarck had told her that, as far as Germany was concerned, she might take Tripoli any time. She had just received what she regarded as a humiliating slap in the face from the French who had occupied Tunis, the very territory which Italy had not unnaturally been coveting for herself. And she was still afraid "the Prisoner of the Vatican" might attempt to regain his temporal possessions. Italy had everything to gain and little to risk in an alliance with Germany and Austria.

This Bismarck fully recognized, and he was not therefore especially eager to incur an Italian liability. Earlier, in 1880, when a treaty with Italy was first suggested to him, his comment was, "You don't need to run after Italy if you want something of

her; moreover, her promise will have no value if it is not in her interest to keep it.“ Of the value of the Italians themselves as Allies, he had no very high opinion. In his private notes, recently published, he refers to “their fickle character;” “their childish egoism,” and “the restless, arrogant character of Italy’s policy, which might easily involve her friends in trouble.“

But as the German Empire did not touch Italian territory, and was not so directly interested as Austria in a number of troublesome points which would have to be settled, Bismarck suggested that Austria should negotiate the terms of the treaty with Italy. The Italian Ambassador at Berlin was told that “the key to the door which leads to us must be sought in Vienna.“ Accordingly, the ensuing Austro-Italian negotiations, with occasional suggestions from Bismarck, ultimately resulted in the Triple Alliance Treaty signed at Vienna on May 20, 1882, by Kalnoky, Robilant, and Reuss.

The general purposes of Austria, Italy, and Germany were, according to the preamble, “to augment the guarantees of peace in general, to strengthen the monarchical principle, and by this to insure intact the maintenance of the social and political order in their respective states by agreeing to conclude a treaty which by its essentially conservative and defensive character aimed only to protect them against the dangers which might menace the safety of their states and the peace of Europe.“ It had a defensive character because the nations were only allowed to help each other if an unprovoked war was started against one of the countries.

The Treaty of Alliance was for five years, and its contents and its existence were to be kept secret. Its peaceful and defensive intent was especially marked in the case of Germany. But it became less so in the case of Italy and Austria, who later wished to use it to support their aggressive intentions. It was, in fact, not long before Italy sought to make use of her new alliance to promote her ambitions in North Africa and elsewhere. Her request for German protection against alleged interference with Italian interests by the French in Morocco caused Bismarck to reply sharply:

“I am not without just irritation over this request of Mancini’s, and observe in it a dilettante—confidentially I would even say banausic—ignorance of what is possible and desirable in high diplomacy. There is again manifest in this incident, to put it mildly, that lack of unselfishness which has already so often betrayi tl the Italians into si ading othi r people into the water for the sake of Italian interests, without wetting even a finger of their own . . . We are ready to stand by Italy’s side if she is attacked or even seriously threatened by France. But we cannot hear with indifference the expectation that we should begin trouble with France or place Europe before the possibility of a war of great dimensions, because of vague anxieties about Italy’s interests which are not immediate, but which represent hopes for the future in regard to Morocco, or the Red Sea, or Tunis, or Egypt, or other parts of the world.“

In 1885, Italy irritated her new allies by seizing Massowah on the Red Sea without

notifying them beforehand of her intentions. When the time approached for renewing the Triple Alliance, Italy complained that she had gained nothing as a result of the treaty. Bismarck replied bluntly, but truly, that the Alliance was made to secure the peace of Europe and not to win new conquests for its members. When Italy hinted that she wanted promises of wider support given her as the price of her renewal, Bismarck at first told her flatly that she could renew it as it stood without modifications, or she could leave it and drop out. But later, in 1887, when Franco-German relations were strained, and Italy intimated that she would shift to the side of France if her desires were not heeded, Bismarck changed his mind. He was willing to recognize Italian ambitions in North Africa and even put pressure upon Austria to accept the principle that Italy had the right to share with Austria in the decision of the future fate of the Balkans, the Ottoman coasts, and the islands in the Adriatic and Aegean Seas.

Austrian policy in the Balkans, after 1906, similarly attempted to make use of the Alliance for aggressive rather than peaceful purposes. But the details of this later perversion of the originally defensive character of the Triple Alliance cannot be discussed here. They do not alter the fact that Bismarck in no sense intended to use the Triple Alliance for aggressive action by Germany against France. For him it always remained, as it had been in its origin, a defensive treaty. Unfortunately it was not easy to convince the French of this. As its terms were secret, the French not unnaturally suspected that it constituted a menace to themselves. This suspicion was strengthened by the rapid increase in German and Italian armaments in the 1880's, and by Bismarck's rather defiant tone during the Boulanger period. It was this secrecy as to the terms of the Triple Alliance, and the exaggerated suspicions to which it gave rise, which contributed so much toward the embitterment of Franco-German relations and to the formation of the Franco-Russian Alliance in the early 1890's.

The Rumanian Alliance of 1883

Even the Triple Alliance did not complete the circle of treaties by which Bismarck wished to assure the peace of Europe. In the summer of 1883 King Carol, the Hohenzollern ruler of Rumania, visited Germany. Bismarck took the occasion to sound Austria, "whether it would not be desirable and possible to extend our League of Peace [Friedensliga] with Italy to the East, and thereby lead in firm paths the policy of Rumania, and eventually also that of Serbia and the Porte.

On October 30, 1883, the a treaty was signed about the purely defensive kind of an alliance which Bismarck had in mind. The Austro-Rumanian Treaty, which formed the basis of Rumania's adherence to the Triple Alliance "Treaty of Peace," provided in substance that if Rumania or Austria were attacked without provocation on their part [by Russia] , the two Contracting Powers would mutually assist one another against the aggressor. Russia was not named in the text of the treaty owing to

Emperor William's wish on this point, and to the danger of adding fuel to Pan-Slav agitation in case the Treaty should leak out later through some indiscretion.

The treaty was to be secret and to endure for five years with an automatic extension for three years more if not denounced by any of the parties. In 1889 Italy, like Germany, adhered to the Austro-Rumanian treaty, and the Quadruple Agreement was usually renewed from time to time (with slight modifications). The last renewal took place on February 5, 1913, when it was extended to July 8, 1920.

Breakdown to the Wire with Russia in 1890

Thus, in the period 1871-1890, the peace of Europe was secured by the domination of the Eastern Empires and by the system of genuinely defensive alliances which Bismarck had built up, though during the last three years the system was somewhat less secure. No Power cared to risk a war against Germany's overwhelming military force, supported and insured as it was by the secret alliances which had brought Austria, Russia, Italy, Rumania, and even England more or less into cooperation with Germany. France in her painful isolation did not dare to undertake a war of revanche. England, though ready to cooperate with the Triple Alliance in the Mediterranean, did not care to depart from her traditional no-alliance policy. She still preferred to enjoy the Balance of Power between any European coalitions which might arise. No one yet threatened that proud supremacy of the seas, so vital to her commerce and her imperial relations with her colonies.

But the dismissal of Bismarck in March, 1890, brought a change, and opened the way for the formation of an alliance between Russia and France. Even during the three preceding years, in spite of the Re-insurance Treaty, friction had increased between Germany and Russia, owing to complications in Bulgaria, and to the German newspaper campaign against Russian securities. But until Bismarck's dismissal, the loyalty of M. Giers, the Russian Minister of Foreign Affairs, to the German alliance, and Tsar Alexander's antipathy to France had prevented a Franco-Russian coalition which had always been Bismarck's greatest nightmare.

In December, 1889, well in advance of its expiration, Giers considered whether the Re-insurance Treaty of 1887 ought to be renewed by Russia and, if so, in what form. On the whole, it seemed more useful for Russian interests in the Balkans and for the preservation of peace than an alliance with France. The latter would endanger peace by encouraging French chauvinists and by embittering relations between France and Germany. In accordance with this policy, Count Schuvalov had an intimate conversation with Bismarck on February 10, 1890, in which both favored the renewal of the treaty. "It is a document that defines clearly the policy which we are following and which, in my judgment, ought not to be changed," said Bismarck.

But the conflict of temperament and policy which had been developing between the

aged German Chancellor and his imperious young master was nearing the explosion which took place on March 17. With Bismarck out of office Schuvalov did not know what to do. He reported that what was passing at Berlin was more than strange, and that one was forced to ask oneself whether the young Emperor was in a normal state. On the night of March 21, the Ambassador was awakened by a messenger from Emperor William who requested him to come to His Majesty at eight o'clock in the morning. Scarcely had he arrived when the Emperor received him with great kindness and cordiality saying, "Sit down and listen to me. You know how much I love and respect your sovereign. Your Emperor has been too good to me for me to do otherwise than to inform him personally of the situation created by the events which have just taken place. ... I beg you to tell His Majesty that on my part I am entirely disposed to renew our agreement, that my foreign policy remains and will remain the same as it was in the time of my grandfather."

After having read Schuvalov's despatch the Tsar wrote on it, "Nothing more satisfactory could be looked for. We shall see by the sequel whether deeds correspond to words."

But there then emerged the malign and super-suspicious influence of Baron Holstein. He and another counsellor in the German Foreign Office drew up a long memoir of finespun arguments against the renewal; with these they won over the Kaiser and the new Chancellor, Caprivi. It was decided at Berlin on March 27 to drop the negotiations for renewal, because the terms of the Re-insurance Treaty were regarded as contrary to the spirit, if not the letter, of the Triple Alliance, and also because, "if the treaty became known, either by a deliberate or accidental indiscretion, it would endanger the Triple Alliance and be calculated to turn England away from us."

Schweinitz, the German Ambassador at St. Petersburg, was hastily summoned back to Berlin for a consultation. He did not think it likely that Russia would deliberately divulge the treaty; but he recognized the "possibility of indiscretions from some other source,"⁵² by which probably he meant no other than Bismarck himself. When Schweinitz returned to St. Petersburg next day, and reported Germany's negative decision, the Tsar was content, but his Foreign Minister, Giers, was "in some consternation." Already old and feeble, Giers feared that under his successors the Russian militarists and Pan-Slavs might get the upper hand and threaten peaceful relations between Germany and Russia. He hoped by a treaty to bind his successors. Six weeks later he again brought up the subject and urged the renewal of the treaty. He was willing to make any changes Germany wanted, or even to have merely an exchange of notes, or at any rate some kind of a written agreement between the two countries.

Since a further refusal on Germany's part might tend to drive Russia into the arms of France, Schwemitz advised "some kind of a written agreement which, even if it became known, could not be used against us." Just after this advice reached Berlin, Bismarck gave an interview to a Russian journalist, which alarmed the German

Foreign Office and made them fear that even if the Tsar were discreet, the irritated ex-Chancellor might let the dangerous cat out of the bag. The leading Foreign Office officials—Marschall, Holstein, Kiderlen, and Raschdau—all hastened to write memorials against a renewal of the Re-insurance Treaty or anything resembling it; and the Kaiser and Caprivi accepted their view. Schweinitz was told positively to drop the whole matter. Thus fell one of the main props of Bismarck's balance between Russia and Austria. Russia was left isolated and more ready to listen to the solicitous voice of the republican radicals on the Seine.

Historians have generally exaggerated the non-renewal of the Re-insurance Treaty as a factor in the formation of the Franco-Russian Alliance. This is due partly to Bismarck himself. Esteemed by the German people as a demigod but neglected by the young Emperor and the new Court, the lonely and morose old man at Friedrichsruh filled the columns of the *Hamburger Nachrichten* with ill-natured articles justifying his own successful policies and bitterly criticizing anonymously those of his successor: "Least of all is it Germany's business to support Austria's ambitions in the Balkans." "By following the path upon which she has entered, Germany is in danger of gradually becoming dependent upon Austria, and in the end she may have to pay with her blood and treasure for the Balkan policy of Vienna." This was bad taste on Bismarck's part, and it was very embarrassing to William II and Caprivi.

Due to newspaper articles the world accepted the idea that the Franco-Russian Alliance was the result of Caprivi's stupidity in not continuing Bismarck's juggling feat of "keeping five balls in the air at once." But if one looks more closely at the documents now in hand, one can see that historians have been misled by the apparent conjunction of events in 1890-1891 and by Bismarck's propaganda.

The Franco-Russian Entente did not result simply from Caprivi's failure to renew the Re-insurance Treaty. It was due to a number of other factors. One of these was the growth of German industry, commerce, naval ambition, and colonial expansion which started Germany on "The New Course" to Constantinople and Bagdad, thereby antagonizing Russia. Emperor William's desire for a naval base led to the so-called Heligoland Treaty of July, 1890, which made Russia suspect—incorrectly—that Germany would draw closer to England. A second factor was the growth of Pan-Slavism and of Russia's determination to dominate the Balkans. This antagonized Austria and made it impossible for Berlin to continue Bismarck's policy of maintaining a delicate equipoise between Vienna and St. Petersburg. William II had eventually to choose between Russia and Austria, and he chose Austria; whether he chose rightly is another question; but the choice having been made, Russia became perforce the enemy of the Central Powers.

Therefore, according to a well-informed German writer, the mistake of Bismarck's successors was not in letting down the wire between Berlin and St. Petersburg—that was perhaps inevitable anyway; the mistake was in failing to conciliate and win England by playing off England against her natural Russian and French rivals, and

by coming to a reasonable understanding with England in regard to naval and colonial questions.

A third factor which made for the Franco-Russian Alliance, was the persistence of the *revanche* idea and the slow consolidation of power in the French Republic which followed the bursting of the Boulanger bubble. France had at last sufficiently settled down so that the Tsar was willing to overcome his repugnance to an alliance with the Revolutionary Government which had never forgiven Germany for the cruel wound inflicted in 1871.

Franco-German Relations 1871-1880

In the bitter years after the Franco-Prussian War, France sat alone among the Powers of Europe, like a wallflower at a dance, watching Germany revolve with many partners. France was condemned to isolation by her own military weakness after defeat, by the methods which Bismarck adopted to keep her friendless, and by the instability of her Republican form of government which was regarded askance by the old monarchs of Europe. She had to suffer the humiliation and the inevitable friction of German armies on her soil until the billion dollar indemnity was paid. It was not until the War Scare of 1875 that France found for the first time that she had honest neighbors who, if they did not take her to their hearts as partners, were at least not willing to sit idly by with hands crossed and see her menaced or crushed.

Tsar Alexander II of Russia gallantly informed General Le Flo, the French Ambassador at St. Petersburg, that "the interests of our two countries are common; you would know this very quickly and you would know it from us if, as I refuse to believe, you should be some day seriously menaced." Queen Victoria likewise let it be known that in this matter she was of one opinion with the Tsar. But neither of these two Great Powers was yet ready to enter into any closer relations with the French Republic. Alexander II, with a natural antipathy to republican institutions, preferred the monarchical solidarity represented by the League of the Three Emperors, and his attention was engaged in the Eastern Question where German friendship was of greater value than French support. Similarly, the English acquisition of the Suez Canal and the resulting occupation of Egypt gave rise to a situation which made close Anglo-French relations virtually impossible for a quarter of a century.

Bismarck, however, in the ten years 1875-1885, made many efforts to win French good-will and induce the French to accept without reserve the settlement of 1871. He encouraged the French in the same way to an extension of their colonial power in other parts of Africa and in China. The recent publication of his private memoranda leaves no doubt that he hoped that, if France would turn her attention to colonial activities outside Europe, she would be more likely to forget Alsace-Lorraine.

In his instructions for the German Ambassador at Paris on July 16, 1881, he wrote:

“There is a wide field in the Mediterranean in which we can leave to the French a wholly free hand. It is not out of the question to hope that French policy in the end will come to see that a friendly German Empire with 45,000,000 inhabitants is more desirable and a stronger figure among French assets than a million Alsace-Lorrainers. France can be certain that we shall never oppose her justifiable policy of expansion in the Mediterranean and there is reason to believe that Russia also will take the same attitude as Germany.”

In his irritation at England's dilatory action in regard to Southwest Africa and in his desire for a sincere rapprochement with France, he was willing to cooperate with the French in a conference on Egypt and other African colonial questions. By the fall of 1884, there was even talk of Franco-German naval cooperation which might grow into an alliance. But the French were suspicious of Bismarck's "Machiavellian motives." They suspected that he wished to embroil them with England.

The acceptance of the loss of Alsace and Lorraine as final and unquestioned was just what the French Ambassador always expressly refused:

“A nation, as regards the dismemberments which it has suffered, unless it courts with indifference the fate of Poland, ought never to pardon anything, never forget anything [ne doit jamais rien pardonner, jamais rien oublier]. I have never said a word to the German Chancellor which could encourage him in any illusions as to us. . . . To work for peace for the present and to reserve the future [pacifier le present, reserver l'avenir], such is the program which I have always had before my eyes. ... At the beginning of our discussions I specified with Count Hatzfeldt and with the Chancellor himself that neither Alsace nor Lorraine should ever be a question between us, that here was a domain reserved on both sides where we ought to be forbidden to penetrate, because we could never meet in good agreement on it. I shall never speak of Alsace, I have said; and on your part, if you sincerely desire an understanding with us on various points, avoid drawing the sword over our wound, because the French nation will not remain in control of her feelings.”

The result was that the period of relative friendliness which had characterized Franco-German relations in the decade 1875-1885 came to an end and was succeeded by the tense relations of the Boulanger period. General Boulanger, who became Minister of War in the Freycinet Cabinet in January, 1886, speedily became for the French masses the symbol of military revival and the hope of revanche. For fifteen long and bitter years they had borne their isolation and humiliation. Now they listened eagerly to the man on horseback who declared in chauvinistic speeches and in his organ *La France M'Hit aire*: “We remember that they are waiting for us in Alsace and Lorraine.”

For the next fifteen months French Cabinets rose and fell, but public opinion always demanded that Boulanger be included among the Ministers. During this period he aimed to increase and strengthen the French army by every means. When a

more cool-headed and responsible French statesman, like Rouvier, had the courage to constitute a Cabinet without Boulanger, in May, 1887, this only increased still further the General's popularity, and with it the peril to the internal and external peace' of the country- He appeared before the ecstatic crowds on the Paris boulevards. By repeatedly standing for election to the Chamber of Deputies in the provinces, he gradually began to secure a national plebiscite in his favor. There were thousands who looked forward to the overthrow of the Republic which had been too yielding and conciliatory toward Germany and who hoped for a strong dictatorship.

French chauvinism was further stirred by the fiery speeches of Paul Deroulede, by the activities of the League of Patriots, and by the intemperate editorials of the greater part of the French Press. All these manifestations of French nationalism were duly reported to Bismarck at length by the German Military Attache in Paris.

The German Ambassador, Count Munster, however, sent moderate and more quieting reports as to conditions in France, though he admitted that there was an extraordinary outburst of *revanche* feeling among the people-. He believed, nevertheless, that it was artificially stimulated, and that at bottom the French people really did not want *la guerre sainte*. Bismarck, however, was not at all convinced of the accuracy of Munster's diagnosis of the French situation. He covered Munster's reports with question marks and doubts. He scolded him for writing a letter direct to the Emperor, which Miinster thereupon agreed should not be delivered. Bismarck's distrust of France rested partly on his knowledge of French history and of the events of the Second Empire when Napoleon III had talked peace and yet had entered upon one war after another. A further reason why Bismarck was unwilling to accept Munster's optimistic views on France was the fact that he was preparing to lay before the Reichstag the Army Bill of 1887, which would considerably increase the size of the German army. French chauvinism was one of the best vote-getters possible for the bill.

So great was the suspense and war-talk on both sides of the Rhine that there developed in the spring of 1888 another war scare not unlike that of 1875. On January 11, 1888, Bismarck made the famous speech in the Reichstag in which, while increasing Germany's armaments, he still insisted that Germany had no intention of provoking a war with France or with Russia.

Boulanger's credit sank more rapidly than it had risen, and Franco-German tension became less strained. But it was during this period that the first steps took place which may be regarded as the beginnings of Franco-Russian rapprochement, which later was extended to include England and thus formed ultimately the Triple Entente.

7.3 The System of Secret Alliances 1890-1907

Franco-Russian Rapprochement 1887-1891

The Franco-Russian Entente of 1891, which ripened into the Alliance of 1894, was the natural result of the suspicions, the feeling of isolation, and the irritation against Germany which existed in both countries. A rapprochement between them, in spite of the fundamental contrast between the republican and absolutist forms of government at Paris and St. Petersburg, was the obvious counterbalance to the Triple Alliance.

Notwithstanding Bismarck's generous promises to Russia in the Alliance of the Three Emperors and the Reinsurance Treaty, Alexander III had been greatly irritated at the election of Ferdinand of Coburg as Prince of Bulgaria. Ferdinand had hesitated to accept the Bulgarian throne, or at least had pretended to hesitate, but had been secretly persuaded into final acceptance, so the Tsar believed, by a treacherous intrigue on Bismarck's part. Though Bismarck had alleged openly that Germany was not interested in Bulgaria and that Russia might have a free hand to do as she pleased there.

He could not reconcile Bismarck's assurances of disinterestedness in Constantinople and the Balkans with the despatch of German officers to drill the Turkish army and with the enthusiastic reception at the German maneuvers given to the Turkish general, Muktar Pasha. Like the French, he was suspicious and irritated at the publicly announced renewal of the Triple Alliance in 1887. As its terms were secret, he not unnaturally suspected that it might contain offensive designs on the part of Austria and Italy detrimental to Russia's ambitions in the Eastern Mediterranean.

To all these grievances was added another. In the summer of 1887, Russia suddenly found that the ruble was falling in value and that there seemed to be a systematic campaign in Berlin against Russian securities. This was partly due to a ukase in May which naturally shook German faith in Russian credit: it forbade the acquisition or inheritance of landed property by foreigners in Western Russia, or their employment as managers of estates. As Germans owned much land in Russia and were largely employed in the management of estates, the ukase looked like an unjustifiable expropriation of property. This not unnaturally led to a German newspaper campaign against Russian credit. Though Bismarck may not have inspired these newspaper attacks, he at least looked upon them with approval as tending to make the Russians realize how dependent they were upon German good-will.

The Russians, however, suspected that Bismarck had inspired this press campaign and were therefore the more ready to yield to the Pan-Slav desire that Russia should borrow in Paris. France at the moment was looking for a field of investment, because commercial conflict with Italy had shut off the Italian market for French capital. A group of French bankers was formed at Paris and began negotiations for a series of Russian loans to be floated in France. The first, amounting to 500,000,000 francs,

was at last approved by the Governments on both sides and the bonds were listed on the Paris Bourse in December, 1888. The Russians were encouraged the next year to contract two more loans, one for 700,000,000, and the other for 1,200,000,000 francs. Both met with equal success. Thus France set out on the financial path which led further than she foresaw at the moment, and which inevitably made thousands of her citizens interested financially and politically in Russia's ambitions.

Occasionally saner minds in France took alarm, and the loans did not succeed so well, but for the most part Frenchmen were ready to give up an apparently unlimited amount of savings to invest at good profits in a country which might become an ally against the common enemy, and which might one day assist in the *revanche* which so many Frenchmen had in their hearts. On the financial ground thus prepared the next step was for France to supply Russia with guns. The Grand Duke Vladimir, Alexander III's brother, on a visit to Paris, was initiated into the reorganization of the army which Freycinet had been carrying out. Pie was greatly impressed with the new Lebel rifle. Upon request he was given a model of it. Negotiations followed, and ultimately a contract was arranged by which France was to manufacture for Russia half a million rifles similar to the Lebel weapon.

Neither William II nor his Foreign Office advisers supposed that "dropping the Pilot" and abandoning the Reinsurance Treaty would be followed by a Franco-Russian Alliance. But to lessen such a possibility, the Kaiser, with exaggerated views of his own personal influence in diplomacy, proceeded to return to the conciliatory policy toward France which Bismarck had pursued during and after the Congress of Berlin. He attempted to win French good-will by innumerable well-intentioned courtesies, by telegrams of congratulation and condolence, by recognizing the French protectorate over Madagascar, and by diplomatic support in other colonial questions where no German interests were involved.

With Russia also the Kaiser sought to remain on the old friendly terms. He was profuse in assurances that German policy should suffer no change as a result of Bismarck's dismissal. In August, 1890, he visited the Tsar at Narva and relations seemed cordial between the monarchs as well as between Caprivi and Giers, though the latter failed in his further attempt to get some kind of a written agreement which should replace the Re-insurance Treaty. But in fact the Russians were becoming suspicious that Germany was drawing closer to England. The Treaty of June 14, 1890, by which Germany had given up claims to a great strip of African territory near Zanzibar in return for Heligoland, seemed to point in this direction.

The London Morning Fust announced that "the period of England's isolation is over." The Kaiser's visit to England in the summer of 1890 seemed a further sign of the way the wind was blowing. His allusion to the Triple Alliance at the opening of the Reichstag May 6, 1890, even though he spoke of it as a guarantee of universal peace, and his new Army Law increasing the German forces by some 18,000 men, were no less disturbing to the Russians than to the French.

The Franco-Russian Alliance of 1894

Such was the situation which at last led the Russians to listen seriously to French feelers for closer relations. In view of the form ultimately given to the Franco-Russian Alliance and later to the Anglo-French military and naval arrangements, it is interesting to note that these first definite negotiations were carried on by the French and Russian military authorities and not by the regular diplomatic representatives. This was a first step toward an Entente Cordiale which, though no written agreements had as yet been signed, was soon regarded by the Russian Ambassador at Paris as being "as solid as granite."

It had been solidified by the Empress Frederick incident and by the growing Franco-Russian suspicion that England was adhering to the Triple Alliance to thwart Russian ambitions in the Eastern Mediterranean. It was just at this time that the Triple Alliance was renewed, in spite of the efforts of the French to detach Italy and the hopes of both French and Russians that Bismarck's dismissal might cause it to weaken and lapse. It had not, however, been renewed without difficulty, owing to Italy's demands for promises of greater support in the maintenance of the status quo in North Africa. Austria and Germany had been forced to yield to some extent to Italy's wishes and even to agree to exert themselves to secure England's adhesion to this new stipulation. The fact that the Triple Alliance had been renewed was published to the world by the Italian Premier, Rudini, in a speech on June 29, 1891. At the same time he also took occasion to refer to Italy's existing agreements with England in such a way as to strengthen Franco-Russian suspicions that England had in some way joined the Triple Alliance.

Giers, fearful that the French might have aggressive designs for recovering Alsace-Lorraine, wished to make the agreement vague and to extend its application beyond Europe to such places as Africa and China where peace might be threatened. It was only after several weeks that the French were able to secure a written accord.

France, in constant dread of an attack from across the Rhine and with the secret hope of some day recovering the lost provinces, thought mainly of war with Germany. She did not at this time greatly desire Russian support in North Africa or China, because, as later events showed, she could always come to a compromise agreement with Italy and England in these regions. Nor did the French wish the Russians to open the Dardanelles and control Constantinople. Giers, on the other hand, felt no great hostility to Germany. He and Alexander III were still anxious to maintain the traditional friendship between the two countries. They did not want an alliance directed primarily against the Hohenzollerns and dreaded being drawn into a war against Germany in support of French revanche.

Owing to this divergence of interests, as well as to the sickness of Giers and the Tsar's persistent distrust of the French, it was many months before the French were able to give the Entente a more binding and practical form. Upon Giers' visit to Paris in



November, 1891, Ribot pointed out to him the danger that Germany might make a sudden surprise attack, which would find Russia and France unprepared. They would not have time to take adequate measures of defense before an irrevocable disaster might overwhelm them, so long as they merely “agreed to come to an understanding.” It would be far more valuable and practical to come to an understanding beforehand, in time of peace, as to all the military arrangements which should come into force instantly in case of sudden war.

In case of a sudden German aggression, Russia and France would instantly mobilize their whole forces and use them to secure the maximum mutual advantage in accordance with plans which would have been already agreed upon. Giers not enthusiastic, consented to lay the idea before the Tsar.²⁰ Accordingly General Miribel worked out the basis for such a Military Convention. He estimated in detail the total Triple Alliance forces (even including the Rumanian) at only 2,810,000 men as against 3,150,000 for the Franco-Russian coalition. France would throw five-sixths of her forces against Germany. Russia was likewise urged to concentrate her attack upon Germany rather than upon Austria:

“The essential thing is to aim at the destruction of the principal enemy. The defeat of the others will follow inevitably. In a word, once Germany is vanquished, the Franco-Russian armies will impose their wills on Italy and Austria.”

The “Draft of a Military Convention” was signed by the French and Russian Chiefs of Staff, Boisdeffre and Obruchev, and approved in principle by the Tsar on August 17, 1892. The Tsar was very anxious that absolute secrecy should be preserved, and that the document should be known only to the President and Prime Minister of France. “I fear,” he said, “that if they discuss it in the Cabinet, it will have the fatal

result of becoming public, and then, as far as I am concerned, the treaty is nullified.“ Meanwhile, certain events took place which tended to lessen the Tsar’s scruples and his distrust of France, and to increase his readiness to accept at last a binding agreement. A new German Army Law of 1892 increased the German forces by 60,000 men but reduced the term of service in the infantry from three to two years. No settlement had been reached in regard to a Russo-German commercial treaty and a tariff war was being waged between the two countries.

The Siam crisis of July, 1893, which brought France and England closer to war than was realized at the time, showed that the French were ready to take a stiff tone toward England, even in Asia, in a way which Russia liked to see, especially as England seemed to be drawing closer to the Triple Alliance. As a result, Alexander III consented to return the Kronstadt compliments by having the Russian Navy visit Toulon in October, 1893. The Russian officers and men were feted with extraordinary enthusiasm by the French both at Toulon and Paris. But the Paris Press, at a wise hint from the French Government, refrained from chauvinistic editorials and implications that a Russian alliance would aid in regaining Alsace- Lorraine. The Tsar was favorably impressed with the moderation and strength of the French Government. He accordingly gave his approval to an exchange of official diplomatic notes which was completed on January 4, 1894, and gave binding effect to the Military Convention of August 17, 1892.

As neither the exchange of notes nor the Military Convention signed only by military officers was a formal treaty, neither had to be submitted to the French Parliament for ratification. The terms of the Military Convention, known only to the supreme military officials, did not even have to be divulged to Cabinets which rose and fell so rapidly in France. The Military Convention which was given the force of a treaty on January 4, 1894, and thus became the basis of the very secret Franco-Russian Alliance:

“France and Russia, animated by a common desire to preserve the peace, and having no other aim than to prepare for the necessities of a defensive war, provoked against either of them by an attack by the forces of the Triple Alliance, have agreed upon the following provisions:

“1. If France is attacked by Germany, or by Italy supported by Germany, Russia shall employ all her available forces to fight Germany. “If Russia is attacked by Germany, or by Austria supported by Germany, France shall employ all her available forces to fight Germany.

“2. In case the forces of the Triple Alliance or of one of the Powers which compose it should be mobilized, France and Russia, at the first indication of the event, and without a previous agreement being necessary, shall mobilize all (heir forces immediately and simultaneously, and shall transport them as near to the frontiers as possible.

“3. The forces available which must be employed against Germany shall be for France, 1,300,000 men; for Russia, from 700,000 to 800,000 men. These forces shall begin complete action with all speed, so that Germany will have to fight at the same time in the east and in the west.

The Franco-Russian Alliance of 1894, like the Austro-German Alliance of 1879 and the Triple Alliance of 1882, was in its origin essentially defensive in purpose. It was not until much later, in the days of Delcasse, Izvolski, and Poincare, that the Franco-Russian Alliance was essentially changed in spirit from a defensive to a potentially offensive combination.

Mobilization means War

To be sure, the Alliance embodied from the outset the militarist doctrine, prevalent since the Napoleonic Wars, that the best military defensive is to wage offensive war. Mobilization by Germany was to be followed by the instant mobilization of the French and Russian armies. Mobilization was expressly understood as being equivalent to war to the actual opening of hostilities. In the negotiations for the Military Convention in July, 1892,

“General Obruchev emphasized finally the necessity of the immediate and simultaneous mobilization of the Russian and French armies at the first news received by either of the two countries of a mobilization of the forces of the Triple Alliance. He understands further that this mobilization of France and Russia would be followed immediately by positive results, by acts of war, in a word would be inseparable from an aggression.”

Similarly, General Boisdeffre, in talking with the Tsar the day after the Military Convention had been approved remarked:

“The mobilization is the declaration of war. To mobilize is to oblige one’s neighbor to do the same. Mobilization involves the carrying out of strategic transportation and concentration. Otherwise, to leave a million men on one’s frontier, without doing the same simultaneously, is to deprive oneself of all possibility of moving later; it is placing oneself in the situation of an individual who, with a pistol in his pocket, should let his neighbor put a weapon to his forehead without drawing his own.” [To which Alexander III replied], “That is exactly the way I understand it.”

Thus, the nation to start general mobilization first is completely aware of the fact that war can not be avoided, war has become inevitable. This includes the fact that mobilization must be done as secretly as possible. Should the enemy nation notice ongoing foreign mobilization plans, it must therefore strike swiftly to counter the first mobilization to gain the upper hand. This “offensive-defensive” character of the Alliance is further seen in the technical arrangements which were worked out annually later in great detail by the French and Russian General Staffs. On the

generally accepted principle that the best form of defensive warfare is to take the offensive against the main enemy force, the French and Russian Staffs were “perfectly in accord on the point that the defeat of the German armies continues to be, whatever the circumstances, the first and principal objective of the allied armies.

Though the Franco-Russian Alliance aimed primarily at crushing Germany in case the latter should attempt an aggression, it did not at first arouse serious suspicions or antagonism beyond the Rhine. This was partly because its existence was kept so secret that for months after its establishment the German Ambassador in Paris optimistically refused to believe in its existence. Even after the open references to the “Alliance,” in speeches in the French chamber in 1895, or during the visits of Nicholas II to Paris in 1896 and of President Faure to Russia in 1897, Germany was not alarmed, because she felt that the Triple Alliance was still equal in strength to the new combination.

In this sense the Franco-Russian Alliance at first tended to secure the peace of Europe; also in the sense of the proverb that “one sword holds another in its sheath.”

This situation of more or less equilibrium on the Continent even led to a series of temporary diplomatic combinations in which Germany cooperated with Russia and France. In 1894, Germany and France joined hands in preventing England from acquiring a strip of Congo territory for the Cape-to-Cairo Railway. In 1895, Germany cooperated with France and Russia to compel Japan to restore part of the conquests taken from China. In 1900, Russia proposed that the same three Powers should try to mediate between England and the Boers. Germany did not wish to antagonize England by such a step, but consented to discuss it. Quite possibly the three Powers might have attempted it, had not France been unwilling to enter into an arrangement with Germany which would have involved a mutual guarantee of territories, and consequently a second renunciation of Alsace-Lorraine.

In this same year also German, French, Russian and English troops marched side by side to suppress the Boxer revolt. When the Tsar’s proposal for the First Hague Conference—well meant but naive for those times—took Europe by surprise, Germany and France, and even many of Russia’s own officials, joined efforts to restrict the scope of the Conference as much as possible without incurring the odium of seeming to sabotage the Tsar’s proposals. Nothing sums up dozens of despatches on this topic better than the confidence which Delcasse is reported to have made to the German Ambassador in Paris:

“Our [French] interests in regard to the Conference are exactly the same as yours. You do not want to limit your power of defense at this moment nor enter upon disarmament proposals; we are in exactly the same position. We both want to spare the Tsar and find a formula for sidestepping this question, but not let ourselves in for anything which would weaken our respective powers of defense. To prevent a complete fiasco, we might possibly make some concessions in regard to arbitration,

but these must in no way limit the complete independence of the Great Powers. Besides the Tsar, we must also spare the public opinion of Europe, since this has been aroused by the senseless step of the Russians.“

During the decade 1894 to 1904, two changes occurred which tended ultimately to destroy this equilibrium. They are of the greatest importance in the development of the system of secret alliances, England's exchange of splendid isolation for an Entente Cordiale with France, and Italy's dubious loyalty toward her Allies.

England at the Parting of the Ways 1890-1898

England's traditional policy, generally speaking, had for centuries been one of "splendid isolation." By keeping her "hands free," she could enjoy the Balance of Power in Europe between the Continental groups and make English influence in either scale decisive. It was only at times when some one Power sought to become overwhelmingly strong, or threatened to endanger British control of the Channel and her maritime supremacy, that England intervened actively and decisively in European politics. In the years following the Franco-Prussian War, England still adhered to her traditional policy. Three times Bismarck sounded her as to an alliance with Germany—in September, 1879, in November, 1887, and in January, 1889,—but in all cases Bismarck's "feelers" came to nothing, partly because Lord Salisbury feared that he could not get Parliamentary approval for such a policy.

But at about the time of the formation of the Franco-Russian Alliance England appeared to have come to the parting of the ways. Isolation, though splendid, was not always safe or comfortable. Though a match upon the seas for either of the allied groups on the Continent, England was in danger of meeting unpleasant diplomatic defeats, if Germany and France, or Germany and Russia, coalesced against her. By her dangerously weak position in Egypt, England was continually exposed to the more or less united opposition of all the Continental Powers. Egypt was like a noose around the British neck, which any Great Power could tighten when it wanted to squeeze a diplomatic concession from the Mistress of the Seas—as France threatened to do in connection with the Siam controversy, and as Germany was felt to have done in connection with railway concessions in Turkey.

Such incidents exposed the hollowness of the phrase "splendid isolation." As Lord Grey truly says, speaking of his first Foreign Office experiences in 1892-1895, there was "the constant friction, rising on the slightest provocation to quarrel and hostility, between Great Britain and France or Russia. Some such considerations as these gradually led English statesmen to the decision that "splendid isolation" was no longer possible. In 1895, Lord Salisbury indicated the changed British attitude by hinting to Germany that the time had come to partition Turkey. Though England had formerly pursued the policy of bolstering up a decrepit Turkish Empire, Salisbury had now at last come to the conclusion that this was a hopeless task. He had been

betting on the wrong horse. Turkey might as well be carved up, or at least the slices had better be provisionally assigned in case the Ottoman Empire should finally go to pieces.

The Sultan's misgovernment had steadily weakened Turkey; the Christian populations under Turkish oppression were becoming more and more restless; and the frightful massacres of Armenians, with the more or less tacit approval and connivance of Abdul Hamid, had shocked and roused Europe. Lord Salisbury's proposal was to the effect that in partitioning Turkey, Egypt should go to England, Tripoli to Italy, Salonica to Austria, and Constantinople or the control of the Straits to Russia. Such a partition, based on friendly agreement beforehand and securing a fair share to each of the three Great Powers, might conceivably have gone a long way toward solving the Near Eastern Question, if the great difficulties connected with it could have been overcome.

Unfortunately, Berlin failed to take up Salisbury's suggestion. Marschall and Holstein, who at this time largely determined German policy, were excessively suspicious. They foresaw that France and Italy would be difficult to satisfy. Moreover, what should Germany receive? They feared that an attempt to partition Turkey would give rise to more problems than it settled, and might even involve the Powers in war. They suspected that Salisbury's proposal was intended to sow discord between Russia and the Triple Alliance, so that England would have an opportunity to fish in troubled waters. Accordingly, when Salisbury renewed his suggestion directly to the Kaiser a month later at Cowes, where William was attending the English yachting races, the Kaiser gave a cool reply; he said he believed it was best to attempt to sustain Turkey, and to force proper reforms for the protection of the Sultan's Christian subjects. Thereupon Lord Salisbury let the matter drop.

By 1898 the political situation made still more evident to the British Cabinet the advisability of abandoning the isolation policy. In Central Africa friction with France over the Niger boundary was acute; France also was extending her power eastward toward the Upper Nile; and Major Marchand, leading an exploring expedition toward the Sudan, had not yet been checked by Kitchener at Fashoda. In South Africa English friction with the Boers had been steadily increasing, and was to break out some months later in the most humiliating and costly war which England had ever fought. The Kruger Telegram had shown the lively interest which the Kaiser and his subjects took in the Boers, and the desirability therefore of putting an end to any possible support, either secret or open, which Germany might be inclined to give to the South African Republics. Finally, in the Far East, Germany had just secured the lease of a naval base at Kiauchau; Russia was getting an economic grasp on Manchuria through the extension of the Trans-Siberian Railway; and by the lease of Port Arthur she would have a foothold which would menace Peking and seriously jeopardize Britain's naval and commercial predominance in the Far East. The English Press was clamoring to know how the Cabinet would stop Russia.

Alliance Proposals to Germany 1898-1901

Under these circumstances the British first turned to Russia. On January 19, 1898, they proposed to the Tsar an entente which should put an end to all the long-standing sources of friction between the Bear and the Lion. The idea was to harmonize British and Russian policy in the two decaying empires of China and Turkey, instead of being constantly opposed. But the Tsar and his shifty ambitious Ministers did not receive the proposal in a way to inspire confidence or to encourage the British to proceed with it. Thereupon Mr. Joseph Chamberlain, the British Colonial Secretary, was allowed to try his hand at making an alliance with Germany.

On March 29, 1898, while Lord Salisbury was absent in France for his health, Count Hatzfeldt, the German Ambassador in London, was asked to dinner with Mr. Chamberlain at Alfred Rothschild's house. Chamberlain there declared quite frankly that England had decided to abandon her isolation policy. England and Germany, he admitted, had many petty points of friction in colonial matters, but no great fundamentally opposing interests. He therefore suggested an Anglo-German defensive alliance. He hinted that if England did not succeed in making an alliance with Germany, which was the more natural for her, she might turn toward France and Russia.

There was no reason to doubt that Chamberlain was sincerely seeking to open negotiations which should lead to an alliance. To have succeeded would have been a great feather in his cap. But other members of the Cabinet, like Lord Salisbury and Balfour, not to mention the Prince of Wales, who were all more Francophil, were less enthusiastic. They were not unwilling to see his efforts fail. Chamberlain's offer was received in Berlin with the same suspiciousness as the proposed partition of Turkey three years earlier.

In this connection the Kaiser took a step which reveals the lack of honesty which he sometimes displayed in his attempts to manage German foreign policy. Without consulting his Ministers, and in spite of the fact that the Chamberlain proposals had been strictly confidential, he wrote to the Tsar on May 30, 1898, saying that England had thrice within the last few weeks asked for an alliance, making enormous offers which opened a brilliant future for Germany, and begging for a quick reply. Before answering the British, the Kaiser added, he wanted to tell "Nicky" of this, since it was a life and death matter. Such an alliance would evidently be directed against Russia. "Now I ask you, as my old and trusted friend, to tell me what you can offer me, and what you will do for me if I refuse the British offers."

This letter was a gross exaggeration, because no "enormous offers" had been made by England. The Kaiser was deliberately attempting by his exaggeration to bid Russia and England up against one another, and to use Chamberlain's offer to sow discord between Russia and England. What he wanted to secure from Nicky was Russian cooperation for bringing France into a Continental League, which should

draw together the Triple and Dual Alliance, and thus make a strong group of the five great European Powers. This idea of a Continental League continually hovered before his imagination for years. By it he hoped to secure the peace of Europe. If Russia could bring the French into such a combination, France would be expected to give up the thought of revenge and the hope of recovering Alsace-Lorraine. This would remove one of the fundamental sources of danger to the peace of Europe. Furthermore, such a Continental League could be effectively used to check England's excessive colonial pretensions in Africa and Asia, and eventually, perhaps, after the growth of the German navy, to place a check on England's supremacy on the seas.

The Tsar, however, did not allow himself to be fooled by the Kaiser into making any commitments. But he replied at once on June 3, 1898:

Three months ago, in the midst of our negotiations with China, England handed us over a memorandum containing many tempting proposals trying to induce us to come to a full agreement upon all the points in which our interests collided with her's. These proposals were of such a new character, that I must say, we were quite amazed and yet, their very nature seemed suspicious to us; never before had England made such offers to Russia. Without thinking twice over it, their proposals were refused. You must of course decide what is best and most necessary for your country. Germany and Russia have lived in peace since old times, as good neighbours, and God grant! that they may continue so, in close and loyal friendship. . . . I thank you once more for writing to me at such a grave moment for you! God bless you my dearest Willy. Believe me ever your loving cousin and trusting friend, Nicky.

This news of "amazing" British offers to Russia, made just before Chamberlain's proposals, made the Kaiser naturally suspect that "perfidious Albion" was trying to play Germany and Russia off against one another, and sow discord between them. It confirmed him in his temperamental suspiciousness of British good faith. So the Chamberlain proposal of March, 1898, was not grasped by Germany, and came to nothing. Though the German rejection of the Chamberlain proposals was one of the most momentous factors in shaping the fatal course of events in the following years, only a word can be said about them here.

In November, 1899, a few weeks after the outbreak of the Boer War and the consequent anti-English outburst all over the Continent, the Kaiser and Bulow visited England. Chamberlain seized upon the occasion for long talks with both. He suggested closer relations between England, Germany, and the United States. The detailed notes which Bulow made of the conversations do not indicate that he gave Chamberlain much encouragement to think that Germany would abandon the relatively favorable position which she then enjoyed in exchange for the risk of an alliance with England. Nevertheless a few days later, in a famous speech at Leicester, the English Colonial Secretary spoke glowingly of the community of German and British interests, and publicly proposed an alliance: "At bottom, the character of the Teutonic race differs very slightly indeed from the character of the Anglo-Saxon race. If

the union between England and America is a powerful factor in the cause of peace, a new Triple Alliance between the Teutonic race and the two great branches of the Anglo-Saxon race will be a still more potent influence in the future of the world."

But the poisonous effects of the Boer War were already at work. German, as well as French and Russian, newspapers were attacking England violently. Germans, as Bulow himself noted, were more stirred up about the Boer War than the English themselves; the anti-English feeling in Germany was stronger than the anti-German feeling in England. In view of this Anglophobia, Bulow did not have the courage, speaking in the Reichstag on December 11 in favor of the German Navy Law, to take up sympathetically Chamberlain's Leicester proposal. On the contrary, he poured cold water on it, as being quite unnecessary for Germany. It was a rude rebuff to England. Moreover, if it be true, as Chamberlain told Eckardstein, that he had made his Leicester speech at Bulow's own suggestion, and with the expectation that it would find a friendly echo across the North Sea, Bulow's Reichstag speech was a treacherous act greatly resented by Chamberlain. At any rate, the British Foreign Office became more suspicious of the Wilhelmstrasse,—a suspicion which was now beginning to be further fostered by Tirpitz's plans for building up the German navy.

Nevertheless, in 1901, after the Kaiser's much appreciated visit to Osborne at the news that Queen Victoria was dying, Chamberlain again opened negotiations for a defensive alliance between England and Germany, or even between England, Germany and Japan. England still had her hands tied in South Africa where the Boers were resisting with dogged determination. In the Far East, following the suppression of the Boxer Revolt, English friction with Russia had reached an acute stage, because the Tsar's forces would not evacuate Chinese territory. Under these circumstances, a German alliance would have afforded a valuable support to Great Britain. But for this very reason Germany was not at all anxious to commit herself. The negotiations, which were taken over by Lord Lansdowne, dragged on through the year. They were finally dropped in December, 1901, because the British Cabinet felt unable to meet Germany's conditions that the treaty should include the Triple Alliance and that it should be approved by the British Parliament. Whether such approval could have been secured was, in fact, very doubtful.

From a variety of reasons, Holstein, Bulow, and the Kaiser failed to take advantage of the English offers. They held off in the hope of getting better terms—and got nothing. They let slip the golden moments which were never to return. The English, failing finally to arrange an alliance with Germany, turned elsewhere. In 1902 they signed with Japan the well-known alliance which protected their mutual interests in the Far East. In 1904 they signed with France the treaties which were the first step in the formation of the Triple Entente.

Italy's dubious Loyalty to her Allies

Italy, like Germany, had been occupied so long establishing her own national unity that she came late into the race for colonial possessions. But if she were to play the part of a Great Power in Europe, and find an outlet for her rapidly increasing population, she felt that she too must acquire colonies. She had naturally cast her eyes on Tunis, But the French had stepped in ahead of her. She had then sought alliance with Germany and Austria in the hope of getting their support. Bismarck, however, was not at first inclined to allow the Triple Alliance to be exploited for Italy's colonial ambitions. But in 1887, when the Boulanger crisis in France and the Bulgarian situation in the Balkans cast heavy clouds over Europe, Italy was able to extort, as the price of her renewal of the Triple Alliance, new clauses looking toward future acquisitions in North Africa, the Balkans, and the Eastern Mediterranean. As Germany's interests were not identical with those of Austria in the Balkans, and as Austria was unwilling to commit herself in regard to Italy's North African ambitions, it was decided that these matters should be dealt with in separate treaties to be signed by Austria and Italy, and by Germany and Italy, on February 20, 1887, the same day that the Triple Alliance Treaty of 1882 was renewed.

In 1891, at the third renewal of the Triple Alliance, Italy made a number of new requests, but the only one which was finally conceded to her was an extension of Germany's obligation to support her in North Africa. Germany and Italy engaged to exert themselves for the maintenance of the status quo in Cyrenaica, Tripoli and Tunis. But, "if unfortunately, as a result of a mature examination of the situation, Germany and Italy should both recognize that the maintenance of the status quo has become impossible, Germany engages, after a formal and previous agreement, to support Italy in any action in the form of occupation or other taking of guaranty which the latter should undertake in these same regions with a view to an interest of equilibrium and of legitimate compensation." In such an eventuality both Powers would seek to place themselves likewise in agreement with England.

This opened the door, as the Italians hoped, to a possible annexation of North African territory. But Germany still hoped to be able to restrain Italy from African adventures which might antagonize England, France or Turkey. The Italians, however, were bitterly disillusioned in their hopes that these treaty arrangements would speedily enable them to acquire Tripoli. The following years were filled with demands and reproaches toward her allies, which became louder as the Abyssinian adventure went from bad to worse. Italy complained that he was being browbeaten by France, threatened by Russian intrigues in the Near East and in Abyssinia, and neglected by England—and that for all this Germany and the Triple Alliance were to blame. The French, were dominated by the thought of getting back Alsace-Lorraine, and had warned to expect no concessions from them as long as Italy remained in the Triple Alliance; on the contrary they would "aim to make life as sour as possible for him."

By the Franco-Italian Tunis Convention of 1896, Italy at last virtually recognized the French protectorate in Tunis and received in return certain political and commercial privileges. The next year, the Italian Crown Prince, Victor Emmanuel and his Montenegrin bride, visited Paris, and the fetes in their honor tended to draw the two Latin nations together. Two years later Franco-Italian commercial treaty put an end to the long tariff war which had had a ruinous effect on the trade between the two countries and had caused great bitterness.

The growing intimacy between France and Italy was now emphasized outwardly in every possible manner. President Loubet bestowed upon Victor Emmanuel the Grand Cross of the French Legion of Honor. The Italian fleet visited Toulon and was received with demonstrations of friendship which recalled the visit of the Russian fleet at the formation of the Franco-Russian alliance. On December 14, 1901, Prinetti, who was decidedly Francophil, revealed in the Italian Chamber of Deputies the existence of the secret Franco-Italian accord made twelve months before by Visconti-Venosta and Barrere. At the same time he protested profusely to the German and Austrian ambassadors that Italy was thoroughly loyal to the Triple Alliance, though he admitted it had been an act of disloyalty on his predecessor's part not to inform Italy's allies at once of the exchange of notes with France. He tried to excuse it by alleging that he had supposed Visconti-Venosta had already notified Germany and Austria of it.

Germany feared that Italy might proceed to the annexation of Tripoli, thus antagonizing Turkey and jeopardizing German interests in the Near East, also giving a warning to Italy by remarking further that the Triple Alliance was "not a business concern for making gains, but an insurance company."

Italy, however, did not heed the warning. While carrying on negotiations for the renewal of the Triple Alliance, she at the same time listened to the wooing of Barrere, who was determined to secure a promise from Italy that she would not attack France and would give up any military conventions or other treaty obligations which might compel her to join in a German aggression against France. And in fact on June 4, 1902, several weeks before the renewal of the Triple Alliance, Prinetti secretly assured Delcasse that it contained nothing either directly or indirectly aggressive toward France. Though he stipulated that "this communication is destined to remain secret," Delcasse soon announced its substance in the French Chamber of Deputies.

Delcasse was not yet satisfied. He wanted to get from Prinetti a signed document which would bind Italy to observe strict neutrality in case France should take the initiative in declaring a war to which she had been provoked. Accordingly, by an exchange of notes between Prinetti and Barrere on November 1, 1902, it was mutually agreed:

"In case France [Italy] should be the object of a direct or indirect aggression on the part of one or more Powers, Italy [France] will maintain a strict neutrality. "The same shall hold good in case France [Italy], as the result of a direct provocation, should

find herself compelled, in defense of her honor or her security, to take the initiative of a declaration of war. In that eventuality, the Government of the Republic [the Royal Government] shall previously communicate its intention to the Royal Government [the Government of the Republic], which will thus be enabled to determine whether there is really a case of direct provocation.“

Practically this meant that Italy was now no longer a loyal member of the Triple Alliance. M. Poincaré shrewdly summed up the real situation when he told Izvolski in December, 1912, that “neither the Triple-Entente nor the Triple Alliance can count on the loyalty of Italy; the Italian Government will employ all its efforts to preserve the peace; and in case of war, it will begin by adopting a waiting attitude and will finally join the camp toward which victory will incline.“ Henceforth Italy had a foot in both camps and could jump in either direction, though she was not wholly trusted by either her old ally or her new friend.

In the fall of 1903, shortly before Germany was surprised by the conclusion of the Anglo-French Entente which threatened to draw Italy further to the side of these two Mediterranean Powers, she began to fear more seriously that Italy’s “extra dance“ might develop into an elopement after all. In April, 1904, the Triple Alliance was passed over in dead silence by Italy.

Deputies on March 8, 1906, Sonnino attempted to explain Italy’s double policy, saying: “Loyal from our heart to the Triple Alliance, we shall maintain the traditions of intimacy with England and our honest friendship with France.“ On this the German Emperor commented significantly:

“No one can serve two masters,’ it says in the Bible; certainly therefore not three masters! France, England and the Triple Alliance, that is wholly out of the question! It will turn out that Italy stands in the British-French group! We shall do well to reckon with this, and write this ‘ally’ off as smoke;“

The Anglo-French Entente of 1904

M. Delcassé, who became French Minister of Foreign Affairs in June, 1898, is said to have declared that the first object of his policy would be to secure a rapprochement with England. If France were to expand her colonial empire and some day recover Alsace-Lorraine, the age-long hostility with England must be ended. Delcassé therefore took steps toward a reconciliation with “perfidious Albion.“ He approved a treaty settling a long-standing dispute as to Anglo-French boundaries in the Niger Valley. A few months later, in the face of Kitchener’s troops and in defiance of traditional French feelings, he had yielded to the British at Fashoda. On March 21, 1899, he reached an agreement with England delimiting French and English spheres of influence in the region between the Upper Nile and the Congo. He had done what he could to open the way for better Anglo-French relations.

But public opinion in the two countries was still hostile. It was further aggravated by the Boer War. To overcome this was part of the work of Sir Thomas Barclay. Looking at the two countries from a commercial rather than a diplomatic point of view, he secured the approval of Salisbury and Delcasse for a visit to Paris of British Chambers of Commerce in 1900. The banquet of 800 at which he presided proved an encouraging success. This was the year of the great Paris Exposition, and thousands of other British visitors flocked to the French capital. These visits were followed by delegations of French Chambers of Commerce to England, and by a similar exchange of visits by members of Parliament and their wives.



With the ground thus prepared, Sir Thomas Barclay began to agitate for the conclusion of an Anglo-French Treaty of Arbitration, which should remove possible causes of friction and place the future of the two countries beyond the dangerous reach of popular emotions. Such a treaty, referring to the Hague Arbitration Tribunal all disputes between the two countries (except those touching vital interests, honor, or independence), was finally signed on October 14, 1903.

Meanwhile, the death of Queen Victoria in 1901, and the retirement of Lord Salisbury in 1902, opened the way for two men who were more enthusiastic than their predecessors for closer relations with France—Edward VII and Lord Lansdowne. The new King, Edward VII, had spent much of his time as Prince of Wales in Paris or on the Riviera. He spoke French with perfect ease, had formed many warm attachments in France, and had a strong liking for the people as a nation. In the spring of 1903, on his own initiative, he paid to Paris his first formal visit as King, and was delighted by his reception.

The most important convention between the two nations was that by which France at last gave the English a free hand in Egypt in return for a free hand in Morocco. Egypt for more than a quarter of a century had been one of the most acute sources of friction between Downing Street and the Quai d'Orsay. It had been the Achilles heel of

British foreign policy. All the Great Powers had certain political and financial rights in Egypt which continually hampered England's freedom of action and threatened the efficiency of Egyptian administration.

England's new freedom of action was embodied in a Khedivial Decree which England speedily notified formally to the Powers and to which she secured their assent. Egypt was no longer a vulnerable point in English diplomacy. Within six months, as Kuhlmann wrote from Tangiers, "The Egyptian question is dead, but the Moroccan question is very much alive." Morocco, on the other hand, was pregnant with trouble for France and was soon to become a diplomatic nightmare for all Europe. At the close of the nineteenth century it was virtually an independent country of some four or five million inhabitants—Arabs, Berbers, Jews, negroes and others—under the nominal rule of a Sultan at Fez. But this rule was a shaky one. There were continual uprisings from hostile tribes, or from rival claimants to the Umbrella, which was the symbol of sovereignty in that sunny land.

As a result of these turbulent conditions, the thirteen Powers, including the United States, who had once cooperated to suppress the Barbary Pirates, signed with the Sultan of Morocco in 1880 the Convention of Madrid. This provided for the proper protection of foreigners in Morocco and promised the most-favored-nation treatment to all the Signatory Powers. The two European countries which were most directly interested in Morocco, because of geographical propinquity and historic associations, were Spain and France.

Spain had inherited or conquered during the sixteenth century a number of settlements on the North coast, between the Straits of Gibraltar on the West, and the French territory of Algeria on the East. These, however, were separated from the Moroccan interior by the line of Riff Mountains, so that Spain did not aspire to acquire any of the Moroccan hinterland. If a partition of Morocco was to take place, Spain merely wished to be assured of the Mediterranean coastal strip and of some seaports on the Atlantic coast opposite the Canary Islands for their protection. France, though further removed from Morocco geographically, had in reality a closer and more vital interest in the country. Beginning in 1830, she had gradually built up a great colony in Algeria, or, to speak more correctly, had extended France into Algeria, for Algeria was not a colony in the ordinary sense of the word. It was divided into departments like France, was represented in the French Chamber of Deputies, and persons born in Algeria enjoyed all the full rights of French citizens. As the French extended their control southward toward the Sahara, there was no effective natural boundary separating their territories from those of the Sultan of Morocco.

But Italy, England, and Germany also had political, as well as commercial, interests in Morocco. Italy, being without colonies, cast her eyes covetously toward Morocco, especially after the French had stepped into Tunis ahead of her. But in 1900 France bought off Italy's claims by the secret promise not to oppose Italian aspirations to Tripoli. England, possessing one of the Pillars of Hercules at Gibraltar, was

determined that the other Pillar at Ceuta must never come into the hands of a strong European Power like France; otherwise the English navy and English commerce would lose that vital control of the entrance to the Mediterranean, which Gibraltar had assured to her for two centuries. Ceuta belonged to Spain, but Spain was so weak, especially after the Spanish-American War, that England was content to have her retain it ; she had no fear that Spain would ever dispute British control of the Straits.

Germany was chiefly interested in preserving and extending her rapidly growing commercial interests in Morocco. Some Germans, including some Foreign Office personages, wanted a German colony in West Morocco which would open new markets for German goods, afford a much needed source for iron ore, and offer a convenient coaling station and naval base for the German fleet in the Atlantic. But the Kaiser was opposed to pressing this, for fear of antagonizing England and France. The future of Morocco therefore became one of the most lively subjects of secret discussion among the diplomats of Europe.

Mr. Joseph Chamberlain broached the question very privately to the German Ambassador on November 3, 1899, suggesting a secret convention: Germany was to renounce all claims to the Mediterranean coasts of Morocco, including Tangier; in return, "England could make Germany the most extensive concessions on the Atlantic coast." Chamberlain, however, wanted the matter kept secret for the present from his Prime Minister, Lord Salisbury. Bulow was interested in the suggestion, and it was discussed behind Lord Salisbury's back by the Kaiser on his visit to England a few weeks later. But the Kaiser, foreshadowing the consistent attitude he adopted in the following years, had no great desire for German territorial acquisitions on the West coast or anywhere else in Morocco. "He himself had never had great interest in this question," he told Eckardstein, "and he had never understood why Germans placed such interest in it."

In spite of recurring rumors of possible Anglo-French and Franco-Spanish agreements contemplating a possible partition of Morocco, Bulow maintained this attitude of "wait and see" for nearly three years. Then, on March 16, 1904, he received a telegram from the Kaiser, recounting a visit to Kins; Alfonso at Vigo. William II had congratulated the Spanish King upon the rumored Franco-Spanish arrangements for a partition of Morocco, and had declared that Germany wished no territorial acquisitions; Germany wanted only the safeguarding of her commercial interest. This declaration of German disinterestedness in Moroccan territory caused some dismay to Bulow and his Foreign Office colleagues, who had been inclined to think Germany might well secure some share of the disintegrating Sherifian Empire. But the Kaiser's declaration tied their hands. In spite of the clamorings of Pan-Germans on the one hand, and of Anglo-French suspicions on the other, the Kaiser's declaration laid down one of the guiding principles of German Moroccan policy in the following years.

He knew that Anglo-French negotiations concerning Morocco were on the point of being signed, and wisely decided that sending a ship to Tangier just at this moment would arouse suspicion as to the genuineness of his Vigo declaration of Germany's territorial disinterestedness. He believed that,

“forceful pressure by Germany against Morocco ought to be considered only after our grievances against Morocco have been brought fully with the facts to the knowledge of the three Powers most interested in Morocco [England France and Spain]. It could then be pointed out that remedial measures against the attitude of the Moroccan Government lay in the interests, not of Germany alone, but of all Europeans, and that Germany would gladly have the support and cooperation of the three aforesaid Powers in restoring by proper measures the injured prestige of Europeans in Morocco.”

Accordingly, in spite of arguments by Bulow, Lichnowsky, and German officials in Morocco, the Kaiser's decision prevailed and no German naval demonstration took place. But the Kaiser's hope that disorders in Morocco could be dealt with through the friendly cooperation of all the Powers most directly concerned was vain.

At this very moment, Lord Lansdowne and M. Paul Cambon, the French Ambassador in London, were signing the famous Anglo-French Convention of April 8, 1904, concerning Egypt and Morocco which has been indicated above. Its “Public Articles” disclaimed, of course, any intention of altering the political status of Morocco, but at the same time “recognized that it appertained particularly to France to preserve order there.” Important “Secret Articles,” however, contemplated an eventual partition of Morocco between France and Spain:

Art. II. [England has no present intention of proposing changes in Egypt, but, in case she should consider it desirable to introduce reforms, France] will not refuse to entertain any such proposals, on the understanding that His Britannic Majesty's Government will agree to entertain the suggestions that the Government of the French Republic may have to make to them with a view of introducing similar reforms in Morocco.

Art. III. The two governments agree that a certain extent of Moorish territory adjacent to Melilla, Ceuta, and other presidios should, whenever the Sultan ceases to exercise authority over it, come within the sphere of influence of Spain and the administration of the coast from Melilla as far as, but not including, the heights on the right bank of the Sebou shall be entrusted to Spain. Nevertheless, Spain would . . . have to undertake not to alienate the whole, or a part, of the territories placed under her authority or in her sphere of influence.

is curious to note how casually Viscount Grey and M. Poincare speak of these secret articles contemplating the partition of Morocco and seek to minimize their importance. Grey says the agreement with France “was all made public except a clause or two of no importance.” It is characteristic of his psychology that when he has to deal

with something disagreeable or repugnant, which does not fit in with his conception of things, he rationalizes it into thinking it "of no importance." M. Poincare likewise speaks of the secret Moroccan arrangement as destined to remain "temporarily" secret.

Upon the announcement of the public articles, the Spanish professed to be furious: they had not been consulted; they had been treated as quantite negligible; this humiliation endangered their dynasty; with clenched fists (prudently kept hi his pocket), the Spanish Ambassador declared to Delcasse that "this Anglo-French Convention will have serious consequences and involve unforeseeable complications." By the Franco-Spanish Moroccan Convention of October 3, 1904, in secret articles, Spain gave her approval to the Anglo-French agreement of April 8, 1904, and both France and Spain piously declared that they would remain firmly committed to the integrity of the Moroccan Empire under the sovereignty of the Sultan. But secret articles, which of course were communicated to Lord Lansdowne, frankly contemplated quite the opposite. — In delimiting the spheres of influence, the Spanish were to be given the northern coastal strip on the Mediterranean and the Atlantic, and the French were to have the vast hinterland. The boundaries were virtually identical with those which were actually adopted for the French and Spanish protectorates which were arranged by M. Poincare in 1912.

It has been asserted by a German historian, that the German Government in some unofficial way speedily became informed of the secret articles, and saw in them an evidence of the hostile feeling which France had nurtured against her ever since 1870. Germany correctly suspected that there was more to the Anglo-French agreements than met the eye in the published articles. But though not without suspicions as to the fate awaiting Morocco, Bulow and Holstein seem chiefly to have suspected that France and England had made some secret deal in regard to the partition of China, or had entered into some sort of an alliance aimed against Germany.

England having decided to abandon splendid isolation and having failed to receive a satisfactory response from Germany to Chamberlain's alliance feelers, England naturally turned to France. In view of the growing friction between Russia and Japan, ending in the outbreak of war between the two in February, 1904, and the fact that England was allied to Japan, and France to Russia, it was important to establish cordial relations with France to prevent the Russo-Japanese War from involving England and France against one another. England desired to avoid the danger of having the war in the Far East spread to Europe. England sincerely desired to wipe off the slate the numerous causes of friction which had so frequently brought her to the verge of war with France in the past.

On the French side the motives were in part somewhat the same. The French were determined to avoid being involved in war on account of the ambitions of her Russian ally in the Far East. They wished to end the longstanding friction with England. "They desired freedom of action in Morocco. And they hoped to secure England as

a friend, or possibly as an ally, in order to build up a combination of Powers, equal to, or stronger than, the Triple Alliance. France had come painfully to realize that her alliance with Russia was of less value than she had anticipated, at the time of its formation, that it would be. Russia had given her little or no support at Fashoda and on other critical occasions, and now she appeared to be so involved in the Far East as to be of little support to France in case of a Franco-German war.

By 1904 Delcasse had thus bought off the Moroccan claims of Italy and England, by promising these countries a free hand in Tripoli and Egypt respectively, and he had satisfied Spain with a sphere of influence in northern Morocco. He assumed that he could now proceed leisurely to the "pacific penetration" of the rest of the Sherifian Empire without paying any attention to the natural claims of Germany. He believed that France at last had risen to such a strong diplomatic position, with Russia as an ally and England as a friend, that she could risk ignoring the country which had seized Alsace-Lorraine and long dominated Europe.

In this he was mistaken. He was grievously mistaken. As a French critic has well said, "With incredible blindness the Government took precautions with everybody, except the only one of its neighbors whom it had serious cause to fear." And as Mr. Gooch has justly pointed out, "It is regrettable that the British Cabinet did not perceive—or at any rate did not help France to perceive—the wisdom of securing German consent by a solatium. Though the Secret Treaties of 1904 reserved no share for Great Britain in the contingent partition of Morocco, and though it has been argued that it was reasonable for the contracting parties to make alternative arrangements in the event of Morocco collapsing from internal weakness, our share in the transaction which suggested double-dealing involves the British Government in partial responsibility for the crises of 1905 and 1911."

The Morocco Crisis of 1905

It is commonly believed in France and England that the Kaisers spectacular visit to Tangier on March 31, 1905, followed by Delcasse's fall on June 6, were the results of a German effort, by a threat of force, at a moment when France's ally lay prostrate in the Far East, to test or break up the newly formed Entente Cordiale and separate England from France. But this belief, as the recently published German documents show, is not altogether correct. The misconception has arisen in part from prejudice and ignorance, and in part from the fact that writers have supposed that the Kaiser's Bjorko maneuver and Bulow's Morocco moves formed parts of one and the same consistent German policy.

Confronted suddenly with the accomplished fact of an Anglo-French Agreement, in which Germany had not been consulted though German interests were involved, and in which there were good reasons for suspecting that secret clauses lurked behind the public declarations, Bulow and the Kaiser both felt that something must be done.;



But they differed as to what this should be. Bulow preferred to adopt a sphinx-like silence, waiting until Delcasse should formally notify Germany of the Moroccan agreement, and offer guarantees for her commercial interests and some equivalent compensations. When Delcasse had continued to ignore Germany for nearly a year, Bulow tried to serve notice on him by forcing the Kaiser to make the spectacular diplomatic gesture at Tangier in March, 1905. This was altogether repugnant to the Kaiser.

Their divergence in views is further indicated by the fact that Bulow did not keep his imperial master fully informed on all phases of the Moroccan affair, which he and Hoist ein were conducting. The Kaiser, on the other hand, wished to avoid antagonizing French susceptibilities. With his "anti-English complex" and his inherited traditional friendship between Hohenzollern and Romanov, he wished to avert the possible danger lurking in the Anglo-French Agreement by realizing his dream of a "Continental League." This flitted frequently before his imagination throughout his reign.

It was a method of reviving the Alliance of the Three Emperors so far as was possible after the Tsar had entered into alliance with France. He hoped to use his personal influence over the weak-willed Tsar to draw Russia into a defensive alliance with Germany. Russia would then get her ally France to join it. By thus associating the Triple and Dual Alliances, he would form a league of the five great Continental Powers. This would put an end to the danger to Europe which existed from the antagonism of the two groups. It would help to assure the peace of the world. Incidentally, it would increase his own prestige and influence, because Germany would be the dominating member of the league. (And as we know, England was

already hostile towards German hegemony over European mainland). This dream perhaps was fantastic and impossible of realization, but it formed the burden of the interesting letters from “Willy” to “Nicky” during the Russo-Japanese War.¹²⁵ At last, for a brief moment of ecstatic joy in July, 1905, it did seem about to come true.

The Kaiser had been cruising in northern waters and suddenly suggested to the Tsar that they meet on their yachts at Bjorko. The fact that France had just dropped Delcasse, as we shall see later, and was inclined to accept Germany’s proposal for a Moroccan Conference: seemed to indicate that France had abandoned hopes of *revanche* and might at last be brought into more satisfactory relations with Germany through the Tsar’s influence. So the Kaiser decided to take advantage of the Bjorko interview and of the Tsar’s difficulties arising from the war with Japan to reopen the negotiations of the preceding autumn with the Tsar and secure his signature to a treaty of alliance. Some months earlier such a treaty had been discussed between them and a draft had been drawn up only to be rejected by Russia for fear of offending France. Now, perhaps, was the time for getting it signed after all.

The Kaiser’s prayerful optimism and emotional fervor were soon given a dash of cold water by Bulow. His Chancellor threatened to resign. The Kaiser was soon to suffer a still more stunning blow, which knocked his whole dream into a cocked hat. When the Tsar revealed the treaty to his Minister of Foreign Affairs, Count Lamsdorf “could not believe his eyes or ears.” After studying over the problem for most of the night, he explained to the Tsar the serious significance of the document signed in the cabin of the *Polar Star*. He made it clear to his master how contrary the Bjorko Treaty was to the spirit of the Franco-Russian Alliance, and how unlikely it was that France could be forced, *volens nolens*, into such a combination with Germany and Russia. The Kaiser’s hopes for a Continental League were permanently dashed to the ground.

To return from the Kaiser’s attempt to secure a defensive alliance with Russia to his Chancellor’s Moroccan moves. The latter are the more important, because they gave rise to the Morocco Crisis of 1905, and led to the intimate naval and military “conversations” between France and England, which are of the highest significance in the development of the system of secret alliances.

At a dinner given in his honor at the German Embassy, and again a few days later, on March 23, 1904, M. Delcasse mentioned informally to Prince Radolin the negotiations for the Anglo-French Agreement which was about to be signed on April 8. Delcasse indicated the regions it would deal with—Newfoundland, Egypt, Morocco, Sokoto, and Siam. As to Morocco, he repeated that “he wished above all else to maintain the status quo as long as possible.” But he said that the weakness of the Sultan’s government endangered commerce in Morocco, and that France felt it desirable to strengthen the Sultan’s position and end the anarchy. “France does not wish to have any special interests in Morocco,” he said, “but it is her task, in the interest of all nations carrying on trade, to put an end as far as possible to the anarchy in this

neighboring state.”¹³¹ This was the first definite knowledge which Bulow received of the impending Anglo-French Agreement. Aside from this informal notification and the fact that the Public Articles were soon printed in the newspapers, Germany was not officially notified of the text, nor formally consulted by France about this agreement, which threatened seriously to interfere with German commercial rights and political interests in Morocco. Bulow felt that Germany had been slighted, and that her prestige as well as her material interests had been injured.

Bulow certainly underestimated at first the political significance of the new Anglo-French Entente, he was far from taking it as lightly as one might be led to infer from his Reichstag speech, which was intended to quiet the fears of the German public. In fact, it caused him and his Foreign Office assistants to do a good deal of serious thinking during the following weeks. He and Holstein gradually reached a determination to hold to Germany's rights under the international Morocco Treaty of 1880, and to ignore the Anglo-French Moroccan Convention until JDelcasse should invite a discussion of it and give Germany an opportunity to be heard and perhaps get some equivalent compensations. England and France, they felt, could not by separate agreement deprive third parties of their rights in Morocco.

France, now given a free hand in Morocco by England; would try to establish a French economic monopoly there, as she had done in all her other colonies. She would “Tunisify“ Morocco by “peaceful penetration.“ So Germany's commercial rights and interests would be threatened, as the French would get exclusive trading and financial privileges, and a monopoly of railway and mining concessions. Furthermore, German prestige would suffer, if she allowed Morocco to be disposed of by France and England as if Germany did not exist, Holstein summed the matter up: “If we let our toes be trodden upon in Morocco without saying a word, we encourage others to do the same thing elsewhere.“

There were two ways by which Germany might give expression to her wishes. The first was to tell Delcasse in a frank and friendly manner that the published Anglo-French Convention aroused concern in Germany in regard to her commercial interests, and to ask more fully what guarantees France would offer for the protection of these interests. This was the more neighborly way. But it was not adopted. The second way was to maintain an impassive and sphinx-like silence, neither recognizing nor protesting against the Anglo-French Agreement, but acting as if it did not exist for Germany, since Germany had not been officially informed of the text of it.

But this sphinx-like waiting policy did not bear fruit as rapidly as had been hoped. Delcasse was evidently becoming increasingly nervous, but he avoided broaching the question. To bring him out of his silence Germany began to encourage the Sultan to resist the police measures which the French at last, in the winter of 1904-05, planned to put into effects. Germany therefore encouraged the Sultan to resist the imposition of the French program. When he called together a patriotic Assembly of Notables from all Morocco to examine the French demands, Kuhlmann approved

the measure as “a skilful anti-French move.” Then, when the French Press began to demand that the Assembly of Notables be dismissed, Bulow secretly advised the contrary, believing that the proud Moroccan chieftains would declare against the French program. He did not think it likely that the French would go to the point of trying to bluff the Sultan with a threat of war, because the new Rouvier Cabinet did not wish to risk the expenditure of men and money in a Moroccan campaign, or weaken France’s position toward Germany by transferring troops to Africa. Bulow, however, had been careful to warn Kiihlmann not to encourage the Sultan to expect that Germany would support him to the point of making war on France on his behalf.

It was during these rival efforts in Morocco on the part of Kiihlmann and Taillandier to win the ear of the Sultan, that Bulow suddenly decided to have the Kaiser stop on his trip from Hamburg to Corfu at Tangier and greet the Sultan. The original schedule of the Kaiser’s trip did not provide for this, but Bulow had the *Kolnische Zeitung* print a despatch from Tangier announcing that the Kaiser would land there on March 31. He then sent the clipping to the Kaiser, adding, “Your Majesty’s visit will embarrass M. Delcasse, block his plan, and benefit our economic interests in Morocco.” The Kaiser at first agreed, but when he learned from the newspapers that the Tangier population, including the English, were planning to exploit his visit against the French, he wrote Bulow: “Telegraph at once to Tangier that it is most doubtful whether I land, and that I am only travelling incognito as a tourist; therefore, no audiences, no receptions.” Bulow, however, shrewdly pointed out to him that a public announcement of the visit had been made, and if it was given up, Delcasse would spread abroad the idea that it was owing to French representations in Berlin that the visit had been abandoned.

Delcasse would make a diplomatic triumph out of it. So the Kaiser again agreed, though at Lisbon, and even at the last moment in the harbor at Tangier, he had further hesitations. But he finally yielded to the advice of those with him, and carried out the program which had been arranged for him.

In spite of the difficulties of landing in a very rough sea and the fright caused to the Kaiser’s horse by the din of Arab yelling, music, and the promiscuous discharge of firearms, the Kaiser’s visit passed off smoothly enough with brilliant Oriental color. At the German Legation he received the members of the German colony and the Diplomatic Corps. To the French representative he said that his visit meant that Germany wanted freedom of trade and equality with others; that he wished to deal directly with the Sultan as a free and equal sovereign of an independent country, and he expected that France would respect his wishes. To the Sultan’s Great Uncle and Plenipotentiary, he emphasized the same points, adding that such reforms as were made ought to be in accordance with the Koran and Mohammedan tradition; that European customs ought not to be blindly adopted; and that the Sultan would do well in this matter to heed the advice of his Notables.

Bulow then proposed the calling of an international conference of all the Powers who

had signed the Madrid Treaty of 1880. He thought this the best way of settling the Moroccan question and securing the commercial interests of Germany, as well as of other nations, against the danger of Delcasse's "Tunisification" of the country. Here, he rightly believed, he was on solid ground. He renewed Germany's declaration of territorial disinterestedness, and made it clear that Germany was not seeking any special advantages for herself, but was only acting in the interest of all countries having commercial interests in Morocco. He felt sure that he would have the support of a majority of the Powers in such a conference. President Roosevelt was sounded and was thought to favor it, as he had always favored an "open door" policy throughout the world. Bulow hoped that Roosevelt's attitude would have a favorable effect on England and strengthen the influence of the London Times correspondent at Tangier, who had supported the German point of view. Austria and Italy, he believed, could be counted on as allies. Russia was too much absorbed by the defeats in Manchuria to interpose objections. The Sultan of Morocco himself grasped eagerly at the conference idea, when it was suggested to him, as an easy way of avoiding a virtual French protectorate. France, therefore, would be left in a minority and would have to consent to see her secret agreements with England and Spain replaced by an international settlement. As the whole French Morocco policy had been peculiarly the work of Delcasse, the thwarting of it by the holding of an international conference would probably render his position in France insecure, especially if Germany firmly insisted on a conference. Meanwhile, Bulow continued to maintain toward France his very disconcerting attitude of sphinx-like and impassive silence, still ignoring the Anglo-French Moroccan Agreement of 1904.

Within France there was a strong and growing party which felt that Delcasse had been pursuing an adventurous and dangerous imperialist policy; he was involving the risk of war with the Sultan of Morocco, and even with Germany, at a time when France was unprepared from a military point of view and weakened by the defeats of her Russian ally. This party, which included the French Ambassador in Berlin, wanted to yield to Germany's proposal for a conference, even though it meant the humiliation and the probable resignation of Delcasse as Minister of Foreign Affairs. This also was the feeling of M. Rouvier, the Prime Minister, and eventually of a majority of the Cabinet.

On April 26, M. Rouvier dined with Prince Radolin at the German Embassy, and told him with evident emotion that under no circumstances would he wish to see trouble between Germany and France; that the French people inclined much more to the German than to the English side, though there were foolish irresponsible patriots who preached *revanche*. France and Germany must stand together and preserve the peace of the world. So long as he was at the head of affairs, this would be his purpose. As far as Morocco was concerned, he guaranteed that there would be no change in the status quo and no limitation on the commerce of foreign nations. "It is impossible and it would be criminal," he concluded, with great emotion, "that the

two countries which are called to come to an understanding and draw closer to one another should quarrel, and that simply on account of Morocco’

M. Rouvier’s remark had all the more significance from the fact that a few minutes before the dinner, Prince Radolin had been informed by a person in M. Rouvier’s confidence that “the Prime Minister by no means identified himself with Delcasse, since he knew that the English navy did not run on wheels“ and, therefore, could not protect Paris. From all this Prince Radolin gained the impression that M. Rouvier would not be unwilling to sacrifice his Minister of Foreign Affairs.

This hint from Rouvier was sufficient to determine Bulow to work henceforth to overthrow the man whom he regarded as dangerous to Germany and to the peace of Europe. Not only did he regard Delcasse as the incarnation of French aggressive imperialism and of the revanche spirit, but he believed that so long as he continued at the head of the French Foreign Office, with his intrigues and misrepresentations, there could be no satisfactory relations between the countries on the two sides of the Rhine.¹⁴⁹ Another party in France, however, made up of a considerable group of newspapers and chauvinists, protested loudly against the German menace. Delcasse insisted on holding out against the German proposal for a conference. He alleged it would put the Sultan under international tutelage, but in reality he feared it would wreck his own program. Moreover, to yield in the face of German pressure would be an intolerable humiliation for France, as well as for himself personally. He declared to his colleagues that Germany was “bluffing,” and he wanted to call their bluff even at the risk of war. He would rather resign than yield. But meanwhile his position was being undermined both at Fez and at Paris. At the end of May the Sultan finally rejected the French demands and adopted the German proposal of inviting the Powers to an international conference. In Paris the German Ambassador maintained a firm and unyielding attitude, and gave the impression that Germany would back up the Sultan with force if necessary.

M. Rouvier was in a most distressing position. He feared that M. Delcasse was leading France to the brink of war. Through a confidential agent he sounded Germany further, and gathered that if he consented to drop Delcasse from the Cabinet, and accepted the idea of a conference, the critical situation would be happily relieved and Germany would not make too great difficulties when the conference met. He therefore finally went to President Loubet, taking M. Delcasse with him, and told the President that he was absolutely opposed to M. Delcasse’s policy. He said that next day he would hold a Cabinet meeting, and would resign, if a majority of his colleagues did not agree with him. Accordingly, on June 6, the Cabinet was forced to choose between M. Rouvier and M. Delcasse. All the Ministers sided with the Prime Minister, according to information conveyed to Radolin. M. Delcasse resigned, and M. Rouvier took over his portfolio.

M. Delcasse’s fall did not relieve the tension so much as Rouvier had hoped. There followed many weeks of difficult negotiations before the two countries could find a

formula establishing the basis on which the conference should meet. Meanwhile England supported every French argument so strongly, and the English Press launched such a campaign against Germany, that the Moroccan question became almost more of an Anglo-German than a Franco-German conflict. Thanks in part to President Roosevelt's enjoying the confidence of M. Jusserand and Baron Speck von Sternburg at Washington, he was able tactfully and skilfully to secure first a French acceptance of the conference idea, and then the basis on which it should proceed.

When the conference finally met at Algeciras in January, 1906, there still remained the fundamental clash between the Anglo-French and the German positions. France and England pulled every possible political wire to secure decisions which would carry out the intention of the Anglo-French Agreement of 1904 and give France control. Germany pulled with equal energy, but less success, to secure equal rights for all nations and the establishment of a control in Morocco which should be genuinely international and not purely French. In sketching the development of the system of secret alliances, it is unnecessary to go into these Algeciras intrigues. Suffice it to say that Germany won in principle, but France won in practical results. The main importance of the First Morocco Crisis lies in the fact that from the outset it strengthened the ties between France and England, and led to new secret understandings between them.

More fatal still for Germany, it helped rouse the British Government to enter into those naval and military "conversations" which brought England into the World War and thus made certain Germany's ultimate catastrophic defeat.

Anglo-French Military and Naval Conversations 1905-1912

As the Franco-Russian Entente of 1891 was followed by a secret Military Convention, so the Anglo-French Entente of 1904 was soon supplemented by momentous but very secret naval and military arrangements, or, as Sir Edward Grey euphemistically calls them, "conversations." These lacked, at first, the rigid and binding character of the Franco-Russian Alliance, but they gradually came to be, in fact if not in form, a most vital link in the system of secret alliances. In spite of the meticulous nicety with which Sir Edward Grey was careful to state that "England's hands were free," and that "it would be left for Parliament to decide," he allowed the French to hope confidently that, in case Germany caused a European war, England would take the field on the side of the French. He permitted the English and French Naval and Military Staffs to elaborate technical arrangements for joint war action, which became the basis of the strategic plans of both countries. These came to involve mutual obligations which were virtually as entangling as a formal alliance. It is always dangerous to allow the military authorities of two countries to develop inter-dependent strategic plans. They come to make arrangements which, by their very nature, necessarily involve obligations which are virtually binding upon the political authorities. Here is where

Sir Edward Grey's great responsibility and mistake began. It is therefore important to note in some detail the origin, character, and consequences of these naval and military "conversations."

In Art. IX of the Anglo-French Convention of 1904, England had promised merely diplomatic support to France in connection with Morocco. But after the Kaiser's visit to Tangier, the English Press and the English Government became obsessed with the idea that Germany was endeavoring to break up the Entente by bullying France. It jarred the sporting spirit of the British to see France menaced because of her new friendship with England, at a moment when France's ally was being so disastrously defeated in the Far East. The English were also irritated by the rapidly growing German navy, as well as by the undercurrent of political and commercial rivalry which had existed for some years in Africa, Turkey, and elsewhere in the world.

Level-headed observers in the German Embassy at London, like Count Metternich and Freiherr von Eckardstein, who were not at all blinded by Anglophobia, reported the anti-German feeling in the newspapers and in society as dangerously strong. They found the British Press, in the Morocco question, "more French than the French." They warned the German Government that if war arose over Morocco, "there can be no doubt that England will stand unconditionally and actively on the French side, and go against Germany, even with enthusiasm." In accord with this public feeling, Lord Lansdowne and M. Paul Cambon entered into discussions for an exchange of notes, by which England should "take a step further," and offer the French something more substantial than mere diplomatic support.

From these discussions the French gathered that Lord Lansdowne was ready to offer an agreement, veiled from Parliament and the public under the form of an exchange of notes, to exchange views in common—an agreement which might lead to a real alliance. The Lansdowne-Cambon negotiations have advanced to the point where the notes to be exchanged had already been drawn up and transmitted in written form to M. Delcasse for his final approval. This was just at the moment when the Morocco Crisis was at its height, and he was fighting to persuade his colleagues to reject the German proposal for an international conference. He interpreted the Lansdowne proposal as an assurance of a British alliance and armed support. He used it as an argument to try to persuade President Loubet and the Cabinet to stand by him in refusing the German demands. But, as we have seen, the Rouvier Cabinet and President Loubet declined to take the risk of war with Germany, and M. Delcasse resigned.

In October, 1905, the *Matin* published a series of revelations concerning the events of M. Delcasse's overthrow. They included the startling assertion, as coming from Delcasse, that he had been promised by the British Government that, in case of a German attack on France, the English fleet would be mobilized to seize the Kiel Canal and would land 100,000 men in Schleswig-Holstein. The revelations made

a sensation at the time, and have remained ever since something of a puzzle to historians, inasmuch as the British have always denied that they made any offer of alliance or armed assistance to France. Possibly the idea of landing 100,000 men in Holstein came from Sir John Fisher. It was the kind of strategy which he often urged and commended, and accords with his advice to King Edward in 1908: "We should 'Copenhagen' (destroy) the German Fleet at Kiel a la Nelson."

Admiral Fisher's idea may have been handed on to the French by King Edward, or it may have come to them as a result of the direct naval "conversations" which the French and English Staffs were already carrying on in 1905. Sir John Fisher was a very lovable old sea dog, with all the freshness of the salt spray which he loved so well, but he had an indiscreet habit of expressing himself promiscuously. At a dinner in December, 1905, he told Colonel Repington that "he was prepared, on his own responsibility, to order our fleets to go wherever they might be required. He told me that he had seen on paper Lord Lansdowne's assurances to M. Cambon, and that they were quite distinct in their tenor. He had shown them to Sir Edward Grey, and declared that they were part of the engagements taken over from the last Government, and would hold good until denounced."

It is equally interesting to note the German suspicions of an Anglo-French alliance, 172 and the flat denials on the part of the British. On June 16, 1905, Lord Lansdowne told the German Ambassador that "the news that England had offered France an offensive and defensive alliance was completely fictitious [vollkommen erfunden]. Since Lord Lansdowne rejected the alliance rumor with the greatest decisiveness and without equivocation, as made out of air," the Ambassador said he would regard the subject as settled. He did not think that Lord Lansdowne, after such a downright declaration, was capable of trying to deceive. But a few days later, Count Metternich received further information, apparently coming through confidential sources from M. Kouvier himself, that England had promised naval aid to France. He therefore asked Lord Lansdowne about it, tactfully saying that he did so unofficially, without instructions from Berlin:

Lord Lansdowne replied that I knew that diplomatic support was assured to the French Government within the corners of the Anglo-French Agreement. This has the natural result that the questions which the Agreement touched would be discussed by the two Governments in friendly fashion, and the most suitable ways and means would be considered to maintain unimpaired the various points of the Agreement. The question of an alliance with France, however, had never been discussed in the English Cabinet, nor had an English alliance ever been offered to the French Government either in recent times or earlier. However, he would not conceal from me that in the eventuality, which he however regarded as wholly out of the question, that Germany should light-heartedly let loose a war against France, one could not foresee how far public opinion in England would drive the Government to the support of France.

Similarly, in October, 1905, Lord Lansdowne's Under Secretary, Sir Thomas Sanderson, felt obliged by the *Matin* revelations to reiterate the denial. In view of the seriousness with which the British Government viewed the Morocco Crisis in the early summer of 1905, it is difficult to believe this last statement of Sanderson that "the eventuality of a war between Germany and France had never even been discussed on the English side." Probably these sweeping denials were as correct in letter, and as misleading in spirit, as the similar denials made in Parliament later by Mr. Asquith and Sir Edward Grey after the Grey-Cambon exchange of notes in 1912.

On December 11, 1905, Sir Henry Campbell-Bannerman formed a Cabinet, in which Sir Edward Grey replaced Lord Lansdowne at the Foreign Office.

One of the first tasks which claimed his attention was to quiet the fears of the French. The Algeiras Conference was about to meet. Germany was thought to be pursuing a threatening policy, and the French were nervous to know whether the new Liberal Government would sustain the assurances of Lord Lansdowne, or go even further. On January 10 and 15, 1906, Cambon asked Grey the pressing question whether the British Government "would be prepared to render France armed assistance," in case of German aggression, and whether it would sanction the continuation of the naval and military conversations. Grey replied that he could not at the moment make any promises, as the Ministers were all dispersed, taking part in the elections. He could only state as his personal opinion, adopting the attitude of Lord Lansdowne, that if France were to be attacked by Germany in consequence of a question arising out of the Morocco Agreement, public opinion in England would be strongly moved in favor of France. As to the naval and military conversations which had been going on, the former had been direct between the French and English Naval Staffs. They were already on a satisfactory basis, having been conducted on the English side by Sir John Fisher.

Between January 10 and 15, however, Sir Edward Grey had managed to see the Secretary for War, Mr. Haldane, at an election meeting in Northumberland. Mr. Haldane had authorized Grey to say that these military communications might now proceed directly and officially between General Grierson and the French Military Attache, but it must be understood that these communications did not commit either Government.

Although Anglo-German tension was relaxed at the moment and there seemed to be a prospect of better relations between the two countries, Colonel Repington wrote an alarm article in the *Times* of December 27, which gave a warning of what he supposed to be Germany's threatening intentions. Next day, in response to it, he received a visit from Major Huguet, the French Military Attache, dined with him, and was told that the French Embassy people were greatly worried about the general situation. Sir Edward Grey, who had just taken over the Foreign Office, had not renewed the assurances given by Lord Lansdowne, and M. Cambon was at the moment absent in France. Major Huguet said he knew the British navy was ready, and he trusted it,

but he did not know what it would do to cooperate in case of trouble. The French Army also was ready, but he feared the Germans might attack suddenly, probably through Belgium. He therefore wanted the British to stiffen the Belgians, if war came.

Colonel Repington at once reported this by letter to Sir Edward Grey. A couple of days later he discussed the whole situation at dinner with Sir John Fisher, who said he had perfect confidence in the navy and was prepared to order it to go wherever it might be required. Colonel Repington then dined with General Grierson, Head of the Operations Bureau, who told him that, on the assumption that Germany violated Belgium, England could put two divisions into Namur by the thirteenth day of mobilization, and the Field Army, such as it then was, into Antwerp by the thirty-second day. With the authorization of Haldane and Grey these then became the basis for official discussions direct between the French and British military authorities through Major Huguet and General Grierson.

Sir Edward Grey also pointed out to M. Cambon the possible disadvantages to France of making a more formal statement of Anglo-French relations: at present, under the Agreement of 1904, France had an absolutely free hand in Morocco, with the promise of English diplomatic support; but, if England extended her promise beyond this, and made a formal alliance which might involve her in war, he was sure the British Cabinet would say that England must from time to time be consulted with regard to French policy in Morocco, and, if need be, be free to ask for alterations in French policy to avoid war. Was not the present situation so satisfactory that it was better not to alter it by a more formal engagement?

M. Cambon was not convinced by this. He pointed out that if the Conference broke up, and Germany placed herself behind the Sultan, "war might arise so suddenly that the need for action would be a question not of days, but of minutes, and that, if it was necessary for the British Government to consult, and to wait for manifestations of English public opinion, it might be too late to be of use."

To M. Cambon's request for "some form of assurance which might be given in conversation," Grey replied that he could give no such formal assurance, without submitting it to the Cabinet and getting their authority, and that were I to submit the question to the Cabinet I was not sure that they would say that this was too serious a matter to be dealt with by a verbal engagement but must be put in writing.

When M. Cambon, in summing up, dwelt upon Grey's expression of personal opinion that "in the event of an attack by Germany upon France, no British Government could remain neutral." Grey was careful to point out that "a personal opinion was not a thing upon which, in so serious a matter, a policy could be founded," and added: "Much would depend as to the manner in which the war broke out between Germany and France. I did not think people in England would be prepared to fight to put France in possession of Morocco. But if, on the other hand, it appeared that the war

was forced upon France by Germany to break up the Anglo- French 'Entente,' public opinion would undoubtedly be very strong on the side of France. ... If the French Government desired it, it would be possible at any time to reopen the conversation. Events might change, but, as things were at present, I did not think it necessary to press the question of a defensive alliance."

This long and critical interview, which we have tried to summarize without bias or essential omissions, is significant for several reasons. In the first place, it reveals Sir Edward Grey's very strong sympathy with France, his evident desire to go as far as possible in giving her diplomatic support, but at the same time his unwillingness to make any formal engagement, written or verbal, which might bind England to go to war. Such an engagement must be sanctioned by Parliament, but it was very unlikely that Parliament would assent. Moreover, it would greatly increase the irritation between England and Germany. He gave France as much encouragement as he could, without going to the point where he thought he ought to inform the Cabinet and Parliament.

He was satisfied in his own mind that he had avoided changing the Entente into a formal alliance. As he wrote to his wife next day, in a letter which she was never to read on account of the carriage accident which caused her sudden and tragic death: "I had tremendously difficult talk and work yesterday, and very important. I do not know that I did well, but I did honestly."

In the second place, Sir Edward approved and confirmed the official military and naval conversations between the British and French Staffs. He assumed, as he told M. Cambon, "that all preparations are ready." As will be indicated further on, Hahlane at once set very actively to work to reorganize the British Army and prepare for its cooperation with the French. These preparations continued right down to the outbreak of war in 1914, and inevitably came to involve England in increasingly binding obligations of honor to support France in case of a European war arising out of any question whatsoever.

Throughout Grey's memoirs and in his dealings with the Germans, as revealed in the new German documents, one finds that Sir Edward Grey had a very strong undercurrent of sympathy with the French and a correspondingly strong suspicion of Germany's intentions. Probably therefore he preferred to be free to give Cambon his personal friendly views, in a way that he might not have been able to do, if a Cabinet had discussed the subject and adopted a formal statement of policy which would have tied his hands. At any rate he concealed the matter from the majority of his colleagues in a way which seems hardly to accord with the seeming honesty and frankness of his memoirs. He entered upon that slippery path of thinking that he could encourage the French with joint military preparations, and yet keep his "hands free"—a fatal double policy which he pursued for eight years. After the War, with more experience and with a realization of the seriousness of the criticisms of men like Lord Loreburn, he admits in his memoirs, rather sadly and regretfully, "I think

there should have been a Cabinet." In this he is right.

Lord Haldane has left an account of these secret preparations for military cooperation with France. He has told how, in the midst of the General Election of January, 1906, he "at once went to London, summoned the heads of the British General Staff, and saw the French Military Attache, Colonel Huguet, a man of sense and ability. I became aware at once that there was a new army problem. It was, how to mobilize and concentrate at a place of assembly to be opposite the Belgian frontier, a force calculated as adequate (with the assistance of Russian pressure in the East) to make up for the inadequacy of the French armies for their great task of defending the entire French frontier from Dunkirk down to Belfort, or even farther south, if Italy, should join the Triple Alliance in an attack."

Thus, preparations for a war against Germany started in 1906, plans which already assumed Russian support.

In view of Lord Haldane's own statements of how he saw Colonel Huguet, personally authorized the direct negotiations between the French and British Staffs represented by Huguet and Grierson, and at once reorganized the British Army for cooperation with the French, a sinister light is thrown on the obliquity of the British secret preparations and the denials of their existence, by a statement which Lord Haldane himself made to the German Ambassador in London. It was occasioned by a French deputy who had inconsiderately interpellated M. Clemenceau as to the existence of an Anglo-French military convention. M. Clemenceau had replied evasively, seeming to admit a naval, but not a military, convention. This had naturally roused German fears and suspicions, especially in view of Sir John Fisher's sweeping reorganization of the British Navy, his beginning of the building of dreadnoughts, 196 and the threatening speech of one of the civil Lords of the Admiralty, Mr. Arthur Lee, that the British Fleet would know how to strike the first blow before the other party had read the news in the papers.

When questioned by Count Metternich in regard to Clemenceau's declaration, Lord Haldane made a sweeping denial which it is difficult to reconcile with the facts. Taken in conjunction with the secret Anglo-French "conversations" and preparations which had been going on for more than a year, it made an impression in Berlin which may be seen from the Kaiser's marginal notes. According to Count Metternich's report:

Air. Haldane replied most definitely that a military convention between France and England did not exist, and had not existed; and also that no preparations had been made for the conclusion of one. Whether non-committal conversations between English and French military persons had taken place or not, he did not know [Kaiser: "Impudence! He, the Minister of a Parliamentary country, not supposed to know that! He lies!"]. At any rate, no English officer has been authorized by the English Government [Kaiser: "Indeed! He did it himself!"] to prepare military arrangements with a French military person for the eventuality of war. It was possible that a

General Staff Officer of one country might have expressed himself to the General Staff Officer of another country as to war-like eventualities. He, the Minister of War, however, knew nothing of this [Kaiser: “Magnificent lies!"].

In the course of these Anglo-French joint military preparations, British and French Staff Officers thoroughly reconnoitered the ground upon which their armies were to fight in Belgium and in France. Sir Henry Wilson, Director of Military Operations, spent his holidays going all over it on his bicycle. The whole wall of his London office was covered by a gigantic map of Belgium, indicating the practicable roads which armies might follow. “He was deeply in the secrets of the French General Staff. For years he had been laboring with one object, that, if war came, we should act immediately on the side of France. He was sure that war would come sooner or later.”

Not only the French, but the Russians also, soon came to count upon Haldane’s Expeditionary Force as a certain and essential part of their strategic plans in case of a war against Germany. This is significantly indicated, at least as early as 1911, in the secret report, since published by the Bolshevists, of the annual conference between the heads of the French and Russian Staffs. In August, 1911, at Krasnoe Selo, General Dubail was able to assure his Russian colleagues, as a matter of course, “that the French army would concentrate as quickly as the German army, and that from the twelfth day it would be in a position to take the offensive against Germany, with the aid of the English army on its left wing;” that is, on the Belgian frontier.

While Germany, in the end, violated Belgiums neutrality first by trying to get the first strike against France, Britain had absolutely no desire to keep Belgiums neutrality intact. Even if Germany would have attacked another part of the the French border, England would have send troops into Belgium. Since Britain entered the war officially for the reason that Germany violated Belgian neutrality, this clearly exposes Britains hypocrisy.

The Anglo-Russian Entente of 1907

An Anglo-Russian Entente, settling the long-standing sources of friction between the two countries in the Middle East, was an obvious complement to the Anglo-French Entente. It appears to have been discussed between King Edward A ll and M. Izvolski during the Russo-Japanese War, and to have been warmly received by him and some of the Russian Liberals, though not by the Tsar and the Russian reactionaries and militarists.

Izvolski, though occupying at the time the comparatively unimportant diplomatic post at Copenhagen, was already ambitiously counting upon promotion to a more important position, either as ambassador at one of the great capitals of Europe, or as Russian Minister of Foreign Affairs. He was naturally flattered to be made the

recipient by King Edward of a proposal of such far-reaching possibilities. Henceforth he made it one of the cardinal aims of his policy. He saw that Russia was greatly weakened by her war with Japan (which he declares he had tried to avert), and that the Franco-Russian Alliance had consequently lost weight in the balance as compared with the Triple Alliance. Both Russia and the Franco-Russian combination needed the strengthening which would come from closer relations with the greatest sea-power in the world.

Izvolski believed that Russia was subject to two serious dangers. One was a possible renewal of trouble with Japan, who had made humiliating demands at Portsmouth and was suspected of preparing for a new struggle in the Far East. Russia needed long years of peace to recover from the effects of the war, and the only method to assure it was to make certain that the Japanese would remain quiet. The best way to accomplish this was to come to an understanding with them by a virtual partition of interests in Manchuria by a secret treaty, though publicly both were pledged to an observance of the "open door." The natural bridge between Russia and Japan was England, Japan's ally since 1902. A rapprochement with England would facilitate a sincere reconciliation with Japan, fortify Russia's position as an ally of France, and give a new and more solid basis to the somewhat weakened Franco-Russian Alliance.

The other danger for Russia was that trouble might develop with England as a result of the long-standing conflict of interests in the Near and Middle East. Men still remembered the Crimean War, the strained situation when the British Fleet threatened the Dardanelles in 1878, and the Pendjeh incident which nearly led to war between the two countries in 1885. More recently the Dogger Bank Affair and other incidents of the Russo-Japanese War had inflamed popular feeling in both countries. But a conflict with England would throw Russia into the arms of Germany, and this would endanger the Franco-Russian Alliance which was the foundation rock of Russian policy, in spite of the disappointments which both allies had suffered in connection with it.

On the other hand, if Russia could wipe the slate clean of her rivalries and quarrels with Great Britain, this would greatly strengthen her own international position. It would allow her to return to an active forward policy in the Balkans after being checkmated in the Far East. It would also be welcomed by France, who would be glad to see her ally and her new friend on better terms with one another. An Anglo-Russian Entente and a reconciliation with Japan might tend toward the formation of a quadruple combination which would quite outmatch the Triple Alliance and could hold in check Austrian ambitions in the Balkans and German ambitions in Turkey. This therefore was the program which Izvolski determined to carry out upon taking up his new position of Russian Minister of Foreign Affairs in May, 1906.

King Edward and Sir Edward Grey were also favorable to an understanding with Russia. The first Morocco crisis and the growing German navy had filled them with suspicions of Germany's intentions and with the desire to remove the danger

of Russian enmity in case of possible trouble with Germany. Sir Charles Hardinge was another ardent advocate of a rapprochement with Russia. He had been British Ambassador at St. Petersburg since 1904, but was recalled in the fall of 1905 to become Permanent Under Secretary in place of Sir Thomas Sanderson. He took pains to explain in St. Petersburg and London that his recall would afford him an opportunity to work with further success for close Anglo-Russian relations.

Within a few months after Izvolski took over the Foreign Office from Count Lamsdorf, the Anglo-Russian negotiations were well under way. In passing through Berlin on October 29, 1906, Izvolski admitted that, owing to fears of Japan's aggressive intentions, he was compelled to seek an understanding with England concerning Tibet, Afghanistan, and Persia. Grey and Nicolson worked out draft proposals. These provided for the partition of Persia into spheres of influence. This idea at first met with no approval in St. Petersburg. Russian imperialists demanded that Persia come entirely under Russian influence, and that Russia must build a trans-Persian railway and press on to the Persian Gulf. But Izvolski believed such an aggressive policy was impossible of realization and likely to lead to a conflict with England. So the English proposal for a partition of Persia into English and Russian spheres of influence was adopted. In March, 1907, the visit of a Russian fleet to Portsmouth foreshadowed the coming Anglo-Russian agreement. Upon King Edward's invitation, a deputation of Russian officers and sailors visited London, were entertained as guests at the Admiralty, and given a special show in their honor at the Hippodrome. After a banquet in the evening, there was a gala performance for them at the Alhambra, attended by the First Lord of the Admiralty, Sir John Fisher, and Sir Edward Grey. "It has certainly never happened before," commented the German Ambassador, "that an English Minister of Foreign Affairs has gone to a variety theatre to greet foreign guests."

But, as in the case of the Franco-Russian negotiations two decades earlier, the divergence in political ideals on the Seine and the Neva had delayed an understanding, so now the divergence between English liberalism and Russian autocracy hampered the conclusion of a settlement. Russian reactionaries and militarists, and also the Tsar, were at first opposed to a rapprochement with England. Izvolski later told Sir Edward Grey that he eventually had great difficulty in getting it accepted. In England likewise the criticism in the Liberal Press of Russian pogroms, the oppressive character of Tsarist absolutism, the suspension of the Duma, and the misunderstanding and friction caused by Sir Henry Campbell-Bannerman's phrase, "La Duma est morte; vive la Duma!", did not facilitate the work of Grey.

Finally, on August 31, 1907, there was signed the Anglo-Russian Agreement dealing with the Middle East—Tibet, Afghanistan, and Persia. Both contracting Powers recognized the territorial integrity of Tibet under the suzerainty of China, and agreed not to interfere with the country's internal concerns or attempt to secure special concessions there. The land of the Lamas was to remain a barrier between

the Russian bear and the British lion in India. As to Afghanistan, in return for an English promise not to occupy or annex it so long as the Ameer fulfilled his obligations, Russia declared the country to be outside her sphere of influence; she withdrew her diplomatic agents from Herat and agreed to deal with the Ameer only through the British authorities. Afghanistan therefore was no longer to be a field for Russian intrigue against India, and the English were freed from a great bugbear that had worried them for a century. Persia was by far the most important subject of the Agreement. Though the preamble piously declared that the two Great Powers mutually agreed to respect the “integrity“ and “independence“ of Persia.

Though the Anglo-Russian Convention was all made public, included no obligations of military or diplomatic support, and did not at once lead to a closely knit diplomatic partnership, it did nevertheless complete the circle for a closer political cooperation between Russia, France and England. The Press of these countries began to talk of the new “Triple Entente.“

7.4 The System of Secret Alliances 1907-1914

Between the years 1907 and 1914 there was an increasing crystallization of opposition between the two groups into which the six Great Powers of Europe had now become divided. During the first four years it developed slowly; then, with the French occupation of Fez, the German threat at Agadir, the Italian seizure of Tripoli, Anglo-German naval rivalry, the failure of the Haldane Mission, and the Balkan Wars, it proceeded more rapidly. It was reflected in Morocco, Mesopotamia, the Balkans, and in many other matters, ranging all the way from European armaments to Chinese loans.



This opposition of Triple Alliance and Triple Entente was accompanied and accen-

tuated by four sets of tendencies.

(1) Both systems of alliance tended to be deformed from their originally defensive character. They tended to become widened in scope to cover policies involving offensive military action. For example, Germany felt compelled to back up Austria, if her ally became involved in war with Russia by her efforts at self-preservation from the "Greater Serbia" danger—in a way which Bismarck would hardly have tolerated. In precisely the same way, France under M. Poincare felt compelled to back up Russia, if her ally became involved in war with Austria and Germany by her efforts to safeguard her Balkan ambitions—in a way which M. Poincare's predecessors would hardly have permitted.

(2) Germany tried to strengthen the Triple Alliance, and, similarly, M. Poincare tried to tighten up and strengthen the Triple Entente. But the latter was more successful than the former. The Triple Alliance, in spite of its renewal in 1907 and in 1912, tended to become relatively weaker. It was weakened by Austria's internal troubles and Balkan complications, by the deep-seated distrust between Austria and Italy, and by Italy's sacro egoismo, which often made her oppose her allies, especially Austria, in diplomatic questions and caused her allies to doubt her loyalty in case of war. The Triple Entente, on the other hand, became relatively stronger, because its members were not divided from one another by any such sharp conflicts of interest as between Austria and Italy, and because England, France, and Russia were able to make in creasingly close arrangements for military and naval cooperation.

(3) Although the Triple Alliance and Triple Entente— and especially the latter—were tightened up and strengthened, there still remained more occasions of friction, distrust, and suspicion within each diplomatic group than is commonly supposed. This will be seen also in the next chapter on "Balkan Problems." There was in fact by no means so much harmony and mutual confidence within the Triple Alliance as was usually assumed by writers a few years ago—nor was there so much within the Triple Entente as has been assumed by "revisionist" writers more recently. Italy's "extra dance" with France after 1902, and with Russia after Racconigi in 1909, were the most notable examples of this kind of domestic unfaithfulness within a diplomatic group, and continued to be a source of uncertainty and worry on all sides. But Italy's case was merely an example of what the Triple Entente feared might happen within its own circle. France, for instance, was much worried whenever England entered into confidential negotiations with Germany, as in the Haldane Mission or in the Bagdad Railway question ; or when Russia made with Germany the Potsdam Agreements of 1910-1911, or seemed inclined to undertake diplomatic maneuvers in the Balkans without first fully informing her French ally, as happened on several occasions. Sir Edward Grey was worried lest the Entente with Russia concerning the Middle East would break down, if he did not give her the diplomatic support which M. Sazonov desired at critical moments, as in the Liman von Sanders affair—and in July, 1914. When he made friendly arrangements with Germany in regard to the Bagdad Rail-

way and the Portuguese colonies, he thought it prudent to counter-balance them, as it were, by consenting to the desire of his two Entente friends that he should enter into negotiations for an Anglo-Russian naval convention. Germany also found herself frequently embarrassed by the "stupidities" in which Austria indulged in the Balkans, against Germany's better judgment or without her approval. Within each group therefore special efforts were continually being made to lessen the friction and suspicion, and to increase the harmony, solidarity, and security of the group.

(4) In both groups of Powers there was a rapid increase of military and naval armaments. This caused increasing suspicions, fears, and newspaper recriminations in the opposite camp. This in turn led to more armaments; and so to the vicious circle of ever growing war preparations and mutual fears and suspicions. In 1907, before the opposition had crystallized clearly, the Triple Alliance and Triple Entente, in Professor Schmitt's happy phrase, "had stood side by side; in 1914 they stood face to face."

German Fear of Encirclement after 1907

Germany at first gave an outward appearance of accepting the Anglo-Russian Convention of 1907 with equanimity. Even before its conclusion, Count Bulow, in his Reichstag speech of April 30, 1907, had referred to the negotiations with quiet optimism. Afterwards, when the Anglo-Russian Convention was published, he instructed the German Press to be moderate and practical in its comments, and to accept the Convention for what it professed to be—a settlement of Anglo-Russian differences and not a combination inimical to German interests.

But in reality Germany felt very uneasy. She feared that the clauses in regard to Tibet, Afghanistan, and Persia were not merely an end in themselves, but rather a means to an end—the formation of a diplomatic combination on the part of England, France, and Russia. This Triple Entente would outmatch the Triple Alliance in diplomatic strength because Italy, owing to her hatred and jealousy of Austria in the Balkans and her desire to stand well with France and England would vote with them, rather than with her own allies, as she had done at Algeciras. The Triple Entente Powers would also outmatch the Triple Alliance in economic resources and in military and naval strength. They would therefore feel able to block Germany's construction of the Bagdad Railway, obstruct her industry and commerce, and thwart her colonial ambitions, wherever these came into competition with their own.

Moreover, in the most inflammable subjects, like Alsace-Lorraine, Morocco, the Middle East, and naval competition, one or other of the Entente Powers stood in direct opposition to Germany. The Balkans also might easily prove another highly inflammable subject. If Russia's reconciliation with England should prove (as it turned out to be the case) the preliminary to a Russian effort to revive her old aggressive Balkan policy, and to recover in the Near East the prestige which she had lost in the

Far East, the ally of France would almost inevitably come into conflict with the ally of Germany.

These were the considerations which proved upon the minds of the Germans and created a nervous malaise which finally took form in the conviction that they were being "encircled." Though Russia and England had protested abundantly that the Anglo-Russian Convention was in no way directed against Germany and had no ulterior purposes, their words did not carry conviction at Berlin, and their attitude in regard to the Bagdad Railway seemed to indicate a collective determination to obstruct one of Germany's dearest projects. In 1902 Germany secured from Turkey the concession for the Bagdad Railway. This was to extend the rail connection from the eastern terminus of the Anatolian Railway at Konia, already in German hands, all the way via Bagdad to the Persian Gulf. The next year the Deutsche Bank made arrangements with the Ottoman Bank for financing the construction of the line. Germany desired and invited the participation of foreign capital in the costly enterprise. But she soon met with opposition, instead of cooperation, on the part of Russia, France, and England.

Russia, on various political, economic, and strategic grounds, had been opposed from the outset to the whole German railway project. Moreover, since she had no surplus capital for investment, there was never any serious question of her financial participation in it. Her policy was to obstruct a scheme to which she had many objections and in which she was unable to take a part. In France, the bankers, for the most part, favored participation, both because they already had large investments in Turkey, and because this looked like another good business proposition. The French Government, however, favorable at first, then hesitating, finally declared its opposition to the investment of French capital in the German undertaking. This hostile attitude of the French Government was partly owing to the vigorous representations made by French commercial interests, clericals, and politicians, and partly also, if we are to believe M. Izvolski, to French desire to support the policy of their Russian ally.

In England Mr. Balfour and Lord Lansdowne had stated at first, on April 7, 1903, that the British Government approved the bankers' negotiations for the participation of British capital in the construction of the Bagdad Railway. But at once an outcry was raised in the British Press and in Parliament against the Government's favorable attitude the railway would injure British vested interests in Mesopotamia and the Persian Gulf; it would increase the influence of the Germans in Turkey at British expense and bring them too close to India; it would rouse suspicions in Russia as to British intentions; and, in any case, the English ought not to participate, unless they did so on equal terms and to the same extent as the Germans. So Mr. Balfour was forced to announce in the House of Commons on April 23 his repudiation of the approval which he had given on April 7. Henceforth the British also were inclined to obstruct the railway in various indirect ways.

In spite of this policy of opposition and non-participation on the part of the three Entente Powers, the Germans managed to push rapidly the building of the first 200-kilometer section from Konia to Ercgli. Within something over a year, on the Sultan's birthday, October 25, 1904, they were able to open this first section to traffic with pompous ceremonies and justifiable self-congratulation. But here construction came to a sudden stop, and the rail ends were left sticking out into space. The next 200-kilometer section, reaching toward the Taurus Mountains, involved innumerable engineering difficulties and a far greater expenditure per kilometer of construction. The Turkish Government could not arrange the financing of additional bonds to meet the guarantees for this section without an increase in her customs revenues. Yet it was impossible for Turkey to raise her tariff, as she desired to do, because by existing treaties she could not do so without the consent of the Great Powers; and Russia, France, and England for a long time refused to give their consent. By their refusal they practically blocked the further construction for the next few years.

Three months after the signature of the Anglo-Russian Convention of 1907 the Kaiser visited Windsor and was cordially received. He took advantage of the occasion to reopen the Bagdad Railway discussion with Lord Haldane and Sir Edward Grey. He found that the former, as Minister of War, was anxious that the British should control the section from Bagdad to the Persian Gulf, as a "gate," to protect India from the possibility of troops coming down the new railway. The Kaiser at once declared, "I will give you the gate," and telegraphed to Biilow to this effect. A lively exchange of views followed for a few hours in Windsor, London and Berlin. The British "recognized that the object of the commercial development of Mesopotamia was one that should not be opposed." But they desired "that the quickest route between West and East should not be under the exclusive control of a virtually foreign company, which would be in a position to affect seriously commercial relations between England and India, or to sanction its use for strategic purposes in hostility to British interests"; they "could not, however, discuss this question *de deux*, but only *a quatre*, for the various interests, strategical, political and commercial, affect France and Russia as well." 12 Sir Edward Grey's insistence that France and Russia must be associated with England in the discussions proved a fatal obstacle to reaching any satisfactory agreement on the Kaiser's proposal.

Sir Edward Grey's insistence on the solidarity of England, France and Russia, in this matter of the Bagdad Railway in the fall of 1907, foreshadowed the solidarity of the Triple Entente in wider fields later. It also put an end to any important further discussions of the Bagdad question until Russia deserted her friends in making with Germany the "Potsdam Agreements" of 1910-1911.

Anglo-German Naval Rivalry 1904-1908

The German suspicion that England was aiming to limit Germany's freedom of action also arose in connection with the Second Hague Peace Conference and the naval discussions at the beginning of the period of Dreadnought construction and rivalry. The British navy had just been reorganized and strengthened by Sir John Fisher, while the German navy was just beginning to grow in power.

The proposal to discuss the limitation of armaments, urged by England, looked like a scheme to arrest naval development. It seemed to prevent Germany from catching up in strength at a moment when England still enjoyed a marked naval superiority. Nor could Germany, with Austria weakened by internal difficulties and Italy an ally of doubtful loyalty, consent to limit her army. There was the danger of a war on two fronts, when Russia should have recovered from her war with Japan and revived her active Balkan policy. So Germany insisted that the limitation of armaments should not be one of the subjects included in the call for the Conference. When the subject was nevertheless raised in the course of the Conference by England and the United States, Germany's opposition to it was, to be sure, largely but tacitly shared by France and Russia.

But these two countries left it to the German delegates to voice the opposition and thereby incur the odium of wrecking the proposals. No doubt Germany made a great mistake. Though limitation of armaments is a most difficult problem, as the long and sterile efforts of the League of Nations and the failure of President Coolidge's Conference have abundantly shown, it is possible that, had Germany taken a different attitude in 1907, the other European Powers might have followed her, and a beginning might have been made to check the fatal increase in rival armies and navies. At any rate Germany could not have been branded as the country which was most responsible for thwarting an effort to lessen a progressive danger which was one of the main causes of the World War. But on the other hand one could argue if Britain even had the right to dictate another countries naval policy.

By the irony of history it was during the Hague Peace Conference that Anglo-German naval rivalry reached a new and hitherto unequalled stage of mutual suspicion and bitterness. By the Navy Laws of 1898 and 1900 Admiral von Tirpitz and the Kaiser laid the foundations for a strong German navy. Their motives were many and mixed. They wished to give expression to the greatness of the New Germany by creating a fleet which should be comparable to her growing commerce and colonial interests and afford them protection. They desired preservation from the danger of being blockaded from food and raw materials in case of war. But above all, they wanted to have a naval force which could be used to back up German diplomatic arguments in the struggle for colonial and commercial advantages.

The Kaiser's marginal notes are filled with the idea that other countries, and particularly England, paid little or no heed to Germany's legitimate desires, simply because

Germany had no force to back up her demands. If Germany had a navy, even a much smaller one than that of England, the British would be willing to make diplomatic concessions rather than take the risk of a naval conflict. This was Tirpitz's fundamental notion when he speaks of the new German navy as a "risk navy." He had no thought of attacking England, but a respectable German sea force would compel England to make concessions in the colonial world rather than take the "risk" of a naval struggle. For this it was not necessary for Germany to build a fleet fully equal to that of England; some proportion like 2:3 or 10:16 would suffice.

But in fact Admiral Tirpitz completely misconceived the psychological effect which his creation of even a "risk navy" would have on the British mind and policy. Though it may have contributed to induce the British to make various proposals for limiting naval competition and to enter into various diplomatic negotiations, it did not intimidate them or cause them to make important concessions. On the contrary, it rather created an atmosphere of suspicion and antagonism which was altogether unfavorable for friendly diplomatic agreements concerning the Bagdad Railway and other matters. Every increase in the German navy, instead of frightening the British into making concessions, tended to stiffen their opposition and their determination to maintain the wide margin of British naval superiority deemed vital to the safety and very existence of the British Empire.

So, for instance, in 1904, as the English observed the new-born German navy, still in its infancy but already showing signs of robust growth, they began a wide-sweeping rearrangement and reorganization of the British Fleet. They proceeded to create a strong force in the North Sea and make it ready for instant action against Germany. (Paranoia?) Sir John Fisher, with his characteristically energetic policy of "Ruthless, Relentless, and Remorseless;" "brought home some 160 ships from abroad which could neither fight nor run away," "18 and effected other revolutionary changes, so that, as he himself said, "We shall be thirty per cent, more fit to fight and we shall be ready for instant war;"

The next year he laid the keels for the first Dreadnoughts. These were to be far superior to anything afloat and give the British navy a strength which no country could menace. But their introduction more than doubled the cost of capital ship construction. Furthermore, they rendered relatively less important the older and smaller types of vessel which had hitherto constituted England's naval superiority.

It enabled Tirpitz to follow England's example, and be only a little behind her in the race in the construction of this new type of vessel, which neither country had possessed hitherto; whereas in the older types of vessel Germany was hopelessly behind. To express the same thing in figures: England had authorized the laying down by 1908 of 12, and Germany of 9 Dreadnoughts; whereas the ratio between England and Germany in vessels of the older pre-Dreadnought type was 63:26. Tirpitz also believed that Germany, where sailors were conscripted instead being paid wages for voluntary enlistment, and where cost of ship construction was relatively low, could

stand longer and more easily than England the heavy strain of naval expenditure. With this double advantage on Germany's part, as it seemed to him, he was always skeptical about the sincerity and motives of British proposals for restriction of naval construction. He was steadily opposed to any serious limitation on his own program, by which he believed the German navy could gradually approach nearer in strength to the British navy, though it might never actually equal it. It would have to pass through the "danger zone" of inferiority, during which England might possibly attack and destroy it in a "preventive" war. But he did not think this danger great, especially if German diplomacy avoided irritating England in other fields. Once safely through the "danger zone," after a dozen years, Germany would have a very respectable "risk navy." Germany could stand the financial strain; in the long run England could not. So all Germany had to do was to push construction.

Sir Henry Campbell-Bannerman, in a speech on December 21, 1905, setting forth the platform of the new Liberal Government, had lamented the great expenditures on armaments: "A policy of huge armaments keeps alive and stimulates and feeds the belief that force is the best, if not the only, solution of international differences. It is a policy that tends to inflame old sores and to create new sores. We want relief from the pressure of excessive taxation, and at the same time we want money for our own domestic needs at home, which have been too long starved and neglected owing to the demands on the taxpayer for military purposes abroad. How are these desirable things to be secured if in time of peace our armaments are maintained on a war footing?"

In the course of the next three years, the English made many proposals for reducing naval expenditure and thereby lessening the growing friction with Germany. It was proposed that the subject should be discussed at the Hague Peace Conference; 22 that Sir John Fisher should have a talk with Admiral Tirpitz; or that there should be a mutual inspection of shipyards and communication of naval programs.-3 It was informally intimated that for Germany to retard her naval program, or come to some understanding for an agreed-upon ratio between the English and German navies.

But England could never get a satisfactory answer from Germany to any of these proposals. Being made after Sir John Fisher had so greatly strengthened the Home Fleet in the North Sea and begun to build Dreadnoughts, these proposals looked to the German mind like an intimation from the Supreme Naval Power that it desired naval competition to cease at the moment of its own greatest preponderance. Coinciding also with Lord Haldane's organization of the British Expeditionary Force and with England's closer diplomatic relations with France and Russia, they looked like a concerted plan on the part of these three Powers to put pressure on Germany. Any yielding to such pressure was sharply resented as inconsistent with Germany's dignity as a Great Power. As Billow wrote privately to Bavaria and some of the other German Governments on June 25, 1908, after President Fallieres's visit to London and King Edward's famous meeting with the Tsar at Reval: "Agreements which aim

at a limitation of our defensive power are not acceptable for discussion by us under any circumstances. A Power which should demand such an agreement from us should be clear in its mind that such a demand would mean war.“

By the Kaiser especially, the British proposals were indignantly repudiated as unjustifiable attempts to interfere with his sovereign right and duty to take all measures necessary for the dignity and defense of the German Empire. Commenting upon Count Metternich's report of July 16, 1908, of an informal luncheon discussion with Sir Edward Grey and Lloyd George, in which it had been intimated that a naval discussion would improve diplomatic relations, the Kaiser wrote:

Count Metternich must be informed that good relations with England at the price of the building of the German navy are not desired by me. If England intends graciously to extend us her hand only with the intimation that we must limit our fleet, this is a groundless impertinence, which involves a heavy insult to the German people and their Kaiser, which must be rejected a limine by the Ambassador. . . . France and Russia might with equal reason then demand a limitation of our land armaments. The German Fleet is not built against anyone, and also not against England! But according to our need!

The Kaiser's fears that England was trying to put a check upon Germany's navy, and "encircle" her in other ways, were increased by the numerous visits and interviews which Edward VII had with French and Russian rulers and ministers* in the summer of 1908. In May President Failloux was very cordially received in London and given a dinner at the Foreign Office to which the only person invited, outside a French and English group, was the Russian Ambassador—a distinction which seemed to embarrass good Count Benckendorff. The French Press made the most of the visit, and Tardieu in the Temps expressed the hope that Anglo-French relations were taking a firmer form, provided England made fundamental changes in her military system—a hint at the universal military service which Lord Roberts and others were now beginning urgently to advocate in public speeches. In June, King Edward's visit to the Tsar at Reval seemed more than a mere act of family courtesy, since he was accompanied by Admiral Fisher, Sir John French, and Sir Charles Hardinge, who had long talks with Izvolski and the Russian Premier, Stolypin. Hardinge told Izvolski that England had no hostile feelings toward Germany and was anxious to maintain the most friendly relations with her, but that "owing to the unnecessarily large increase in the German naval program, a deep distrust in England of Germany's future intentions had been created."

This distrust was likely to increase with the progress of time, the realization of the German program, and the heavier taxation entailed by England's necessary naval counter-measures. "In seven or eight years' time a critical situation might arise, in which Russia, if strong in Europe, might be the arbiter of peace, and have much more influence in securing the peace of the world than at any Hague Conference. For this reason it was absolutely necessary that England and Russia should maintain towards

each other the same cordial and friendly relations as now exist between England and France.“ Izvolski (the Russian diplomat) got the impression that the English wanted Russia to build up her army and navy as much as possible as a future check to Germany.

When Hardinge persisted that the competitive naval construction must cease, the Kaiser used his regular argument that Germany was not building in competition with England, but only for her own needs as laid down in Tirpitz's Navy Laws. When Hardinge still insisted, “You must stop or build slower;“ the Kaiser looked him sharp in the eye and replied, “Then we shall fight, for it is a question of national honor and dignity.“ Hardinge turned red, and, seeing he was on dangerous ground, begged the Kaiser's pardon, asked him to forget words said in private conversation, and changed the subject. Hardinge realized that it was not his place to demand such a thing from the German emperor.

In conversation later in the day with the Kaiser, Hardinge was as affable and friendly as could be, and was not a little surprised to be decorated with the Order of the Red Eagle, First Class. (an order of chivalry of the Kingdom of Prussia. It was awarded to both military personnel and civilians, to recognize valor in combat, excellence in military leadership, long and faithful service to the kingdom, or other achievements.)

The English Cabinet, whose views Hardinge had been representing, were determined to preserve England's supremacy of the seas and keep ahead of Germany in Dreadnought construction. But they foresaw the bitterness which would be engendered between the two countries by further naval competition, as well as the terrible financial burden it would impose on England. They therefore sincerely desired and tried to come to some sort of understanding with Germany on the subject. It was a tragic mistake of Tirpitz and the Kaiser that they should have so flatly refused discussion and thereby pushed England further into the arms of France and Russia, thus strengthening the Triple Entente and helping to crystallize its opposition.

The effect on Germany of England's opposition to the Bagdad Railway, of her efforts to limit the German navy, of the Reval meeting and the apparent consolidation of France, Russia, and England into a Triple Entente, was to produce a conviction that Germany was being “encircled.“ Germans believed that this encirclement was Edward VII's personal work, and that it aimed at strangling German commercial and colonial expansion, and even at crushing Germany's political and military position. There was something of a diplomatic encirclement. Germany was now surrounded by three Great Powers, whose combined strength was supposed to be equal or superior to that of the Triple Alliance, and who were growing increasingly ready to cooperate in defense of their own interests whether in Morocco, Mesopotamia, or the Balkans. Though Izvolski hoped that the Triple Entente would give him greater freedom of action in the Near East and Middle East, and though the French counted on it in the same way in Morocco, so far as England was concerned it aimed at the preservation of peace through the establishment of a balance of power. It was insurance against the

supposed danger of possible German aggression, and not for any aggression against Germany's existing position in Europe and in the commercial world. But to German eyes it had a more ominous and irritating appearance.

The Reval meeting, preceded by President Fallieres's visit to London, has caused uneasiness in Germany. Grey and Izvolski have given assurances that nothing is being planned against her. Nevertheless it would be a fatal mistake, if, trusting in these assurances, we do not recognize that our freedom of movement may be limited by what has happened. It is Germany's economic and political power, and the fear that she may misuse them, which is driving other states into the Entente against us. "These Ententes and Alliances are therefore in their origin rather of a defensive character. But perhaps they will not hesitate to proceed aggressively against us and hold us down where possible, when they think they have the power to do so." Our ally, Austria-Hungary, is threatened just as we are by this new combination, and especially so, because the passions and intrigues directed against the very existence of the Dual Monarchy arouse in other nations expectations for a successful destructive blow from the outside. The supposedly imminent break-up of Austria-Hungary is a favorite standing theme in the French and other foreign Press.

"A loyal cooperation with Austria- Hungary will and must remain in the future also the fundamental basis of German foreign policy." Germany cannot enter into a discussion with other Powers to limit her armaments, but she should avoid as far as possible giving any irritation to others and restrain all jingoistic expressions in the German Press. There was much shrewd wisdom in this statement.

Germany's Relations with France 1908-1911

While the naval friction with England continued, and the Young Turk Revolution and Bosnian Crisis led to a new tension with Russia, Germany managed to improve her relations with France in the years from 1908 to 1911.

The Algeciras Conference had not produced very satisfactory conditions in Morocco. The Sultan's brother, Mulai Hafid, had gained a strong following among the chieftains who resented the Franco-Spanish efforts to maintain order. Mulai Hafid finally revolted against his brother's authority. In the disorders which took place a French doctor was murdered, which gave the French occasion to occupy Moroccan territory at Oudjda near the Algerian frontier in the spring of 1907. Further outrages on Europeans led the French to land troops in Casablanca in August, and to place French police in other seaports on the West Coast.

While negotiations were going on concerning the terms under which Abdul Aziz should agree to abdicate in favor of Mulai Hafid, there occurred the Casablanca incident, which for a moment threatened to cause a new flare-up between France and Germany. On September 25, 1908, the German Consul at Casablanca attempted to

assist six deserters from the French Foreign Legion to escape on board a German ship. But the deserters were forcibly seized, and the consular secretary and soldier escorting them were somewhat mishandled by French soldiers. The German Consul was blamed by France for having exceeded his powers, contrary to international law, in affording protection to persons within French military jurisdiction. The local French military authorities were accused by Germany of having infringed the inviolability of consular rights. In spite of some excitement in the French and German Press, good sense fortunately prevailed in the Foreign Offices at Paris and Berlin.

On October 4 the Kaiser informed his Foreign Office that, so far as still practicable, Germany should withdraw with dignity, and come to an understanding with France as quickly as possible, in spite of the incident at Casablanca. A couple of days later, after being painfully surprised by the Austrian annexation of Bosnia, he wrote more energetically to Billow: "In view of these circumstances this wretched Moroccan affair must now be brought to a conclusion, quickly and definitely. There is nothing to be made of it; it will be French anyway. So let us get out of the affair with dignity, so that we may finally have done with this friction with France, now that great questions are at issue."

Soon afterwards Germany gave her approval to the terms which the French had drawn up, highly favorable to themselves, as the conditions on which Mulai Hafid was to be Sultan. At the same time Schoen, the German Secretary of State, told Jules Cambon, the French Ambassador in Berlin, that it was time for Germany and France to shake hands on Morocco, and that the Kaiser wished it. This led to negotiations which resulted in the Franco-German Agreement of February 9, 1909. "To facilitate the execution of the Act of Algeciras," France, still professing to respect the independence and integrity of Morocco, promised equality of economic opportunity to the Germans; and Germany, professing to pursue only economic aims, recognized France's special political interests in preserving peace and order, and promised not to interfere with them.

Bulow had taken up the idea of the German Ambassador in England, in spite of the Kaiser's absolute negative of the preceding summer, of conceding to England a modification of Germany's naval program in return for some political equivalent, such as an exchange of colonial territory, or, better still, an English promise of neutrality in case of a European war.³⁹ For success in any such negotiation it was most important to remove all Franco-German friction in Morocco, which had been one of England's original and most persistent reasons for standing by the side of France. It was reported to Billow that the English Minister in Tangier had had instructions to stir up trouble between the French and Germans, and he felt sure that anti-German propaganda by the English in Paris was likely to continue so long as England had cause to be alarmed over Germany's rapid construction of Dreadnoughts. To cut the ground from under this propaganda and to remove England's anxiety as to German intentions in Morocco it was highly desirable "to shake hands with France" once and

for all in regard to Morocco.

A final reason for the speed with which the Franco-German Agreement was concluded lay in the fact that King Edward was to visit Berlin on February 9; Billow wished to be able to publish the Agreement before his arrival in order to avoid any impression among the public that Edward VII had helped to bring it about. The Agreement was warmly welcomed in the French Press as putting an end to a long-standing source of irritation between France and Germany, and as assuring to the one the political, and to the other the economic, advantages necessary to each. Grey and Hardinge congratulated Billow on it, expressing pleasure that a question which had been a constant source of anxiety to England and in which England was bound by the Entente of 1904 to give France diplomatic support was now so happily settled.

Germany's Relations with Russia 1908-1911

Though the Anglo-Russian Convention of 1907 seemed to Germany an indication that Russia was turning away from the old friendly relations which had united the Hohenzollerns and the Romanovs, it did not at first seriously cloud the relations between the two countries. Izvolski had been profuse in his assurances that the Convention merely aimed to do away with Anglo-Russian friction in the Middle East, and was in no way directed at Germany or inimical to her interests.

As Russia's interests seemed deeply centered in Persia, Germany carefully sought to avoid antagonizing her in that quarter. When Persia in 1906 had asked for the establishment of a German Bank at Teheran, with the hope of support against Russian encroachments, Germany had hesitated to heed the request, and informed Izvolski that Germany had no political aims or interests in Persia. In return, early in 1907, Izvolski proposed an agreement by which Russia would withdraw her opposition to the construction of the Bagdad Railway, in return for Germany's recognition of Russia's monopoly in political, strategic, and economic matters in Northern Persia. Izvolski carried on negotiations for such a Russo-German agreement during the spring and early summer of 1907, at the same time with his negotiations on the same subject with England, evidently playing off the two countries against one another. But when he had the Anglo-Russian Convention safely in his pocket, he dropped the conversations with Berlin.

In 1908, however, Germany's relations with Russia began to be less satisfactory. Izvolski wished to recover in the Near East some of the prestige which Russia had lost in her disastrous war in the Far East against Japan. He believed that the alliance with France and the Entente with England assured him their benevolent attitude, and that he could proceed to open the Straits for Russian warships. Germany had often declared that she had no objections to this, and Austria could be satisfied by being invited to annex Bosnia and Herzegovina. This was the substance of his "Buchlau Bargain" with the Austrian Foreign Minister, Aehrenthal, which will be

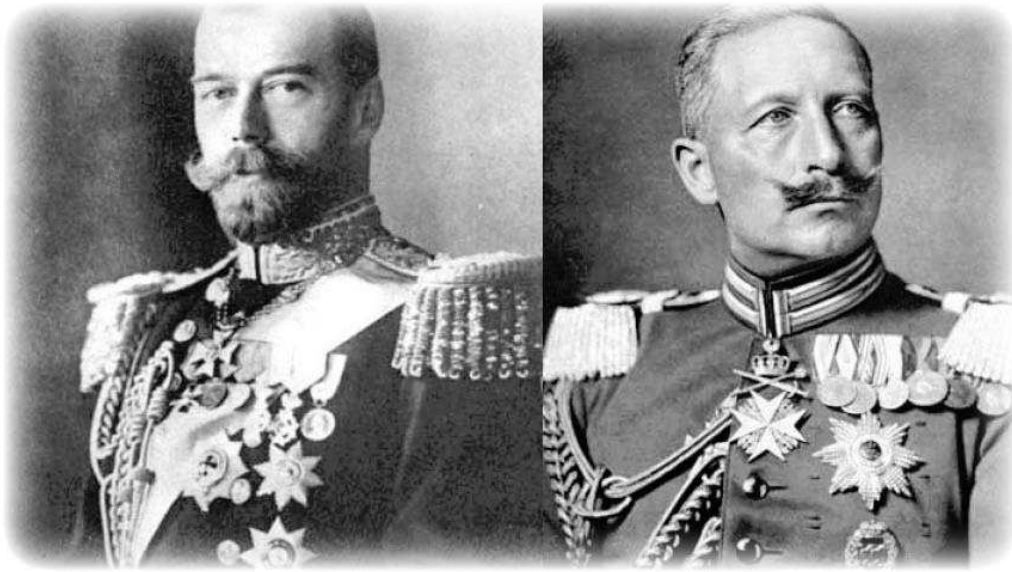


Figure 7.4: Two friends: Russian Tsar Nicholas II (left) and German Emperor (Kaiser) Wilhelm II.

described in more detail in the next chapter on Balkan Problems.

Izvolski found that his plan for opening the Straits did not meet with French and English approval, and his consent at Buchlau to having Orthodox Greek Bosnians placed under the Roman Catholic sovereignty of the Hapsburgs was violently denounced by the Pan-Slavs in Russia, as well as by the Serbians, who had coveted Bosnia as part of a future “Greater Serbia.” Thereupon Izvolski tried to nullify the Buchlau bargain by insisting that the modification of the Berlin Treaty of 1878, which was involved by the Austrian annexation of Bosnia, should be subjected to revision by a Conference of the Powers. Austria refused. Serbia and Austria began to mobilize against each other.

Though the Kaiser was indignant at the sudden way in which Aehrenthal had annexed Bosnia, Biihow persuaded his master that Germany could not afford to refuse support to her ally’s fait accompli. Germany was now surrounded by the Entente Powers, and Austria was her only reliable ally. So Germany supported Austria’s refusal to accept a Conference, and hastened to propitiate France and England by the Moroccan Agreement of 1909. Meanwhile, by March, 1909, Serbia and Austria seemed on the verge of war. Serbia counted on Russian, and Austria on German, support. Unluckily for Izvolski, Russia’s exhaustion and military disorganization after the war with Japan made it out of the question for her to back up by force his demand for a Conference; France was not yet ready to extend the scope of the Franco-Russian alliance to cover Russian ambitions in the Balkans; and England gave Russia little support.

To avert an actual clash of arms between Austria and Serbia, Germany then proposed

a solution to extricate Izvolski from the cul-de-sac into which he had strayed, and demanded a yes or no answer in regard to it ; if Russia rejected it, Germany would let the Austro-Serbian quarrel take its course, and the outcome under the circumstances would certainly not have been in Serbia's favor. Izvolski thereupon accepted the German solution, and the Bosnian Crisis was ended.

The outcome of the Bosnian Crisis was a diplomatic victory for Austria and Germany, and a corresponding humiliation for Russia and Serbia, with all the feeling of soreness which such humiliations leave behind. Izvolski never forgave Aehrenthal for his quick action in annexing Bosnia without further consultation and in refusing a Conference. He claimed that in both these matters Aehrenthal had broken his word and was no gentleman. Aehrenthal denied the truth of the allegations and threatened to publish the documents, whereupon Izvolski begged Germany to prevent the publication; upon Germany's advice, Aehrenthal refrained from carrying out his threat.

In the meantime Izvolski succeeded in making a secret agreement with Italy at Racconigi, by which, among other things, Italy promised to regard with benevolence Russia's interest in the Straits in return for Russia's similar promise in regard to Italy's interests in Tripoli. Izvolski was thus getting Italy's consent to what he had failed to secure by the Buchlau bargain, and Italy was taking another "extra dance" outside the circle of her own Triple Alliance partners.

It was not until early in 1910 that Izvolski and Aehrenthal again took up "normal diplomatic" relations. Rumors of their rapprochement, and even of a secret agreement between them, caused terror: at Belgrade it was feared that Russia was about to abandon Serbia to Austria's tender mercies; and at Constantinople it was feared that the partition of Turkey was being contemplated. ⁵¹ Even at Berlin there were fears that Izvolski, aided and abetted by France and England, was trying to make a secret agreement with Austria in order to drive another wedge into the Triple Alliance and sow discord between Berlin and Vienna. For weeks Izvolski tried to pin Aehrenthal down to signing an agreement which would put Austria on record in favor of the status quo in the Balkans and which could be confirmed by being communicated to all the Great Powers.

Aehrenthal, however, though ready to sign a private agreement with Russia, saw no need to communicate it to the Powers. After misunderstandings and recriminations, Izvolski finally published some of the correspondence without asking Aehrenthal's consent, an unfriendly act which still further accentuated the personal feud between them. Meanwhile Izvolski went ahead with other maneuvers for securing Russia's ambitions in regard to the Straits and for forming a Balkan league under Russian patronage.

The Bosnian Crisis had less disastrous effects upon the relations between Russia and Germany than upon those between Russia and Austria just described.

When Herr von Bethmann-Hollweg replaced Count Biilow at the Wilhelmstrasse in

July, 1909, Germany's international position seemed considerably improved. The new Chancellor, reviewing the situation of 1909 in his Reflections on the World War, shows that the tasks which he inherited from Biilow were by no means light and easy. The Moroccan Treaty of February 9, 1909, with France and the diplomatic triumph of Austria in the Bosnian Crisis had brought a feeling of relief at Berlin. The Triple Entente seemed definitely weakened and the danger of "encirclement" less alarming. On June 3, 1909, at a secret meeting attended by Tirpitz, Bethmann, Moltke, and Metternich, who had come over from London for it, Biilow declared that not for twenty years had Germany been so respected and feared in the world.

After bringing up the friction with England regarding Germany's naval plans, Bethmann, still Minister of the Interior, suggested that an agreement with England might be reached on the basis of Germany "slowing down" naval construction from four to three ships annually, if England would make concrete political offers in return. But Tirpitz blocked the path at every turn, refusing even the 4:3 ratio for British and German capital ships to which he had previously assented, and revealing a sly reservation: if Germany slowed down from four to three new ships a year from 1909 to 1912, she might counterbalance this loss by speeding up from two to three in the following years, so that Germany's total number of Dreadnoughts would be the same around 1915 in either case. Though accepting in principle Bethmann's suggestion for slowing down, Tirpitz declined to fix or work out any formula to accomplish it, until the English had made concrete proposals. And in general he was in favor of "quietly waiting." This was very discouraging to Metternich and Biilow, and probably had much to do with Bulow's resignation on June 26, which was accepted by the Kaiser on July 14.

The ostensible reason for Bulow's resignation was the refusal of the Blue-Black-Bloc (the Conservative-Clerical coalition) on June 24 to vote the new finance bill, including a heavy inheritance tax, made necessary by the insatiable demands of new armaments. This gave Biilow a good excuse to retire from office. Biilow's "resignation with brilliants" was accepted on July 14. He received the Order of the Black Eagle, the highest distinction of the kind in the gift of the Kaiser. He (and Holstein) were mainly responsible for the failure to grasp Chamberlain's proffered hand at the turn of the century, and for the other policies which led to the formation of the Triple Entente. The real hollowness of his achievement, which he painted *couleur de rose* in Imperial Germany, was revealed in the catastrophe of 1914. His reputation has exceeded his deserts. He will go down in history as a Chancellor of lost opportunities.

Herr von Bethmann-Hollweg, who took over Biilow's difficult inheritance, lacked his predecessor's brilliance, but inspired more general confidence by his diligence, sincerity, and upright nobility of character, for which he was esteemed by all who knew him at home and abroad. With the Kaiser Bethmann kept on intimate and friendly terms. When both were in Berlin, they rode or walked almost daily together, discussing all political questions, in which the Kaiser had much wisdom as well as many

prejudices. Bethmann was something of an idealist. He ardently desired peace in Europe. Therefore at heart he was opposed to greatly increased armaments. He hoped for an understanding with England on the naval question, and believed it could be reached—Germany slowing down her rate of naval construction, and England in return making political concessions in connection with the Bagdad Railway and perhaps even some kind of agreement to be neutral. The English were convinced of his sincerity in this purpose. Sir Edward Grey declared in 1912, after the Haldane Mission, that any possible differences between Germany and England would never assume dangerous proportions, “so long as German policy was directed by the Chancellor”; upon which the Kaiser commented indignantly, “This shows that Grey has no idea who is really Master here and that I rule. He prescribes to me who my Minister shall be if I am to make an agreement with England.”

Bethmann’s disinclination for increased armaments and his wish to make naval concessions brought him into conflict with the Kaiser, and he twice offered his resignation. But the Kaiser would not accept it because he had such confidence in Bethmann’s character, and because he knew how highly he was esteemed abroad as an influence for peace.

In the Russian Foreign Office also a change took place. In September, 1910, Izvolski finally secured for himself the Russian Embassy in Paris and the generous salary attached to it. Ever since the fiasco of his effort to open the Straits by the Buchlau bargain and the humiliating outcome of the Bosnian Crisis, he had been the target of Pan-Slav attacks at home. He was also criticized by level-headed men like Kokovtsev and Krivoshein, the Ministers of Finance and Agriculture, who felt that he had brought Russia into a perilous situation in antagonizing Austria and Germany while the Russian army and navy were still a negligible quantity.

M. Sergei Dimitrijevitsh Sazonov, who became Russian Minister of Foreign Affairs upon Izvolski’s transfer to Paris in September, 1910, was by nature of a mercurial and emotional temperament. In June, 1904, he became Counsellor to the Embassy in London, where he remained three years and acquired a friendly attitude toward England. In 1907, he was transferred to the Vatican, a pleasant but unimportant post which he filled for two years. In June, 1909, he returned to St. Petersburg as Assistant Minister of Foreign Affairs under Izvolski. His selection to succeed Izvolski in 1910 was, therefore, not unnatural. His appointment was recommended by Izvolski, who thought there was no one else better fitted for the office.

In Russian domestic politics, Sazonov was conservative, solidly in favor of the retention of old Russian institutions and little in sympathy with the constitutional movement brought about by the Russo-Japanese War. In foreign politics, he was an ardent patriot. His lips trembled with emotion as he once remarked that he could not survive a second defeat such as Russia had suffered in her unfortunate war with Japan. The German Ambassador at St. Petersburg described him as “filled with glowing patriotism bordering on chauvinism. When he talks of past events in

which he thinks Russia has suffered injustice, his face assumes an almost fanatical expression. Nevertheless, discussion with him is much easier and pleasanter than with Izvolski, because he always observes form, remains master of himself, and does not emphasize personal matters.“

Toward Germany Sazonov was favorably inclined personally. His grandmother was German and he had many personal relations with Germany. When he talked with Bethmann, he preferred to use German rather than French. He had much sympathy with the large group at the Tsar's court who wished to see restored the old cordial relations between Germany and Russia, who looked to Berlin rather than to Paris and London, and whose shibboleth was monarchical solidarity rather than constitutional democracy. But Sazonov also believed, like so many Pan-Slavs, that Bismarck had done Russia a great injustice at the Congress of Berlin, as had Biilow in the Bosnian Crisis. Nevertheless, he wanted to cooperate with Germany and reestablish mutual confidence. He therefore welcomed the visit which the Tsar was to pay the Kaiser at Potsdam in November, 1910.

Sazonov, like Bethmann, was sincerely desirous of peace. But, as will appear in more detail in the next chapter, he was very nervous at any advance of Austrian or German influence in the Balkans which might endanger Russia's historic mission of acquiring control of the Bosphorus and the Dardanelles and even of Constantinople. He was also very sensitive to the criticism of the Pan-Slav Press. It is true that hardly ten per cent of the Russian people could read at all, and a still smaller proportion paid any attention to newspapers, so that there was in Russia no general “public opinion“ in the Western sense of the word. Nevertheless Russian newspapers did exercise a much stronger influence on Russian foreign policy than is usually supposed, both through their criticisms of ministers at home and through their attacks on statesmen abroad.

With the Russian Revolution of 1905, the establishment of the Duma, and the formation of the Entente with the two great democracies of the West, a majority of the Russian Press had become “liberal“ in domestic matters, and strongly Anglophil and Francophil in foreign politics. (How can such a change suddenly happen? The owners of the newspapers must have changed...) It attacked Germany as the stronghold of absolutism and reaction, and as the instigator and protector of Austrian aggressions in the Balkans. It demanded that Russian Foreign Ministers should extend protection and help to the Slavs of the Balkans in their struggle to emancipate themselves from the Turkish and Hapsburg yoke. It was this Pan-Slav Press of which Sazonov, timid by nature and none too secure in his official position, was in constant fear during the next four years. It drove him at times into a stronger support of Serbia and a sharper antagonism to Austria and Germany than he personally favored himself. It partly accounts for the changeableness and instability of his policies, which worried France and England as well as Germany.

In fact, between 1908 and 1914, there was no single topic which was so frequently a

subject of complaint and discussion between representatives of Germany and Russia as the malign influence of the Pan-Slav and Pan-German Press in stirring up bad blood between the two countries. After the Bosnian Crisis, for instance, "Willy" wrote to "Nicky":

A few weeks ago, when affairs threatened to become dangerous, your wise and courageous decision secured peace among the nations. I was most gratified that by my cooperation you were able to fulfil your task. I very naturally expected that you and I would win universal applause, for I ventured to think that we have earned the gratitude of all well-meaning people. But to my regret and astonishment I observe that a great many blame us both instead. Especially the press has behaved in the basest way against me. By some papers I am credited with being the author of annexation and am accused amongst other rot and nonsense of having humiliated Russia by my proposal. Of course you know better. Yet the fact must be taken note of that the papers mostly create public opinion. Some of the papers err through their ignorance and lack of correct information; they can scarcely see farther than their nose's length. But more dangerous and at the same time loathesome is that part of the press which writes what it is paid for. The scoundrels who do such dirty work, are in no fear of starving. They will always incite the hostility of one nation against the other and when at last, by their hellish devices, they have brought about the much desired collision, they sit down and watch the fight which they organized, resting well assured that the profit will be theirs, no matter what the issue may be. In this way in 99 cases out of a hundred, what is vulgarly called "public opinion" is a mere forgery.

To this the Tsar replied: "Everything you write about the Press, as you know from our previous conversations, I agree with completely. It is one of the curses of modern times."

But it would be a mistake to think that Sazonov was wholly innocent of all connection with the Press which he genuinely feared. On the contrary, the Russian Foreign Office stood in close touch with *Novoe Vremia* and other papers which were most chauvinist and critical in tone. Sazonov (or his subordinates) often furnished the information and arguments which these papers were to use against Germany. He thus stirred them up to a nationalist campaign, behind which he would take refuge as a justification of the policy which he was "compelled by public opinion" to adopt. In critical negotiations with Germany, as in the Potsdam Agreements and the Liman von Sanders affair, important secrets often "leaked" from the Russian Foreign Office to the representatives of the Russian (and also of the French and English) Press in St. Petersburg; when matters thus got into the newspapers, they raised questions of prestige which made it more difficult for both Governments to make concessions toward a reasonable compromise settlement.

There were also journalists outside Russia who wrote in the Pan-Slav cause, and who exercised an influence on Sazonov while at the same time receiving funds from the

Russian Foreign Office. Of these the most important was Wesselitzki, the London correspondent of the *Novoe Vremia*. He had been given subsidies and the use of a summer villa at St. Petersburg when Izvolski was Minister of Foreign Affairs. "These expenditures were not in vain," wrote Izvolski in 1911, when urging that his successors at the Russian Foreign Office should continue to subsidize Wesselitzki. As president of the Foreign Press Association in London, and in his frequent visits to foreign capitals, as well as in the materials which he contributed to the *Novoe Vremia*, Wesselitzki took every opportunity to sow discord between Russia and Germany and to tighten up the bonds between the members of the Triple Entente. Complaints of his mischievous activities and of the articles which he wrote under the pseudonym "Argus," appear frequently in the recently published German documents.

Neither Germany nor Russia were to be expected to modify in any way their respective alliances. But Kiderlen (German ambassador) was ready to assure Russia that Germany was neither bound nor inclined to support any new Austrian ambitions in the Balkans. Nor was Germany pursuing any political aims of her own in the Near East ; she regarded the Bagdad Railway primarily as an economic enterprise; and she merely wanted to see Turkey maintained intact, in the interests of peace and the status quo. There were many subjects in which Russian and German interests ran parallel, and it would be desirable to discuss them confidentially but frankly, and thus put an end to mutual recriminations and restore the friendly contact which had been lost under Izvolski's management of Russian foreign policy.

These views met with a warm response from the new Russian Minister. Sazonov declared that the Bosnian Crisis belonged to the past and would not influence Russian policy in the future. Russia no longer had any expansionist policy. Her single task was her own internal consolidation. Russia's agreement of 1907 aimed purely to put an end to friction in the Middle East. If England pursued an anti-German policy, she would not find Russia on her side. Russia and Germany were neighbors and ought to live on good terms. As to Persia, the Germans again declared that they had no political aims in that troubled country, but wanted the "open door" for their commerce, which was handicapped by the Russian tariff charged upon goods in transit and by lack of good communications.

Sazonov replied that the anarchical conditions in Northern Persia made it impossible for Russia to withdraw her troops. But if Germany would withdraw from all railway and telegraph projects in the Russian sphere in Persia, Russia would withdraw all discriminating tariffs and other obstacles to the importation of German goods into Persia. To open up the country Russia proposed to extend her railway system from the Caucasus via Tabriz and Teheran to the western frontier of Persia at Khanikin; and the Germans could then build a line to connect Khanikin and the Bagdad Railway. Bethmann understood that "Russia would no longer lay any obstacles in the way of the construction of the Bagdad Railway as far as Bagdad." In his report to the Tsar on the Potsdam meeting, Sazonov said "the question of the Bagdad Railway

was not raised"; though he admitted that he told Bethmann that "if other interested Powers were to participate in this line, Russia could not remain empty-handed and would then want to have the Khanikin-Bagdad section."

In his audience with the Kaiser Sazonov had been impressed with the Kaiser's irritation against England's naval policy, his fears of a "preventive attack," and his hope that the German fleet would soon have assumed proportions which would make England afraid to incur this risk. He had also tried to draw the Kaiser's attention to the danger to Russia, with her twenty million Mohammedan subjects, arising from the Pan-Islam propaganda.

The Potsdam conversations were cordial and frank on both sides. Bethmann and Sazonov each got a very favorable impression of the other. An excellent start was made in removing suspicions and in bringing the two countries back into the old paths from which they had strayed as a result of Izvolski's active Entente policy and unsuccessful Balkan ambitions. But Sazonov caused difficulties. On returning home, he seems to have feared criticism from the Pan-Slav Press. He had therefore, without consulting Germany, given an interview to the *Novoe Vremia*. This paper then published an account exaggerating the points conceded by Germany and minimizing those conceded by Russia. Sazonov explained apologetically to Pourtales (French ambassador) that he wished to turn aside the possible wrath of this section of the Russian Press.

Meanwhile Bethmann's Reichstag speech of December 10, 1910, summing up the Potsdam interview as a renewed assurance that Germany and Russia would not enter into any hostile combinations one against the other, had fallen like a bomb in Paris and London, where Sazonov had allowed the impression to prevail that Persia and the Bagdad Railway were the only important questions discussed. The newly appointed English Ambassador in St. Petersburg, Sir George Buchanan, now hastened to present his credentials to the Tsar. He emphasized England's earnest wish to see the Anglo-Russian understanding maintained and consolidated, and expressed his anxiety concerning Sazonov's negotiations with Germany. Whereupon the Tsar, always inclined to agree with whomever had his ear at the moment, assured Buchanan that Russia "would conclude no arrangement with Germany without first submitting it to His Majesty's Government."

in the course of the next six months, a Russo-German agreement on the Middle East was gradually worked out. The negotiations were delayed by England's constant efforts to limit the entrance of German influence into Persia, and to secure control or participation in the section of the railway from Bagdad down to the Persian Gulf.

Russia's withdrawal of opposition to Germany's cherished desire of pushing the Bagdad Railway to completion opened the way for Germany's successful negotiations with Turkey and with England for further mutually advantageous arrangements. Germany acquired flocks at Alexandretta and a branch line from there northward

by which railway materials could be more easily imported for extending construction east of the Taurus Mountains. The Powers consented to an increase of the Turkish tariff from

r/c to 15 funds for paying the railway guarantees. England was given two of the seats on the Board of Directors of the Bagdad Railway Company, assured a dominant position in the navigation rights and oil resources of southern Mesopotamia, and largely relieved of her fears that the Bagdad Railway would be a German menace to the safety of India. The negotiations for all these arrangements were protracted over three years, but had been successfully concluded on June 15, 1914, two weeks before the Sarajevo assassination; the agreements lacked only the final signatures at the moment they were tossed to the winds by the outbreak of the World War.

While Germany was thus on the way toward better relations with Russia in the summer of 1911, her relations with the two other members of the Triple Entente were suddenly made much worse by a new Morocco crisis.

The Agadir Crisis 1911

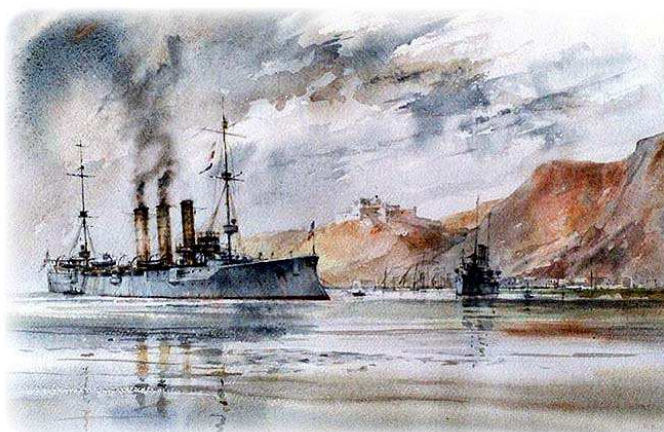
The Franco-German Morocco Agreement of 1909 was at first lived up to loyally by both parties. Pichon and Bethmann both made cordial public statements to that effect in the fall of 1909. But gradually friction developed again. The Mannesmann Brothers had acquired from Mulai Hand certain mining rights not recognized by the French, which conflicted with the claims of the international "Union des Mines Marocaines." The Franco-German consortium for the development of the Cameroon-Congo trade had finally to be given up, on account of the protests of the French nationalists that the Germans were getting the greater advantage, and the Germans were then left seriously embarrassed. The disorders in the country gave the French a pretext for a steady extension of their police and military control, and Mulai Hand was forced by an ultimatum to accept a loan which brought him more completely under French domination. It gradually became clearer and clearer that with this extension of French influence the equality of economic opportunity contemplated in the 1909 Agreement, and the idea of an independent Sultan at the head of a well-regulated government, were both fictions in contradiction with the actual trend of events. Nevertheless the fictions served as a basis for friendly relations between France and Germany for two years.

The Agadir Crisis occurred in 1911 just four years after the First Moroccan Crisis. What happened in Agadir is sometimes called the Second Moroccan Crisis. Events in North Africa were once again going to destabilise the relationships between the major European powers and while Europe was not taken to the brink of war by the Agadir Crisis, it was symptomatic of how fragile diplomatic relations had become. Between 1905 and 1906 Morocco had been a major cause of diplomatic ructions in Europe. By the end of the Algeiras Conference of 1906, it was generally accepted that France had

come out of the First Moroccan Crisis well while the opposite was true for Germany. Consequently, German politicians lost a lot of influence in Berlin while their place was taken by senior military figures. In France a more nationalistic outlook developed based upon French 'élan vitale'. In 1911 a repeat performance took place when it became even more obvious that the ante had been upped. Consequently, Europe became a far more destabilised entity.

Agadir was a port in Morocco in the southwest of the country. The 1906 Act of Algeciras had never really sorted out the problems of Morocco. However, Germany's attention was diverted after the 1905-06 crisis by other issues, mainly building up her navy. As a result France spent five years having far more influence in Morocco than Germany. They backed the corrupt Sultan, Abdul Aziz, who was accused by some of his countrymen of selling out Morocco to the French. The half-brother of Aziz, Mulay Hafid, took a stand on behalf of the Moroccan people who proclaimed him Sultan in January 1908.

It was around this time that the German government wanted a better share of the economic potential that they believed Morocco offered. The influential Mannesmann Company wanted to get what it believed would be lucrative mining concessions in southern Morocco. In February 1909, Germany and France signed an agreement whereby Germany recognised the 'special interests' France had in Morocco while France agreed not to hinder Germany's commercial and economic interests there. All seemed well between the two powers until it became clear to the Germans that France was not going to allow Germany to have any input into the building of two vital railway lines in Morocco. The German Foreign Minister, Alfred von Kiderlen-Wächter tried to work out an agreement with his French counterpart. However, the French Foreign Minister, Jean Cruppi, viewed all of Kiderlen-Wächter's suggestions with alarm.



GERMAN ACTION IN MOROCCO.

WARSHIP AT AGADIR.

A STRAINED SITUATION.

The Morocco situation has now been complicated by the intervention of Germany. Following the action of Spain in occupying Alcazar, Germany has sent a gunboat to Agadir, a southern port on the Atlantic, in order to safeguard the persons and property of German subjects and *protégés*. The Chauvinist Press greets the news with exultation, but the greater part of the Press is taken by surprise.

Surprise, mingled with uneasiness, is also the chief emotion in Paris, and the new Foreign Minister, M. de Selves, on being informed of Germany's intention by the Ambassador expressed misgivings that the diplomatic situation had been rendered more difficult by the

While there was diplomatic discord with regards to Morocco, there were also internal problems occurring that the new Sultan, Mulay Hafid, could not deal with. The general dislocation that Morocco was experiencing encouraged certain tribes to

rebel against Hafid and those who were supporting him, including the French. Rebel tribesmen attacked French forces stationed near Casablanca from January 1911 onwards. Fez also came under attack. Germany believed that if France sent more troops into Morocco to restore order, they would not leave the country and would be used to assert French authority throughout the country. This, they believed, would threaten German mining interests in the south of Morocco. As the situation in Fez became more and more threatening, a decision was taken in Paris to send in more French troops. In April 1911 a decision was made to send troops to Fez to support the foreign contingent living there. In May 1911, 20,000 French, Colonial and Moroccan soldiers arrived in the city and their presence had an impact as the rebels became less active.

Technically, this should have improved the situation as there were many foreigners living in Fez including Germans who now seemed a lot safer. However, the mere presence of 20,000 French troops in the city was too much for the German government in Berlin. However, Kiderlen-Wächter had to tread carefully. He knew that there were those in Berlin who were sabre-rattling. He did not share their enthusiasm for taking on the French as he believed it was simply a matter of time before France took over Morocco and that it was a *fait accompli* that Germany could do nothing about. However, Kiderlen-Wächter was well aware of the clout of the military over the Kaiser, Wilhelm II. He had to persuade the Kaiser that he knew what he was doing without appearing to support the sabre-rattlers while at the same time ensuring that the French believed that he was not going to tamely let them keep a further 20,000 troops in Morocco. His plan was to send German warships to Agadir and Mogador ostensibly to defend German citizens in Morocco. He hoped that such a move would placate the hawks who seemed to be surrounding Wilhelm. But Kiderlen-Wächter also knew that it would provoke a French response which he hoped would not be aggressive. Kiderlen-Wächter gambled that his move of sending warships to Morocco would result in a positive French reaction that would ironically allow him to curb the excesses of the hawks in Berlin. Wilhelm expressed concern about the plan but he did not refuse to support it.

Kiderlen-Wächter found an unlikely ally in Jules Cambon, the French ambassador in Berlin who wanted to take the sting out of the Agadir crisis before it got out of hand. Cambon was also aware that hawks existed in the government in Paris – men who were all too prepared to push the crisis to the limit. With hindsight, it is possible to label both Kiderlen-Wächter and Cambon as the doves in the proceedings. Despite this a gunboat was sent to Agadir. This was the ‘Panther’ which arrived at Agadir on July 1st 1911. On July 5th, the ‘Panther’ was replaced by the larger ‘Berlin’. However, the French and the British were aware that the Germans were simply making a statement and neither was prepared to respond in an aggressive manner. On July 9th 1911, Kiderlen-Wächter and Cambon met to discuss the situation. Both clearly stated their nation’s intentions in Africa. Kiderlen-Wächter expressed

Germany's interest in the French Congo in exchange for French control in Morocco. While the French were not keen on this, they were prepared to keep the discussions going. In Britain there was no desire for war over Morocco. On July 20th 1911, Grey sent out a note that stated that a war with Germany over Morocco was not worth it.

However, on the same day "The Times" published an article about Germany's desire for French Congo. It was an alarmist report that also stated that no British government worth its salt would allow such a move as it would threaten British interests in sub-Saharan Africa. On July 22nd the Germans complained about the 'Times' article, which claimed that the Germans acted like Dick Turpin. The British Chancellor of the Exchequer, David Lloyd George, upped the ante when he gave a speech. Lloyd George said:

But I am also bound to say this—that I believe it is essential in the highest interests, not merely of this country, but of the world, that Britain should at all hazards maintain her prestige amongst the Great Powers of the world. Her potent influence has many a time been in the past, and may yet be in the future, invaluable to the cause of human liberty. It has more than once in the past redeemed continental nations, who are sometimes too apt to forget that service, from overwhelming disaster, and even from national extinction. I would make great sacrifices to preserve peace. I conceive that nothing would justify a disturbance of international good-will except questions of the gravest national moment. But if a situation were to be forced upon us in which peace could only be preserved by the surrender of the great and beneficent position Britain has won by centuries of heroism and achievement, by allowing Britain to be treated, where her interests were vitally affected, as if she were of no account in the Cabinet of nations, then I say emphatically that peace at that price would be a humiliation intolerable for a great country like ours to endure.

This speech caused an explosion of wrath in Germany, where it was interpreted as a threat, and where it was felt that England was interfering in Franco-German negotiations which were none of her business. It made all the more effect that it was delivered, not by Grey himself, who was regarded as being unduly anti-German, but by the Chancellor of the Exchequer who had the reputation of being a man of peace and generally favorable to Germany. When he spoke out in this way he was regarded as having been selected by the Government in order to make the warning all the more emphatic. Both the Prime Minister and Sir Edward Grey had been consulted, and approved Lloyd George's action. Winston Churchill, the Home Secretary, was enthusiastic for it. But he makes plain that he knew it was playing dangerously with fire. It greatly increased the already existing tension between England and Germany growing out of the naval competition. It might indeed have easily led to war, had not the Kaiser and Bethmann been determined not to allow the Moroccan affair to cause a European conflict. It did, however, produce two results which ultimately contributed to a peaceful solution of the Moroccan question. It led Germany to

inform England at once that she had no intention of establishing herself on the Atlantic coast of Morocco, which had been Grey's great cause of alarm. And it also caused Germany to moderate somewhat her demand on France. After four months of protracted and difficult negotiations, Kiderlen and Cambon were able to sign the agreement of November 4, 1911.

Kiderlen-Wächter continued with his policy of seemingly placating the French while convincing the Kaiser that Germany was making a resolute stand against them. Franco-German talks continued with regards to Morocco and the French Congo right through to September. However, the British media presented a more hawkish front. It was reported that Churchill had completed plans for a British expeditionary force and that he had ensured the protection of the Royal Navy's cordite supply against suspected German sabotage. It was also reported that the Royal Navy had been put on full alert. This approach by the British media forced Foreign Secretary Grey into announcing that he would not send Royal Navy warships to Morocco but that he would monitor what was happening in Africa with great care and caution so that British interests were not threatened.

On September 1st 1911 negotiations between France and Germany came to an abrupt halt. This resulted in the stock market in Berlin crashing. It showed just how sensitive the situation had become as the only reason the negotiations had halted was because of an illness to French diplomatist Cambon. Others misread the situation. By November 1911, both Germany and France had come to a conclusion over their particular stance in Africa. France handed to Germany over 107,000 square miles of land, which the French media portrayed as "a few acres of swamp". Germany handed over to France 6,450 square miles of land in the Upper Cameroons. But neither the Congo nor Morocco turned out to be economic goldmines.

As between England and Germany, the Agadir Crisis not only increased the friction between the two governments at the time, but it seems to have deepened Grey's suspicions of Germany's warlike inclinations. This is evident from his observations on the subject in his memoirs, where he implies (quite contrary to facts) that "the Agadir Crisis was intended to end either in the diplomatic humiliation of France or in war;" and adds: "The militarists in Germany were bitterly disappointed over Agadir, and when the next crisis came we found them with the reins in their hands." His feeling at the time was significantly expressed in his statement to the Russian Ambassador in London: "In the event of a war between Germany and France, England would have to participate. If this war should involve Russia [the Ambassador had just assured him that it would], Austria would be dragged in too, for, although she has not the slightest desire to interfere in this matter, she will be compelled by force of circumstances to do so. There is no doubt that in such an event the situation in Albania will become aggravated. Consequently, it would no longer be a duel between France and Germany—it would be a general war." Grey added, however, that he did not believe Emperor William wanted war. Two weeks earlier the Russian

Ambassador had reported: "There is no use concealing the fact—one step further, and a war between England and Germany would have broken out as a result of the Franco-German dispute, although independent of it."

Between England and France the Agadir Crisis, like the Morocco Crisis of 1905, led to a tightening of the bonds between the two. France was grateful for Lloyd George's speech, and for the indications that England would not only give her the diplomatic support promised in the agreement of 1904, but also the military support contemplated in the military and naval "conversations" which had been going on between the two countries since 1906.

On July 20, after Kiderlen's demand for the whole Congo and the day before Lloyd George's Mansion House speech, there took place at the French Ministry of War a Conference between General Wilson, the Head of the Department for Military Operations of the English General Staff, and General Dubail, the French Chief of Staff. It was "to determine the new conditions for the participation of an English army in the operations of the French armies in the North-East in case of a war with Germany." The protocol of the Conference took care, as usual, to state that these "conversations, devoid of all official character, cannot bind either Government in any way," and aimed merely "to foresee the indispensable preparatory measures." But six weeks later, General Dubail stated to the Russians, as if there were no doubt in the matter, that the French army was ready to take the offensive against Germany "with the aid of the English army on its left wing."

Russia, having just established more friendly relations with Germany as a result of the Potsdam agreements, did not wish to endanger these by too active a support of France in the Agadir affair. At the beginning, when requested by her ally to make representations at Berlin, Russia had done so in a perfunctory way, but without exerting any real pressure. Later during the long Franco-German negotiations for a Congo-Cameroon exchange of territories, Izvolski himself says he worked "with all his strength" to moderate the French and urged them to yield to many of the German demands. This is confirmed by Caillaux, and by the French Ambassador in Russia, M. Georges Louis, who reported that Russia would honor her signature on the alliance, but that Russian public opinion would hardly understand a Franco-Russian war occasioned by a colonial question like Morocco.

And when M. Louis pointed out to the Tsar that Morocco was as much of a vital interest to France, as the Caucasus and the control of the Black Sea to Russia, Nicholas II replied: "Keep in view the avoidance of a conflict. You know our preparations are not complete." Russia did not at this time want to be drawn into a war over Morocco any more than France had wished hitherto to be drawn in over Balkan questions. Russia needed to build up her army and navy much further before risking a European War. But the very fact of this lukewarm support by Russia of French colonial interests, and by France of Russia's Balkan ambitions, became an added spur to Izvolski to tighten up the Franco-Russian Alliance after 1911. And in this he

was soon aided by M. Poincare, who became Minister of Foreign Affairs in France early in 1912.

This shows that Russia started playing for time, trying to avoid conflict as long as their military was not strong enough. And it also shows that they would be comfortable with war the moment their military was ready.

Another effect of the Agadir Crisis and the consequent strengthening of the French grip on Morocco and the Western Mediterranean was Italy's decision that the time had come for her to seize Tripoli. This so weakened Turkey that Serbia and Bulgaria hastened to take steps toward the formation of a Balkan League, with Russia's assistance, which led to the Balkan Wars. These in turn further embittered the relations between Serbia and Austria, and so contributed to one of the main causes of the World War.

The Haldane Mission 1912

In 1908, as has been indicated above, Tirpitz had secured the adoption by the Reichstag of a naval program providing for the construction of four capital ships annually from 1908 to 1911, and for two annually from 1912 to 1917. The English had become greatly alarmed, both for their actual safety and for the disastrous effect upon Anglo-German relations. They had therefore made efforts to call a halt, or come to some understanding, but these had failed owing to the Kaiser's decisive opposition, culminating in his interview with Sir Charles Hardinge at Cronberg in August, 1908.

During the following months English alarm steadily increased, and frightened imaginations pictured a German invasion of England. Further antagonism between the two countries was caused by the unfortunate Daily Telegraph affair. The Kaiser had allowed an English friend to summarize a confidential talk in which the Kaiser refuted the idea that he was hostile to England. The English were "mad, mad as March hares," he had said, to suspect the German navy, which was simply to protect German commerce and not to attack England. The Kaiser was the friend of England. He wished to restrain the German people, whose prevailing sentiment was not friendly to England. But the English suspicions and Press attacks made his task of preserving peace difficult. As proof of his friendly attitude in the past, he recalled that during the Boer War he had refused to join France and Russia in putting pressure on England in favor of the Boers; on the contrary, he had even sent Queen Victoria a plan of campaign for use against the Boers. The Kaiser sent the manuscript of this summary to Biilow at his summer home at Nordeney on the shore of the North Sea, and Biilow, without studying it, sent it to the Foreign Office for examination and comment. But here an official, supposing that it had received Biilow's approval, allowed it to go out, and it was published in the London Daily Telegraph on October 28, 1908.

The Kaiser had hoped the article would disarm England's suspicions and improve the relations between the two countries. It had precisely the opposite effect. It caused a storm of newspaper attacks on both sides of the North Sea, many of which were directed against himself personally. The English doubted his sincerity; they ridiculed and resented the idea that any advice of his had helped them win the Boer War; but they noted as ominous his admission that the prevailing sentiment in Germany was unfriendly to England. In Germany, the Liberals and Socialists protested bitterly against his ill-considered act and the dangers of his personal rule. Biilow tendered his resignation, but withdrew it after the Kaiser promised in the future not to talk politics without his Chancellor's advice. But in the great Reichstag debate growing out of this affair, the Kaiser felt that Biilow did not adequately defend his sovereign's position. He no longer regarded his Chancellor with the same favor and confidence.

Count Metternich, the German Ambassador in England, was greatly distressed at seeing the two countries drifting into mutual misunderstandings and recriminations which one day might lead to war. English public opinion was demanding that the Cabinet should assure the "Two Power Standard" (that the English navy should be as strong as the combined navies of any other two Powers), and that if Germany built four Dreadnoughts annually, England should build eight. Lord Roberts began to tour the country trying to arouse England to the creation of a huge army and the adoption of the continental system of universal military service, naming Germany as the enemy of the future.

Metternich suggested the desirability of slowing down Germany's program of construction from four to three ships annually, and of trying to come to some understanding with England. Biilow personally was in favor of the suggestion. To facilitate an understanding with England he hastened to make the Morocco settlement of 1909, which he hoped would remove one of the political causes of England's distrust. He sent Metternich's despatches to Tirpitz for comment. But the Admiral disagreed fundamentally with the wise Ambassador's diagnosis of the English situation. Tirpitz received part of his information about England from the German naval attaches, whose reports often sound like an echo of their master's voice and wishes. Tirpitz insisted that the fundamental cause of British alarm and agitation was not the German navy, but German industrial and commercial competition (He probably did not realize just how correct he was at that time). The British were now getting accustomed to the idea of a respectable German navy, but what troubled them was the fact that Germany, like Holland in the seventeenth century, was everywhere taking their trade and capturing their markets. It would do little good to slow down the naval program; and, anyway, it was fixed by law and could not be altered. To alter it as a result of the English clamor would be an intolerable humiliation for Germany and encourage the navy propaganda in England. Therefore Germany ought to go ahead with the creation of the "risk navy," and trust to passing safely through the "danger zone" without a British attack.

As Metternich had forecast, the British agitation continued, and under its influence Mr. McKenna, First Lord of the Admiralty, proposed that for three years England should lay down six Dreadnoughts a year against Germany's four. A considerable number in the Cabinet and in Parliament thought that four British ships would still be enough to maintain a safe margin of British superiority. To overcome their objections and carry his bill, Mr. McKenna exaggerated the rate of speed at which the German ships were being completed. He alleged that Germany was exceeding the "normal rate" by secretly assembling materials beforehand, so that she might have 13 completed as early as 1911, instead of in 1912, as contemplated in the German navy law and as Metternich had expressly assured Grey beforehand was the actual intention. Thus, Germany might have 13 Dreadnoughts to England's 16 in 1911, and an even more dangerous proportion in the following years. These statements of the First Lord of the Admiralty crystallized the general feeling of uneasiness into a firstclass "navy scare." The public believed that Germany was trying to steal a march on England, and now clamored for eight ships, instead of the six which Mr. McKenna had asked for. "We want eight and we won't wait," was the popular cry. In the end, eight were voted, four at once, and four contingent upon Germany's continuing to build according to her program.

The effect on Anglo-German relations was deplorable. The Kaiser boiled with indignation at McKenna's "lies," and blamed Metternich for letting the wool be pulled over his eyes and for not taking a stiffer tone to Grey. He was particularly displeased that Metternich had given the English to understand that Germany did not intend further to increase her program in the future—"a colossal personal concession, given right out of hand without getting the slightest tiling from England in return, except untold lies, slanders, suspicions, and incivilities." Although Mr. McKenna later admitted his statements to have been incorrect, they had done their damage in further increasing Anglo-German antagonism.

Bethmann-Hollweg, -who succeeded Billow as Chancellor, agreed with Metternich as to the need for coming to a naval agreement with England. He believed that Germany could not be expected to have her 1908 program modified by a formal Reichstag amendment, but she might "retard the rate" of construction, he hoped that in return England might make concessions in regard to colonial questions and the Bagdad Railway and perhaps give some kind of neutrality promise. With this in view he opened negotiations with the British Ambassador, Sir Edward Goschen, in August, 1909, but they came to nothing. ¹⁴⁶ In the course of the next two years he took up this idea several times, as well as various minor proposals to mitigate naval rivalry and suspicions, such as a mutual visiting of navy yards and exchange of information by naval attaches. But he had no success. ¹⁴⁷ Finally, in the fall of 1911, after the heat of the Agadir Crisis had somewhat cooled down, the idea was taken in hand more definitely by two business men.

Albert Ballin, the head of the Hamburg-American Line, believed that the rapid

building of the German navy was the main cause of Anglo-German antagonism and might some day lead to war. He considered this naval rivalry a far more serious threat to the peace of Europe than the Franco-Russian alliance. He was also on intimate and very friendly terms with Tirpitz and the Kaiser, as well as with Bethmann. He was aware that the German Government intended to lay a new navy law before the Reichstag in the spring of 1912, and he wished to bring about some understanding with England before this made matters worse. His friend, Sir Ernest Cassel, was a rich and influential London banker. Born in Germany, Cassel had emigrated to England as a boy, and had at heart the interests of the land of his birth no less than of his adopted country. Like Ballin in Germany, he enjoyed in England a social and political position of great influence without holding any office in the Government. He had become an intimate friend of Edward VII, both as his banker and political adviser. He carried great weight among English business men in the "City," (City of London financial district) as well as in English political circles.

Ballin saw Cassel, who thereupon got into touch with Sir Edward Grey. This paved the way for the Haldane Mission. On January 29, 1912, Cassel came to Berlin with a memorandum 161 which had been approved by Sir Edward Grey, Winston Churchill, and Lloyd George. This memorandum was to serve as a basis for opening official negotiations, and ran as follows:

1. Fundamental. Naval superiority recognized as essential to Great Britain. Present German naval program and expenditure not to be increased, but if possible retarded and reduced.

2. England sincerely desires not to interfere with German Colonial expansion. To give effect to this she is prepared forthwith to discuss whatever the German aspirations in that direction may be. England will be glad to know that there is a field or special points where she can help Germany.

3. Proposals for reciprocal assurances debarring either power from joining in aggressive designs or combinations against the other would be welcome.

Sir Ernest Cassel showed this memorandum to the German Chancellor, who replied in writing that he welcomed this step taken by the British Government, and was in full accord with the memorandum, except that the new 1912 German naval estimates had already been arranged. He added that he and the Kaiser would be greatly pleased if Sir Edward Grey would visit Berlin, as the most effectual way of bringing the negotiations rapidly forward. Cassel returned to Grey and told him that if the German naval expenditure could be so arranged, by a modification of the German rate of construction or otherwise, as to render unnecessary any serious increase of British naval expenditure, "British Government will be prepared at once to pursue negotiations, on the understanding that the point of naval expenditure is open to discussion and that there is a fair prospect of settling it favorably."

If this understanding was acceptable, a British Minister would come to Berlin. Beth-

mann replied that it was acceptable, provided England gave adequate guarantees of a friendly orientation of her general policy. "The agreement would have to give expression to a statement that both Powers agreed to participate in no plans, combinations or warlike engagements directed against either Power." Sir Edward Grey himself was unwilling to accept the cordial invitation to Berlin. His reasons, according to his memoirs of a dozen years later, were his fears that "the visit might arouse suspicion and distrust at Paris"; that the whole plan might be "one of those petty unofficial manoeuvres that could be avowed or disavowed at Berlin as best might suit German convenience"; and that he "had no great hope that anything would come of it." Probably at the time his strongest motives were his deep distrust of Germany, and his fear of alarming France and so weakening the Entente. He decided not to go to Berlin himself, but arranged that Lord Haldane, the Minister of War, should go in his place.

In 1910, when Bethmann was trying to secure an understanding with England, Grey had written to the British Ambassador in Berlin: "The mutual arrest or decrease of naval expenditure is the test of whether an understanding is worth anything," and that in Bethmann's overtures "the naval question was not sufficiently prominent." He apparently did not think that there was any better chance of German naval reduction in 1912. He seems to have been convinced that the Kaiser had taken the initiative, and then, if he had gone to Berlin and the negotiations had come to nothing, the German Government would have tried to put the blame upon him, Grey. But above all, Grey was determined not to endanger in the slightest degree the Entente with France.

He had been told by Winston Churchill that the Admiralty was contemplating bringing home the Mediterranean ships, in order to meet the new Third Squadron which Tirpitz wanted; and that this meant relying on France in the Mediterranean (as was later actually arranged), so that certainly no change in the Entente would be possible, even if Grey desired it. To allay French fears Grey at once informed the French Ambassador of the projected negotiations and assured him that he would do nothing with Germany that would tie his hands. His statement to Paul Cambon shows what a restricted conception he had of the Haldane Mission:

Haldane was "to find out whether Germany's recent overture was serious or not. He was also to attempt to gather information about the Bagdad Railway. But there is no question of entering upon negotiations. We desire only to learn the intentions of the German Government and to inquire about its plans for a naval program." This attitude on Sir Edward Grey's part in itself foredoomed the Haldane Mission to failure.

Lord Haldane's reception at Berlin was most cordial and aroused considerable optimism, both in his own mind and especially in that of the Kaiser. His first interview on February 8 was with Bethmann at the British Embassy. He got the impression, which he always regained, that the Chancellor was as sincerely desirous of avoiding

war as he was himself. Next day he lunched with Tirpitz and the Kaiser, and had a long and friendly discussion. He emphasized England's necessity of having a fleet large enough to protect her commerce and vital supply of food and raw materials. He admitted that Germany was free to build as she pleased, but so was England, and England would probably lay down two keels to every one which Germany added to her program. After a long discussion between him and Tirpitz about the Two Power Standard and naval ratios, in regard to which they could find no mutually satisfactory basis, the Kaiser proposed that it would be better to avoid for the moment discussing shipbuilding programs; instead of attempting to define ratios between the two navies, it would be better to have the agreement deal with the political question of general policy and colonial matters; after this was concluded and published, the Kaiser would have Tirpitz tell the Reichstag that the new political agreement with England had entirely altered the situation, and the three extra ships which the new navy law proposed to lay down in 1912, 1914, and 1916, would not be asked for until 1913, 1916, and 1919.

In a long final interview on February 10, 1912, Bethmann proposed the following formula for a political agreement:

I. The High Contracting Powers assure each other mutually of their desire for peace and friendship.

II. They will not, either of them, make any combination, or join in any combination which is directed against the other. They expressly declare that they are not bound by any such combination.

III. If either of the High Contracting Parties becomes entangled in a war with one or more other Powers, the other of the High Contracting Parties will at least observe toward the Power so entangled a benevolent neutrality, and use its utmost endeavor for the localisation of the conflict.

IV. The duty of neutrality which arises from the preceding Article has no application in so far as it may not be reconcilable with existing agreements which the High Contracting Powers have already made. The making of new agreements which make it impossible for either of the Contracting Parties to observe neutrality toward the other beyond what is provided by the preceding limitation is excluded in conformity with the provision contained in Article II.

Haldane objected to Article III as being too wide-reaching. It would preclude England from coming to the assistance of France should Germany attack her and aim at getting possession of such ports as Dunkirk, Calais and Boulogne. This England could never tolerate, because it was essential to her island security that these ports should remain in the friendly hand of France. Lord Haldane therefore proposed to modify Articles II and III so that they would read:

II. They will not either of them make or prepare to make any unprovoked attack

upon the other, or join in any combination or design against the other for purposes of aggression, or become party to any plan or naval or military enterprise alone or in combination with any other power directed to such an end.

III. If either of the High Contracting Parties becomes entangled in a war with one or more other powers, in, which it cannot be said to be the aggressor, the other of the High Contracting Parties will at least observe towards the power so entangled a benevolent neutrality and use its utmost endeavor for the localisation of the conflict.

In his eagerness to secure an agreement Bethmann bit at this bait, without committing himself to accept it. Later, however, Germany argued, and with good reason, that the words "unprovoked" and "aggressor" were too uncertain in interpretation. In the complex situations which lead to war, it is always difficult to tell which side is really the aggressor. To make neutrality dependent on this uncertainty of interpretation would be robbing the agreement of all its value. Suppose Germany were drawn into a war with Russia and France, England's neutrality would then depend on whether or not she judged that Germany had "provoked" the war. (Interesting to note here is that in World War II, Germany is automatically seen as the aggressor just because it allegedly started shooting first when in fact, the situation was more complex)

In regard to naval rivalry, Haldane agreed that the new Navy Law, having been publicly announced by the Kaiser, would have to be brought before the Reichstag, but he doubted very much whether the British Cabinet would regard as satisfactory the slight postponement in construction which the Kaiser had mentioned the day before. England would be compelled to take counter-measures, and English public opinion would not be likely to sanction any "political agreement" between the countries at a moment when both were increasing naval expenditures.

After all these points had been noted down for further discussion by the London and Berlin Governments, Lord Haldane returned to England, carrying in his pocket the draft of the proposed German Navy Law. This had been confidentially given to him by the Kaiser, with permission to show it privately to his colleagues, although its contents was still unknown to the Reichstag and the German public. As it was a bulky document requiring technical knowledge, Haldane had not attempted to study it in Berlin. When he handed it over to Winston Churchill and the Admiralty for examination, they believed that it would entail very serious naval expenditures on the part of both England and Germany.

In other words, as Metternich bluntly reported, the "political agreement" was in danger of being shipwrecked on the Navy Law. To save the former, Germany must abandon or greatly modify the latter. In fact Grey told him flatly a few days later that it would be impossible to sign any political agreement at the moment when both countries were making increased naval expenditures, because public opinion would regard this as inconsistent. At Berlin this memorandum made a bad impression.

Grey seemed to have damped all hopes of an understanding. He had abandoned the basis of discussion agreed to by Haldane at Berlin, shifting it away from the neutrality agreement, and giving priority to a criticism of the Navy Law and naval details.

The Kaiser was especially indignant at the change in England's attitude. He was willing to proceed with negotiations on the basis of Haldane's conversations at Berlin, but not on the new basis which Grey was taking in London. A memorandum to this effect was drawn up for Metternich; but was held back by Bethmann for several days. In spite of everything, he and Kiderlen were still making a valiant struggle to satisfy Grey. They were trying to persuade Tirpitz and the Kaiser to abandon the three extra capital ships and postpone still further the publication of the Navy Law. But the Kaiser was impatient to have the Navy Law laid before the Reichstag, inasmuch as it had already been announced in his speech, and been in English hands for more than a fortnight. At Bethmann's insistence it had been withheld from publication hitherto, in order not to jeopardize the negotiations with England.

Finally, on March 5, the Kaiser telegraphed to Bethmann that the memorandum for Metternich must be delivered to Grey on the morning of March 6, so that the Navy Law could then be laid before the Reichstag in the evening. He also took the unusual step of telegraphing himself directly to Metternich : it appeared that England had abandoned the basis agreed upon by Haldane ; the Kaiser would stick to it and to the Navy Law except for a partial postponement of capital ships; but navy personnel was not to be a subject of discussion with England; if England withdrew her ships from the Mediterranean to the North Sea, this would be regarded as a threat of war and would be replied to by an increased Navy Law and by possible mobilization.

Bethmann now sent in his resignation: he could no longer assume responsibility for such a policy or for such a direct dictation by the Kaiser to Germany's Ambassadors, without previous consultation with the Chancellor. The Kaiser hastened back to Berlin, persuaded Bethmann to remain in office, and agreed to a further postponement of the Navy Law and the continuance of the negotiations with England. Thereupon Tirpitz in turn threatened to resign, if the Navy Law were dropped altogether. After a sharp domestic conflict between the two Ministers, the Admiral virtually triumphed over the civilian Chancellor. It was decided that no reduction in the Navy Law should be made beyond the minor matter of retarding the date for the capital ships, which Tirpitz had already grudgingly conceded. Meanwhile Bethmann had been continuing his negotiations with England, but they never had any chance of success as far as a neutrality agreement or naval limitation was concerned. They were virtually abandoned as hopeless on March 29, when Grey informed Metternich that the English Cabinet had finally decided definitely against Bethmann's original neutrality formula.

On April 14 the German Navy Law was finally laid before the Reichstag, and accepted by it, unmodified, on May 14. The Haldane Mission failed primarily from two causes:

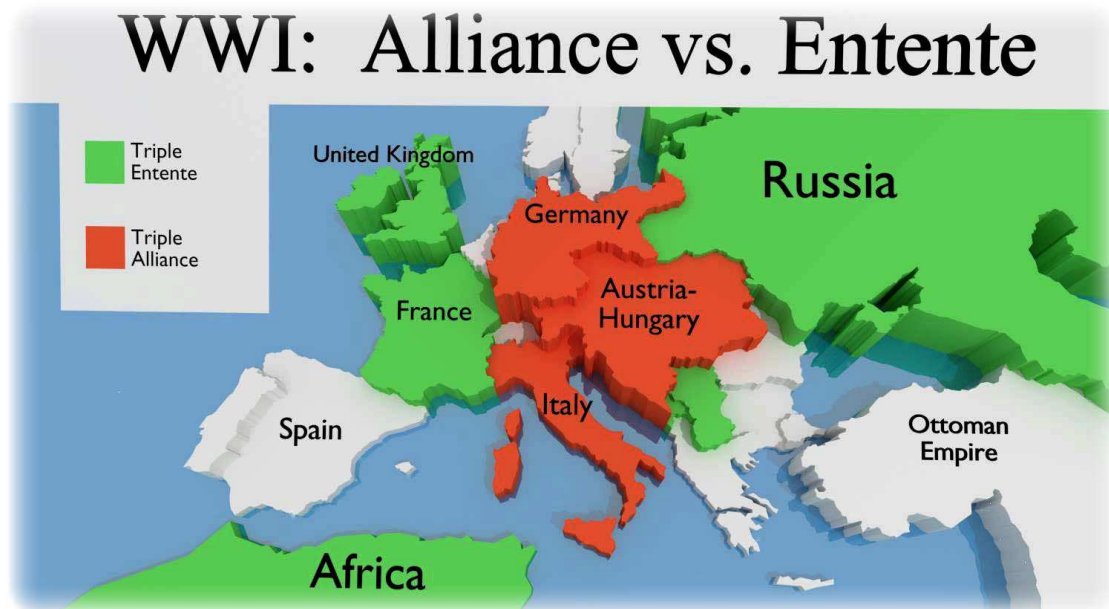
England's unwillingness to make any political agreement concerning neutrality which would in any way limit her freedom to aid France; and Germany's unwillingness to make any worth-while reductions in the Supplementary Navy Law which would satisfy England. Each country was seeking a concession which dominant ministers in the other were determined not to make. Only in the third group of subjects under consideration—colonial matters and the Bagdad Railway, was it possible to continue successful negotiations; in this less difficult field of economic imperialism mutually satisfactory agreements were gradually worked out, and were complete for signature on the eve of the World War. Thus, the Haldane Mission, like the Potsdam negotiations with Russia in 1910, resulted in removing some causes of friction, but they both failed in one of their main objects—the securing of some written agreement which would lessen Germany's political isolation and loosen the bonds of the Triple Entente.

The Tightening of the Tripple Entente 1912

The French view on Europe can be summarized by M. Poincare himself:

“Germany's policy continued to be dominated by the arrogant spirit which since the war of 1870 had led to the Franco- German incidents of 1875 and 1887, and which between 1905 and 1911 had constantly poisoned affairs in Morocco. After the insult of Tangiers came the threat of Agadir. Instead of being stung into action by these repeated provocations, France, in her desire for peace,“ agreed to the Algeciras Conference, and to territorial concessions in the Congo in exchange for liberty of action in Morocco. These acts of Germany, as well as her ultimatum to Russia in the Bosnian Crisis and the Kaiser's bellicose gestures, had gradually aroused in a group of French politicians a new national spirit. They had revived the desire for revanche and the recovery of Alsace-Lorraine. They had created the feeling that France had suffered long enough from the German menace from across the Rhine. There had grown up the determination that in the future, if Germany made a new threat of force, it would be better to risk war than accept a new humiliation. This new national spirit, determination, and self-confidence was greatly increased by the friendship of England and the growing conviction that in case of a conflict with Germany, England would not only stand behind France with her fleet, but would send English troops to strengthen the left wing of the French army in northern France. This would give a good prospect of victory, and the fruits of victory would be the recovery of the lost provinces and the end of the nightmare of the German menace. Most of these French leaders, like the mass of the French people, did not want war; but if Germany's desire for the “hegemony of Europe“ and her attempt again to use the mailed fist to force a diplomatic triumph brought on another international crisis, it would be better to fight than to back down. As they had little doubt that Germany would attempt some new aggression, this would make war “inevitable.“ France must therefore prepare for

it by increasing her own army and navy at home, and by tightening her relations with her ally on the other side of Germany and with her friend across the Channel.



This new national feeling was personified in M. Raymond Poincare and the little group of men with whom he was closely associated. (So most of the leader and the public did not want war, yet revenge was pushed by a small elite group of people) By his determination, firmness, and ability, he did more than any other man to strengthen and to stimulate it. It found expression in the overthrow of the Caillaux Ministry, which was accused of having been too yielding to Germany in the Agadir Crisis, and in the formation, on January 13, 1912, of the "Great Ministry" or "National Ministry," in which M. Poincare was Prime Minister and Minister of Foreign Affairs, M. Millerand Minister of War, and M. Deleave Naval Minister. In announcing its program, M. Poincare declared that its first task would be to unite all groups of Republicans by a single national feeling, to organize the new protectorate in Morocco, and to maintain courteous and frank relations with Germany.

The man who cooperated most closely with M. Poincare in his task of tightening the Triple Entente was the Russian Ambassador at Paris. It now is clear that Izvolski was vain, self-important, inclined to intrigue, and not always trustworthy. Consequently his reports must be taken with a grain of salt. One of the first tasks which occupied M. Poincare's attention, after forming his "National Ministry," was the cementing of closer relations with England. The Haldane Mission and the possibility of an Anglo-German rapprochement caused him some uneasiness, in spite of Sir Edward Grey's assurances. He therefore welcomed a curious step taken by Sir Francis Bertie, the English Ambassador at Paris. Although Grey was making no concessions which would satisfy Germany, Bertie feared that in the future he might change his mind.

Poincare pointed out to Grey the dangers involved in any neutrality agreement with Germany. Taking the hint, but not revealing where it came from, Poincare sent an energetic despatch to Paul Cambon (French diplomat) to this effect. Cambon presented the substance of it to Grey on March 29. This was the very day on which the British Cabinet finally decided to give its negative answer to Bethmann's neutrality formula, and buried the hopes which had centered in the Haldane Mission. That Poincare may have boasted later to Izvolski of having wrecked the Haldane Mission is quite possible.

The Haldane Mission, however, impelled Poincare to try to secure from England a binding statement in writing. Winston Churchill's plan to withdraw British ships from the Mediterranean for a stronger concentration against Germany in the North Sea, foreshadowed in his speech of March 18, 1912, 100 aroused a lively discussion in the British and French Press. It was urged that the time had come for naval cooperation between the two countries. If England withdrew her naval forces from the Mediterranean and protected the north coast of France against the possibility of a German attack, France could withdraw her fleet from Brest and look after British interests, as well as her own, in the Mediterranean. In connection with this discussion, many British newspapers urged that the Anglo-French Entente should be definitely extended to a regular defensive alliance. "The only alternative to the constant menace of war is a new system of precise alliances." This also was the feeling of M. Poincare.

But Sir Edward Grey, who had already been severely criticized in Parliament for subserviency in following in the wake of the French and Russian imperialism in Morocco and Persia, did not feel like taking such a momentous step without the knowledge of the whole Cabinet. The majority of them were still uninformed even of the military "conversations" which had been going on since 1906. Cambon's suggestion, therefore, remained for the moment without results. Meanwhile M. Poincare strengthened the Triple Entente and the naval position of France in the Mediterranean by a Naval Convention with Russia. Grey and Churchill did not want to tie their own hands by any binding written obligation. Even a naval arrangement, by which England withdrew her Mediterranean fleet to the North Sea, while the French shifted their Brest fleet to Toulon, was in danger of creating an obligation on England's part to protect the northern coasts of France, as Grey had gathered in conversations with Cambon in July.

Churchill also was well aware of this danger. Like Mr. Campbell-Bannerman in 1906, 197 and like Mr. Asquith in 1911, 198 he perceived that the French would be encouraged to count upon British assistance ; this would virtually create an obligation and thus limit England's freedom of action. As he pointed out to Grey: "Freedom will be sensibly impaired if the French can say that they had denuded their Atlantic seaboard and concentrated in the Mediterranean on the faith of naval engagements made with us. While these Anglo-French negotiations were going on

but before a decision had been reached, it was announced prematurely, through an inadvertence on the part of one of M. Delcasse's subordinates, that the Brest fleet was to be transferred to the Mediterranean. This news, says M. Poincare, caused great excitement, and was interpreted by the Press as a sign that an Anglo-French naval agreement had been definitely concluded. This incident gave a new

impulse to the negotiations. Poincare again instructed Cambon to ask Grey for a written agreement. Grey finally consented to give one. But before taking such an important step he rightly believed that it should be known to and approved by the whole Cabinet, and all its members were at last informed of the Anglo-French "conversations" which had been going on since 1906. He also insisted that it should not take the shape of a formal diplomatic document, but merely of a personal correspondence between himself and M. Cambon. Accordingly, on November 22, he handed M. Cambon a letter which had been approved by the Cabinet, and received one in similar terms from him in exchange next day.

These Grey-Cambon letters fixed the relations between the French and British Cabinets, so far as any written statements were concerned, down to the outbreak of the War. Sir Edward Grey continued to cherish the illusion that he still had his "hands free"; and this was true as far as the wording of the letters went. But as Mr. Campbell-Bannerman and Mr. Asquith had pointed out, the military conversations were dangerous in the encouragement they gave to the French; and as Winston Churchill warned, the new arrangement of the British and French navies, which took place in the fall of 1912, tied England to France more closely still.

It created for England an inescapable moral obligation to protect the coast of France in case of a war between France and Germany—that is, to participate on the French side no matter how the war arose. To be sure, Poincare was aware that Grey had carefully stated that if there was reason to expect "an unprovoked attack," the two Governments would "discuss" whether they would act together. He knew that Grey would have to reckon with a strong pacific group within the British Cabinet and among the British people; with them it would make a great difference how the war arose. Hence he was very careful, as will appear in connection with the crisis of July, 1914, to make it appear that Austria and Germany were the aggressors. Significant from the political point of view is this French conviction that they could count on the British navy, for this would involve British participation in the war, with all advantages to France and Russia which would accrue from England's great naval superiority in the way of blockading Germany and shutting her off from food and war materials, to say nothing of the great moral effect of having the British Empire actively engaged on the side of the Franco-Russian Alliance.

Closely connected with these Anglo-French naval arrangements was the Franco-Russian Naval Convention of July 16, 1912. Russia wished to have absolutely undisputed naval domination of the Black Sea. She had also long wished to control the Straits and Constantinople. A first step in this direction would be to secure a free

passage for her warships through the Bosphorus and the Dardanelles. Izvolski had several times attempted to gain this but without success. Italy's naval activity and closing of the Dardanelles during the Tripolitan War again made Russia acutely sensitive to the importance of the Straits Question. She believed that her French ally could and ought to aid the Russian fleet to retain its supremacy in the Black Sea, by hindering the Austrian or Italian naval forces from passing the Straits. In case of a European War this would safeguard the left flank of the Russian army; this in turn would be of advantage to the Triple Entente in the other theatres of war. Russia also wished to be able to transfer some of her Baltic fleet to augment her Black Sea fleet, and to have a possible naval base in the Mediterranean. This could be provided if the French would develop the port of Bizerta in Northern Africa and allow the Russians to use it. Such were some of the considerations which made the Russians desire a closer naval agreement with France. The French, on their part, were glad to meet all Russian wishes as far as possible, in order to strengthen the solidarity of action between the two countries.

by 1911 both countries had recognized the desirability extending their alliance by a Naval Convention analogous to the Military Convention. In the spring of 1912, upon the initiation of the Russians, negotiations to secure this took place in Paris between army and navy officers of both countries. They resulted in the secret Naval Convention signed on July 16 by Admirals Aubert and Lieven and by the Naval Ministers, Delcasse and Grigorovitch, and confirmed by an exchange of notes between Sazonov and Poincare a month later, upon the latter's visit to Russia. It declared: "The naval forces of France and Russia will cooperate in all the eventualities in which the alliance contemplates and stipulates the combined action of the land armies."

When Poincare visited Russia in August, 1912, one of his main topics of conversation with Sazonov was the closer cooperation of the naval forces of the Triple Entente. He confided to Sazonov, according to the latter's report to the Tsar, that "although there does not exist between France and England any written treaty, the Army and Navy Staffs of the two countries have nevertheless been in close contact. This constant exchange of views has resulted in the conclusion between the French and English Governments of a verbal agreement, by virtue of which England has declared herself ready to aid France with her military and naval forces in case of an attack by Germany." He begged Sazonov to "preserve the most absolute secrecy in regard to the information," and not give the English themselves any reason to suspect that he had been told of it. He also urged Sazonov to take advantage of his coming visit to England to discuss the question of a possible Anglo-Russian naval agreement, which would thus complete the naval cooperation of the three Triple Entente Powers in case of a conflict with Germany. Sazonov followed Poincare's suggestion.

According to Sazonov's report to the Tsar, Grey declared that, if the contemplated conditions arose, England would make every effort to strike the most crippling blow at German naval power:

On his own initiative Grey then gave me a confirmation of what I already knew through Poincare—an agreement exists between France and Great Britain, under which in the event of war with Germany Great Britain has accepted the obligation of bringing assistance to France not only on the sea but on land, by landing troops on the Continent. The King touched on the same question in one of his conversations with me, and expressed himself even more strongly than his Minister. When I mentioned, letting him see my agitation, that Germany is trying to place her naval forces on a par with Britain's, His Majesty cried out that any conflict would have disastrous results not only for the German navy but for Germany's overseas trade, for he said, "We shall sink every single German merchant ship we shall get hold of." These words appeared to me to give expression not only to His Majesty's personal feelings but also to the public feeling predominant in Great Britain in regard to Germany.

Whether Sazonov correctly reported what Poincare and Grey had said to him is not clear. But the fact that he made such statements to the Tsar shows how much the French and the Russians—and especially the Russians, were encouraged by the existence of the Anglo-French military and naval "conversations" and inclined to interpret them as a promise of British support in case of a general European War. This Naval Convention also gave rise to evasive statements on the part of the Entente Powers which naturally increased Germany's suspicions of their aggressive intentions. By some "leak" in the French or Russian Foreign Office, the French Press soon indicated the existence of the Franco-Russian Naval Convention. This led to inquiries by Germany.

Inasmuch as the German Government by the spring of 1914 had in some secret way become informed of the Grey-Cambon letters all these denials by Entente officials caused uneasiness in Germany. This was especially the case in connection with the negotiations for an Anglo-Russian naval convention just before the War.

The Grey-Cambon letters, following the consistent diplomatic support which England had given France throughout the Morocco crises, established a very satisfactory basis of mutual confidence between the French and British Governments. This confidence and harmony was strengthened by many factors: by the common distrust of Germany; by the cordial personal relations between Sir Edward Grey and Paul Cambon ; by the fact that England had no aggressive aims which conflicted with French interests; and by the care with which M. Poincare sought to consult Sir Edward Grey's wishes and as far as possible conform French policy to them. There was in fact more harmony and mutual confidence between France and England, though they were only "friends," than between France and Russia who were allies.

The tightened Triple Entente encouraged Sazonov in his support of Serbia and his stiff attitude to Austria and Germany which was one of the main causes of war in 1914.

Renewal and Weakness of the Tripple Alliance 1912

Bismarck, who regarded the Austro-German Alliance of 1879 as strictly defensive, had refused to permit military agreements between the German and Austrian Staffs, for fear that they might hamper the political freedom of action of the civilian authorities. This Alliance, therefore, as well as the Triple Alliance, had long remained without being supplemented by any such definite military convention, stating the number of troops which each ally was bound to furnish in case of war, as in the case of the Franco-Russian Military Convention in 1894. Nor for many years were there any regular periodical conferences between the Staffs of the Triple Alliance Powers, with written protocols fixing in detail the cooperation of their armies, as in the case of the annual conferences between the French and Russian Staffs from 1900 onwards.

But in January, 1909, when the Bosnian Crisis began to look alarming, Moltke and Conrad (Chief of Staff of Austria-Hungary), the Chiefs of Staff of the German and Austrian armies did enter into a correspondence concerning possible military cooperation. It was carried on with the knowledge and approval of the civilian authorities of the two countries, and was continued intermittently during the following years. Nowhere did Moltke and Conrad, or any other persons in authority, ever refer to this exchange of views as a "military convention." On the contrary, it was more in the nature of a general discussion of the political situation, and an exchange of information as to the plan of campaign which each intended to put into operation if war should be declared by the civilian authorities. Conrad was trying to persuade Moltke to make Germany's mobilization plan provide for as many troops as possible against Russia, so as to lessen the number which the Tsar would have available against Austria. Moltke, in turn, wanted to have Conrad plan to use few troops in Serbia, and send as many as possible into Galicia against Russia, in order to relieve the pressure on Germany's eastern frontier, while the hulk of the German forces were being thrown against France. Their arrangements with one another were hardly as definite or as binding as those which were being made by the French and Russian Staffs. Though some of the Moltke-Conrad letters were shown to the civilian authorities, they did not legally modify the terms of the Alliance.

On the other hand, it is undoubtedly true that this Moltke-Conrad correspondence tended to foster the conviction at Vienna, that if Austria attacked Serbia, she could count on a threat of German mobilization to bluff Russia into remaining inactive; or upon German support, if Russia made war. Another result of their correspondence was the fact that Moltke and Conrad made mobilization plans which were dependent for success on one another, and, as in all such cases, this enabled the military authorities in a time of crisis to exert pressure on the civilian authorities in favor of war.

Italy was the element of weakness in the Triple Alliance. Ever since the Algeiras Conference Germany had regarded her loyalty with doubt. Conrad was so convinced

not only of her probable disloyalty to her treaty obligations, but of her positive hostility, that he speaks of her as Austria's "principal opponent." He made plans for mobilization against her, and even wanted a "preventive war" against her. Italy's war with Turkey for the possession of Tripoli had further displeased her allies, not only because they had not been fully consulted beforehand, but because it embarrassed them to have their nominal ally attack the Turks, whose friendship and good-will they were trying to cultivate. To be sure, the events of the war and Italy's establishment as a sea-power in the Mediterranean had led to a decided coolness in her relations with France. But these had improved again by the summer of 1912 so that Poincare and Sazonov both agreed that it was best to keep Italy as a "dead weight" in the Triple Alliance, where she would be useful to both France and Russia.

Though the Triple Alliance was to run until 1914, the question of its renewal had already begun to be discussed in the summer of 1911. Italy favored its early renewal as a means of placating her allies on the eve of her Tripolitan adventure. Germany favored it, being always glad of anything which might make for better relations between her two allies, and thus help to counter-balance the growing strength and solidarity of the Triple Entente. Aehrenthal at first was not opposed to it, but Conrad and the military officers were so incensed at Italy's insults and treacheries that they saw no use in trying to keep her even as a nominal ally. General Auffenberg related with childish indignation to the German Ambassador in Vienna evidences of Italian animosity which he had just seen in the Southern Tyrol : every day or two a patrol had to be detailed to clean up the insulting epithets scribbled on a war memorial; he had seen cigarette boxes in which all the Austrian territory from Fiume to the Brenner Pass was marked as belonging to Italy; irredentist propaganda even took the form of calling the horses and mules by the names of Austrian cities like Trent and Trieste! "In case of a war Italy would explode against us like a keg of powder," he added, declaring that the best thing for Austria to do would be to crush the irredentist hopes by war, and then Austria would be freer to deal with Serbia or meet a Russian attack.

Aehrenthalj however, had Francis Joseph on his side, and secured the dismissal of Conrad because the latter was urging war with Italy and friendship with Russia. The Tripolitan War delayed the negotiations for the renewal of the Triple Alliance. It was finally renewed, however, on December 5, 1912, without modification, being extended for six years from July 8, 1914. A couple of weeks later, Italy notified Germany that, in view of the existing political conditions, frankness compelled her to say that she would be unable to carry out her agreement of 1888 for sending troops to cooperate with a German army on the Rhine.

7.5 Balkan Problems 1907-1914

The Balkan situation was one of the most important factors in causing the World War. It sharpened the antagonism between the Triple Alliance and the Triple Entente, stimulated a general increase in armaments, and led to the assassination of the Austrian Archduke with its catastrophic consequences. It was an old and complicated question which had troubled the peace of Europe for a century and a half.

It arose from many elements. The progressive disintegration of the Ottoman Empire, caused by external as well as internal causes, produced a continual unrest in the Near East. This was increased by Russia's persistent - desire to acquire increased influence in the Balkan Peninsula and to realize her age-long dream for control of the waterways to the Mediterranean. The Hapsburgs, sitting astride the Danube for centuries, were trying to preserve authority over subject peoples, many of whom had become fired with nationalism and a desire to break away and unite with their brothers living in the independent States bordering on Austria-Hungary.



Figure 7.5: Ethnic groups in the Austria-Hungary Dual Monarchy.

The ambitions of Serbia, Bulgaria, Rumania and Greece to extend their territories to include all peoples of their own nationality brought them into constant conflict with Turkey, Austria-Hungary or one another. The antagonism between Austria-Hungary

and Serbia was increased by the Austrian annexation of Bosnia and Herzegovina, the creation of Albania, and the Serb agitation for national unity at Austria's expense. To understand how the World War had its beginnings in this corner of Europe, it will be convenient to review some of the Balkan problems between 1908 and 1914.

The Beginning of Austro-Serbian Antagonism

Serbian national poets and historians love to recall to their people the heroic days of Stephen Dushan in the fourteenth century, when the great Greek Orthodox Serbian Empire stretched from the Danube nearly to the Gulf of Corinth, and from the Aegean to the Adriatic. From those far-off days to the decades immediately preceding the World War, when Serbian nationalists began to dream of again extending their boundaries to include "Old Serbia" and even more territory, the Serbian people suffered long years of oppression and hardship. First came the Turks. On Vidov-Dan, 1389, an army of Serbs, Albanians and Croats was terribly crushed at Kossovo, and submerged under the Turkish flood. But from the field of battle there rose up a Serb hero who penetrated to the victorious Sultan's tent and there slew him, as the hateful oppressor of the Slav peoples. So the anniversary of Kossovo became a great day in the Serb calendar: Vidov-Dan was a day of sorrow for the national defeat of 1389, but a day of rejoicing for the assassination of the cruel foreign oppressor. ³ For more than four centuries after Kossovo the greater part of the Serb people lived and suffered under Turkish rule. Some Serbs, for obvious reasons of convenience, abandoned Greek Orthodoxy for Mohammedanism, especially in Bosnia, and remained Moslems ever afterwards.

Austria was the European Power which first brought to the Serbs some relief, and caused the Turkish flood to recede. It was Prince Eugene, with his Hapsburg army, who recaptured Belgrade in 1717 and helped arouse in the Serbs a longing for independence from Turkish misrule. When Hapsburg troops had to retreat twenty years later, many Serb peasants followed on the soldiers' heels to escape servitude under the Sultan. They settled north of the Danube in the southern fringe of the Hapsburg lands. There they lived and multiplied and were joined by other fugitives from south of the Danube. At first these Serb settlers were well treated by their new rulers, and were appreciated as good soldiers to defend the country against the Turks. But in the later eighteenth century Roman Catholic propaganda and economic oppression by feudal Magyar landlords made existence so bitter for the Serb settlers that many preferred to escape back to their brothers of the South. As between Magyar exploitation and Turkish misrule, the latter was the lesser of two evils. So began an antagonism, which persisted ever afterwards, and was aggravated in 1867 when Emperor Francis Joseph withdrew the special privileges which had long been enjoyed by the Serbs of the "Military Frontiers." ⁴ Nevertheless, common enmity to the Turks generally tended to preserve a political friendship between the ruling authorities at

Vienna and Belgrade.

In the year 1878, to be sure, Austria "occupied" the provinces of Bosnia and Herzegovina, which were largely inhabited by peasants of Serb blood and were coveted by the new Kingdom of Serbia; but the pill was coated by the fact that, at the Congress of Berlin, Austria secured for Serbia the valuable Pirot and Nish districts, which Russia would have assigned to her own protege. Bulgaria. Political friendship between the Austrian and Serbian Governments, though not between the peoples of the two countries, was again secured by the secret Austro-Serbian Treaty of 1881, signed for ten years, in which both States promised to pursue a mutually friendly policy, and not to tolerate within the territory of one any intrigues against the other.

It was the misfortune of the Serbian people that, at the beginning of the movement for national independence in the days of Napoleon, there arose not one, but two, national leaders. Instead of one great man dominating the movement, and establishing a single strong dynasty, there were two rivals: Kara George and Milosh Obrenovitch. Ever since the assassination of the former in the interests of the latter, in 1817, the unhappy country was torn by the feuds of these rival families, and by a series of palace revolutions and violent changes of dynasty. These culminated in 1903. On the night of June 11, a band of conspirators, consisting mainly of Serbian army officers, entered the royal palace at Belgrade, dragged King Alexander Obrenovitch and his unpopular wife from their hiding place, and brutally murdered them. Belgrade rejoiced; the church bells were rung; the city was decorated with flags; and the Legislature unanimously thanked the assassins for their work. Though he may not have been directly privy to the plot, Peter Karageorgevitch, grandson of the man murdered nearly a century before, profited by it, and he ascended the throne as Peter I. This hideous crime, "brutal but not unprovoked," and the favors shown to those who were responsible for it, outraged the sense of decency in the crowned heads of Europe, most of whom soon withdrew their representatives from Belgrade as a sign of their disapproval. Great Britain did not renew diplomatic relations for three years.

Though frowned on at first by Europe, the new reign marked a notable revival in Serbian life. A freer, more democratic, spirit prevailed. A patriotic national movement developed, which expressed itself in new economic activity, in newspapers and literature, and in the spread of the "Greater Serbia" idea. Peter I was personally popular, devoted to the interests of his country, and noted for his soldierly qualities of loyalty and simplicity. The fact that he had fought for the Serbian cause in the revolt of Herzegovina gave him an added popularity far beyond the bounds of his own kingdom; it made him "our King" to the Serbs beyond the Danube and the Drin.

With the accession of Peter I in 1903, Serbia started a Russophile agenda, encouraged by Pan-Slav elements in Russia and by the irritating attitude adopted by Austria-Hungary. Austrian ministers soon observed with dismay this growth of Serbian nationalism and pro-Russian feeling. If unchecked, it threatened the integrity of

the Hapsburg lands. It meant that the Kingdom of Serbia would act as a dangerous magnet, tending to draw away Austria's Serb subjects to form the "Greater Serbia." If the decaying Turkish Empire should ever fall to pieces, if nationalist revolts should break out in Austria-Hungary in some crisis, such as the death of Emperor Francis Joseph, or if war should be declared in the Balkans or in Europe, Serbia would be likely to try to annex territories inhabited largely by Serbs. Probably Pan-Slav interests would lead Russia to support the Serbians. If Serbia secured Bosnia, her next step would be to attempt to unite the Croats, the Dalmatians, the Slovenes, and the Serbs in the Banat in southern Hungary. This would encourage the other subject nationalities under Hapsburg rule—the Rumanians, Czechs and Slovaks—to break away. This would spell *Finis Austriae*. Thus, Austria-Hungary fought for its existence as a whole.

In view of the danger to the Dual Monarchy from its subject nationalities, Austrian officials began to adopt measures to stifle this growing movement in Serbia for political and economic independence from Hapsburg influence. Serbia, having no direct outlet to the sea, had been virtually dependent upon Austria-Hungary for a market for her agricultural products. To strengthen herself, Serbia began in 1905 to negotiate with Bulgaria for a customs-union; but Austria interfered. In 1906, when the Austro-Serbian tariff treaty expired, feeling in both countries ran so high that it was not renewed, especially as the Magyar landlords found that Serbian products came into competition with their own. As a consequence, a bitter tariff war, the so-called "Pig War"—ensued. But instead of crushing Serbia economically, Austria only caused the Serbians to seek other markets, especially in Germany; and at home the Serbians began to erect slaughter houses and factories of their own. Germany easily managed to supply the Serbian peasants with goods which had formerly come from Austria. This displacement of Austrian by German goods caused not a little hard feeling between Vienna and Berlin which persisted for years.

Austria's attempt at economic intimidation, far from compelling Serbia to return to an Austrophile policy, had just the opposite effect; it embittered Peter I's Ministers, and drove them more than ever into the open arms of Russia. It made them realize more clearly Serbia's need for a direct economic outlet to the sea, such as a railway connection with a port on the Adriatic in Albania or Montenegro, or on the Aegean at Salonica.⁹ They welcomed negotiations for a railway crossing Serbia from the Danube to the Adriatic which was urged on their behalf by Russia in the spring of 1908, as a counter-measure to Austria's project for a railway from Bosnia through the Sanjak of Novi Bazar to Salonica. ¹⁰ The outbreak of the Young Turk Revolution in the summer hastened the negotiations, but led them to a fiasco in the most unexpected manner. It brought to a crisis the question, often discussed since 1876, and several times conditionally assented to by Russia, of Austria's "annexation" of the "occupied" provinces of Bosnia and Herzegovina. This in turn was closely connected with Russia's much-desired aim of opening the Bosphorus and the Dardanelles to

the passage of Russian ships of war.

Russia and the Straits

In the course of the nineteenth century, especially after the events of 1878, Russia had come to regard the closure of the Dardanelles against foreign warships by the Sultan as a valuable protection and asset for Russia. As Count Kapnist remarked in May, 1897: “Russia needs this gatekeeper [portier] in Turkish clothes for the Dardanelles, which under no circumstances ought to be opened. The Black Sea is a Russian mare clausum.” This remained one of the corner-stones of Russian policy down to the World War.

But the treaties which excluded Russian war vessels from passing inward or outward through the Straits of the Bosphorus and Dardanelles were quite a different matter. These were humiliating restrictions. They were inconsistent with Russia’s prestige as a Great Power. So the opening of the Straits to Russian warships became one of the first aims of Russian ministers in the decades immediately preceding the World War. This was quite distinct from two other aims which are often confused with it, but which were really different and would have involved even more serious European complications; one was the forcible seizure of Turkish territory along the heights of the Bosphorus; the other was the acquisition of control over Constantinople itself.



Figure 7.6: Russia’s “historic mission“, controlling the Dardanelles.

This city, they were inclined to admit, must remain in the hands of the Sultan so long as the Ottoman Empire survived; to try to seize it would meet with too great opposition from the Great Powers, not to mention Bulgaria and Greece. Constantinople, however, must in no case be allowed to fall under the control of any other Power. Occasionally, however, ambitious Russian ministers seriously considered in secret the project for a sudden descent with a landing force to seize in time of peace the heights

of the Bosphorus in the neighborhood of Constantinople. One of these occasions was in the winter of 1896-97.

To M. Nelidov, the Russian Ambassador at Constantinople, the frightful Armenian massacres caused a revulsion of feeling in Europe against the Sultan and anarchic conditions in his capital which seemed likely to afford Russia a good opportunity to make a bold coup de main to seize the heights of the Bosphorus above Constantinople. Nelidov's plan was to despatch suddenly 30,000 troops on warships and transports from Odessa to the Upper Bosphorus and land them to seize control of the Straits, before England or any of the other Great Powers could prevent the filibustering expedition. Europe would be faced with a *fait accompli*, but the project was ultimately abandoned by the Tsar.

The Balkan Question Put on Ice 1897-1907

Soon after the abandonment of Nelidov's project, Emperor Francis Joseph visited Nicholas II at St. Petersburg. Friendly conversations took place which resulted in an important Austro-Russian Balkan agreement. It was at this time that Russia was embarking more actively on her policy of economic and political penetration in the Far East, and wished to be freed from possible complications in the Balkans. In the spring of 1897, therefore, consequent upon Francis Joseph's visit, the Austrian and Russian foreign ministers exchanged friendly notes declaring in favor of the status quo in the Balkans, and asserting their intentions to pursue "a policy of perfect harmony." Austria reserved her claims to Bosnia and Herzegovina, and expressed herself in favor of an independent Albania. The status of Constantinople and the Straits, "having an eminently European character," was not to be modified by any separate Austro-Russian arrangements. By this agreement the Balkan question was said to be "put on ice," and for a decade the tension between the rival aims of Russia and Austria was in fact somewhat relieved.

But it would be a mistake to assume, as most writers do, that Russia had abandoned, even temporarily, the consideration of her ambitions in the Near East while pressing her imperialist policy in the Far East.

The Buchlau Bargain of September 1908

A few days after signing the Convention of 1907 with England and thus relieving Russia from the danger of complications in the Middle East, Izvolski visited Vienna. He was decorated with the Grand Cross of the Order of St. Stephen, received in audience by Francis Joseph, and had a long conversation with Aehrenthal. He hinted very confidentially that he intended to solve the Straits Question in the manner desired by Russia, which was true; and he particularly assured Austria that he had not spoken of the question to the English; which was untrue. He went on to tell

Aehrenthal:

Russia has lost Manchuria with Port Arthur and thereby the access to the sea in the East. The main point for Russia's military and naval expansion of power lies henceforth in the Black Sea. From there Russia must gain an access to the Mediterranean.

Achrenthal merely remarked that it was a difficult problem, and that if the Straits Question were really opened up, Austria would want to define her attitude, adding:

I beg you to inform me in good time before the moment comes for putting the Russian plans into action, precisely as I should feel myself under obligations to inform the Russian Government in case Austria-Hungary should ever intend to annex Bosnia and Herzegovina.

Shortly afterwards Achrenthal told Conrad, the Austrian Chief of Staff, that Russia, having limited her policy in Asia, "will now take up again her Western Balkan policy and demand freedom of the Straits for Russian vessels, but not for others"; and the two discussed the annexation of Bosnia and Herzegovina as possible compensation for conceding the freedom of the Straits to Russia.- 4 Here then at Vienna, in September, 1907, in the confidential conversation of Izvolski and Achrenthal, was foreshadowed the bargain which was struck between them at Buchlau just a year later.

On 2 July 1908, Russian Foreign Minister Alexander Izvolsky sent a letter to Austro-Hungarian Foreign Minister Alois Aehrenthal and proposed a discussion of reciprocal changes to the 1878 Treaty of Berlin in favour of the Russian interest in the Straits of Constantinople and Austro-Hungarian interests in the annexation of Bosnia-Herzegovina and the Sanjak of Novi Pazar. On 14 July Aehrenthal responded with guarded acceptance of the proposed discussions. On 10 September, after long and complex discussions within the Imperial Government discussing the Izvolsky proposals to Austria-Hungary, Aehrenthal outlined a slightly different set of counter-proposals to him: he proposed that in exchange for a friendly Russian attitude when Austria-Hungary annexed Bosnia-Herzegovina, Austria-Hungary would then withdraw its troops from the Sanjak. The letter then went on to offer to discuss, as a separate matter, the Straits question, on a friendly basis. Aehrenthal proposed that should agreement on Bosnia-Herzegovina be reached, his Government would not - should the Russians subsequently propose to assert a right of their Black Sea fleet to both use and protect their access to the Mediterranean through the Bosphorus - automatically decide with the other powers to support collectively the Ottoman Empire's opposition (up to and including war) to such a proposal.

On 16 September, Izvolsky and Aehrenthal met face-to-face at Buchlovic Castle. No minutes were taken during these private meetings which lasted a total of six hours. Izvolsky accepted the responsibility to write up the conclusions of the meeting and forward them to Aehrenthal. On 21 September, Aehrenthal wrote to Izvolsky asking for this document to which Izvolsky replied two days later that the document had

been sent to the Czar for approval. This document, if it ever existed, has never been produced.

By Aehrenthal's account given by Albertini, Izvolsky agreed that Russia would maintain "a friendly and benevolent attitude" if Austria-Hungary were to annex Bosnia-Herzegovina. Reciprocally, should Russia move to open "the Straits to single ships of war", Austria-Hungary would maintain a benevolent attitude. The two agreed that a likely consequence of the annexation was that Bulgaria, which was de facto independent since 1878, would declare its formal independence from the Ottoman Empire. Austria-Hungary would offer no territorial concessions to Serbia or Montenegro, but if they supported the annexation then Austria-Hungary would not oppose Serbian expansion in the Balkans, and would support the Russian demand to revise Article 29 of the Treaty of Berlin which restricted Montenegrin sovereignty. The parties agreed that "these changes could receive sanction after negotiation with the Porte and the Powers", but "there would be no more talk of Bosnia-Herzegovina". Annexation would probably take place at the beginning of October. The original of Aehrenthal's account has not been found and so historians have had to make do with an undated office copy of the document.

On 30 September, Austria-Hungary informed Izvolsky, who was in Paris at the time, that the annexation would take place on 7 October. On 4 October, Izvolsky prepared a report at the request of the British Ambassador to France, Francis Bertie. Izvolsky stated that his position was that annexation was a matter to be settled between the signatories to the Treaty of Berlin. With the compensation of Austro-Hungarian withdrawal from the Sanjak of Novi Pazar, Russia would not consider the annexation as reason to go to war, but Russia and other governments would insist on changes to the Treaty favorable to themselves, including opening the Straits (Russia's interest), Bulgarian independence, territorial concessions to Serbia, and abolition of restrictions on Montenegrin sovereignty under article 29.

The Bosnian Crisis of 1908-1909

In Serbia the news caused great indignation and excitement. Newspaper "extras" bitterly denounced the infringement of the Treaty of Berlin and demanded preparations for a life and death struggle against Austria. Only thus could the Powers be aroused to support Serbia. Serbian Ministers assumed that war was inevitable. The Skupshtina was hurriedly called together; credits were voted for war; preparations for mobilization were made.

While Serbian Ministers protested loudly in one breath against the wicked infraction of the Treaty, in the next they suggested "autonomy" for Bosnia and Herzegovina, and "territorial compensations" for their own Kingdom. They urged the partition of the Sanjak between Serbia and Montenegro. This would connect these two Slav countries by a common boundary and form a barrier against further penetration by

Austria to the South ; it was part of the region through which the projected Danube-Adriatic railway would run, giving Serbia direct access to the sea, and cutting off Aehrenthal's projected railway to Salonica at right angles. What would the Powers do for Serbia? And in particular what would Russia, the Protectress of the Slavs, do?

Izvolski was now in great embarrassment. He feared that Aehrenthal was about to secure the advantages of Austria's half of the Buchlau bargain, before he had gotten French and English consent to Russia's half. Therefore he did not want the Serbians to stir up trouble until he had the Straits safely in his pocket. So he told the Serbians to keep quiet for the moment, and wait for a conference of the Powers:

You Serbians surely cannot be thinking of driving Austria- Hungary out of Bosnia and Herzegovina by force of arms. And we Russians, on the other hand, cannot wage war on Austria on account of these provinces. ... do not understand your state of agitation. In reality you lose nothing, but gain something—our support. I trust that the Serb people in Bosnia and Herzegovina will continue as hitherto their cultural activity for their own renaissance, and, awake as they are, it will never be possible to denationalize them.

But Izvolski soon found that in Paris he could get no effective backing for his projected opening of the Straits. Grey was absolutely opposed to Izvolski's project, which consisted in opening the Straits to Russian warships, while leaving them still closed against war vessels of the other Great Powers. Any such purely one-sided modification of existing treaties, exclusively for the benefit of the Russians, would give them in time of war "the advantage of having the whole of the Black Sea as an inviolable harbor, from which cruisers and commerce destroyers could issue, and retire at will from pursuit by a belligerent." Like Saburov thirty years earlier Izvolski wanted to have the door to Constantinople and the Black Sea bolted from the inside, so that Russia, and no one else, could open and lock it at pleasure. In vain he tried to frighten Grey into accepting his proposal by hinting that a refusal might break up the Anglo-Russian Entente.

Izvolski now began to lose all hope of securing the opening of the Straits to Russian warships after all. If he could not secure his half of the Buchlau bargain, perhaps it would still be possible to thwart Aehrenthal, by insisting that the annexation question be laid before a Conference of the Signatory Powers. Unless he succeeded in this, he would have to confess to a humiliating diplomatic defeat and a severe loss of personal prestige. Already the Pan-Slavs in Russia had begun to criticize him angrily and bitterly for being outwitted by Aehrenthal, for allowing Prince Ferdinand to assert his independence unaided instead of receiving it from the hands of the Tsar, and especially for having sacrificed the Orthodox Slavs of Bosnia to the Romanist sovereignty of the Hapsburgs.

Izvolski, therefore, in view of his weakened position at home and his failure at Paris



and London, began to pretend to the Serbians, in spite of what he had just said to M. Vesnitch in Paris, that he had never approved Austria's annexation of Bosnia. He declared that he would do everything to protect Serbian interests and secure compensation for them. He told the Serbians to avoid war for the present, but intimated to them, that, even if the annexation was allowed to stand, it need not be regarded as a final settlement. In the course of the next four months Izvol'ski's embarrassment increased. But he continued to encourage the Serbians with the hope that the Annexation Question would be submitted to a Conference of the Powers for revision, and he tried by every means to accomplish this. But it became evident that he would not be successful.

Meanwhile, excitement in Serbia, as well as among the Slavs in Bosnia and Croatia, continued to increase. Demonstrations of defiance against the Hapsburgs became more frequent. Austria, on her side, redoubled her repressive measures and made wholesale arrests of agitators and suspected traitors. The situation in Bosnia and Serbia became so threatening for Austria, that in December, 1908, Conrad, the Chief of Staff, was permitted to carry out "brown mobilization," a supposedly inconspicuous measure, by which Austrian troops were pushed up toward the Serbian frontier without disturbing the normal peace traffic on the railways. 48 This threatened a local conflict between Austria and Serbia, which might easily develop into a general European war. Russia, however, wished to avoid any armed conflict at this time, since she was as yet wholly unprepared for a general European war, and would be unable to give Serbia armed support. Neither could she count on her ally, for France

was not at all inclined to be dragged into a war with Germany over a Balkan dispute. So Russia was forced to continue to beg the Serbians to submit for the present, and to trust in the future. Guchkov, a leading member of the Russian Duma, told the Serbian Minister in St. Petersburg:

When our armament shall have been completely carried out, then we shall have our reckoning with Austria-Hungary. Do not begin any war now, for this would be your suicide; conceal your purposes, and make ready; the days of your joy will come.

Izvolksi himself was reported as saying:

Serbia will be condemned to a pitiful existence until the moment for the downfall of Austria arrives. The Annexation has brought this moment nearer, and when it comes, Russia will unroll and solve the Serbian question. Izvolksi sees that the conflict with Germandom is inevitable, but Russia's policy must be purely Slavophile.

A few days later Kosutitch noted that these were also the views of Nicholas II:

The Tsar said the Serbian sky is overcast with black clouds by this blow. The situation is frightful, because Russia is unprepared for war, and a Russian defeat would be the ruin of Slavdom. The Tsar has the feeling that a conflict with Germandom is inevitable in the future, and that one must prepare for this.

As the situation on the Serbian frontier became increasingly threatening, and as the Powers, in spite of a lively interchange of despatches, could come to no solution, Germany finally made a proposal for preserving the peace of Europe, by helping Izvolksi to extricate himself from his embarrassment, while at the same time satisfying Austria.

Germany's Solution of the Crisis

It is often said that Germany instigated Aehrenthal's annexation program in the interests of the Bagdad Railway and German imperialism. There is no truth in any such statement. As a matter of fact, Germany had not even been given a timely and definite warning by her ally of the step she was contemplating, and consequently had no opportunity to interpose a restraint until it was too late. The Kaiser did not learn of Austria's intentions until the very day of annexation.

He was highly indignant, not only that he had been kept so long in ignorance, but also at Austria's action itself. He regarded it as an unjustifiable attack on Turkey, which would be disastrous to German influence in Constantinople, threaten the Bagdad Railway, and sow suspicion in England against the Central Powers. "Vienna will be charged with duplicity and not unjustly. She has duped us in a most unheard-of fashion." He feared that this was the beginning of the partition of Turkey, and might lead to a European war. "If the Sultan in his necessity declares war, and hoists in Constantinople the green flag of the Holy War, I should not blame him." "With a

policy of this kind Austria will drive us into a dangerous opposition to Russia.“

He was afraid that if Germany did not take a stand against the Annexation, everyone would believe that it had taken place with his approval. His Ambassador at Constantinople, Baron Marschall, favored disavowing it, even at the risk of forfeiting the alliance with Austria. Biilow, however, differed from his master. Convinced that Germany must support Austria in the Balkans, lest otherwise the Triple Alliance would be weakened, he believed that Germany must uphold Austria in the step which she had taken.

The Kaiser finally accepted Bulow's point of view; but he regretted that "Aehrenthal's frightful stupidity has brought us into this dilemma, so that we are not able to support and protect our friends, the Turks, when our ally has outraged them." Biilow thereupon informed Vienna, that, "In case difficulties or complications arise, our ally can count upon us," and that Austria was to judge of what must be done in the Serbian question. But the Kaiser's feeling of irritation remained; he may have had the shrewd political instinct to realize that in thus giving a blank cheque to Austria, he was assuming a risky liability, and creating a dangerous precedent.

After proclaiming the Annexation of Bosnia and Herzegovina, Aehrenthal entered into negotiations with the Young Turks to satisfy their claims. They, like the Serbians, had at first made a loud outcry against the nullification of the clauses of the Treaty of Berlin. They assembled troops and attempted to boycott Austrian goods. But they gradually became convinced that none of the European Powers would actually go to the length of giving them armed support. In view of Germany's strong stand behind Austria, the Young Turks finally decided, on February 26, 1909, to accept the Austrian offer of compensation (money). Turkey's acceptance of Aehrenthal's *fait accompli* did not settle the question, however. It only increased the embitterment of the Serbians. Hitherto they had comforted themselves with the hope that Turkish claims, supported by the Entente Powers, could be used as a basis for forcing Austria to submit the Annexation to a Conference of the Powers, at which Serbia could at least secure "autonomy" for the provinces and "compensation" for herself. These hopes, too, were shattered, as Austria firmly refused to make concessions.

In the weeks following Austria's settlement with Turkey, the Great Powers telegraphed urgently back and forth in an attempt to reconcile Izvolski's promise to the Serbians that a Conference should be held, and Aehrenthal's steady refusal to submit the Annexation to revision. No solution was reached, until Germany finally made a proposal which eventually relieved the situation.

To avert the possibility of an outbreak of hostilities on the Austro-Serbian frontier, which seemed imminent, and to bridge the gulf between Izvolski and Aehrenthal, Germany, on March 14, confidentially proffered mediation to Russia: Germany would request Austria to invite the Powers to give their formal sanction by an exchange

of notes to the Austro-Turkish agreement, involving the nullification of Article 25 of the Treaty of Berlin, provided Russia promised beforehand to give her sanction, when invited by Austria to do so.

This proposal had a threefold advantage: it secured to Austria a recognition by the Powers of the change in the status of Bosnia and Herzegovina and deprived Serbia of legal grounds and hopes that the *fait accompli* would be overturned ; it satisfied the Entente demand that no change in a treaty is valid unless formally recognized by all who signed it; and, finally, by omitting any reference to a Conference, which might still meet to consider other Balkan questions which had been raised, it avoided humiliating Russia by a direct rejection of the Conference idea which Izvolski had been steadily demanding for months.

It let Izvolski easily out of the embarrassing blind alley into which he had strayed. Izvolski appreciated the proposal and was inclined to accept it. He "recognized the conciliatory spirit ... of this effort of Germany to bring about a relaxation of the tension." But he still hesitated to give a definite answer, as he continued to cling to the hope of a Conference and the avoidance of another diplomatic defeat. His inclination to accept the German proposal, however, was stimulated by the fact that a Russian Ministerial Council on March 17 decided that Russia was totally unprepared to support Serbia by force of arms, and also by a hint from Aehrenthal that Austria might publish the documents relating to the Buchlau bargain and thus prove the untruthfulness of the assertions which Izvolski had been spreading everywhere about the origin of the Bosnian affair. Izvolski instantly begged Biilow to dissuade Aehrenthal from any such publication, and Germany accordingly did so, suggesting to Austria that it was better to keep this trump in one's hand as long as possible. Aehrenthal was willing to accept the German mediation proposal, provided Serbia made a formal declaration admitting that the annexation of Bosnia had not infringed her rights and promising in the future to give up her attitude of opposition and protest.

Meanwhile an internal struggle was going on in Austria itself as to peace or war with Serbia. Conrad, the Austrian Chief of Staff, was again urging that the Hapsburg Monarchy should seize this favorable moment for the "inevitable" war with Serbia. By a "preventive war" now, "the dangerous little viper" could be crushed and rendered harmless for the future. Russia and Italy, he urged, were not sufficiently prepared to fight. Rumania was still loyal, and Turkey was satisfied. France and England might disapprove, but would not intervene. No such favorable moment for the reckoning with Serbia and averting the "Greater Serbia" danger was likely ever to recur, because, in the future, Russia and Italy would have reorganized and increased their armies. Austria might then have to reckon with a war on three fronts. Aehrenthal and Franz Ferdinand, on the other hand, had been inclined to peace, but Biilow feared they might at any time yield to Conrad's arguments. While morally questionable, this course of action would have localized the war and removed all possible conflict with Serbia and secured the existence of Austria-Hungary, while no other country would

have intervened.

On March 15 Aehrenthal did, in fact, advise Francis Joseph to approve the calling up of more troops and their secret transportation toward the Serbian frontier. The situation was therefore critical. To prevent an Austro-Serbian outbreak, Biilow believed it was necessary to press his mediation proposal and secure a definite answer from Izvolski. On March 21, he sent instructions to this effect to the German Ambassador at St. Petersburg:

Say to M. Izvolski that we learn with satisfaction that he recognizes the friendly spirit of our proposal and seems inclined to accept it . . . and that we expect an answer yes or no; we must regard any evasive, conditional or unclear answer as a refusal. We should then draw back and let things take their course. The responsibility for further events would then fall exclusively on M. Izvolski, after we had made a last sincere effort to help him clear up the situation in a way which he could accept.

By this Izvolski understood that he was "placed before the following alternatives: either an immediate regulation of the annexation question by an exchange of notes, or the invasion of Serbia." He consulted the Tsar and next day gave the formal affirmative answer desired. The Tsar had already telegraphed the Kaiser that he was heartily pleased that Germany's proposal had made a peaceful compromise possible.

Such were the events which soon became distorted into the legend that Germany had threatened Russia with force and humiliated her with an ultimatum. The legend was exploited in the Russian Press, spread in England by Sir Arthur Nicolson, and used by Izvolski as a means of saving his face before his critics in Russia. But it was not an ultimatum. It was an attempt on Germany's part to bridge the gulf between Russia and Austria and prevent outbreak of war between Serbia and Austria.

Before the news of Russia's yielding had reached Vienna, or in spite of it, the war party had gotten the upper hand. A Ministerial Council of March 29 finally decided to order "Yellow Mobilization" or "Mobilization B" (Balkans). This involved the full mobilization of five of the total fifteen army corps which at that time composed the Austro-Hungarian army. It was thus a "partial mobilization" for the case of a war against Serbia and Montenegro only, but was complete for the five corps involved. Conrad left the Council with the conviction that now, at last, the reckoning with Serbia, which he had so often urged, was about to begin. Serbia, however, finally heeded the warnings she had been receiving from Russia, to avoid war for the present and to trust to the future. She decided at the eleventh hour to yield to the advice of the Powers. On March 31, 1909, she made at Vienna the formal declaration which had been agreed upon by Aehrenthal and Sir Fairfax Cartwright, the English Ambassador at Vienna. The declaration included the terms:

In conformity with these declarations and with confidence in the peaceful intentions of Austria-Hungary, Serbia will replace her army, as far as concerns its organization and the location and number of the troops, to the state in which it was in

the spring of 1908. She will disarm and disband the volunteers and irregular forces and prevent the formation of new irregular corps on her territory.

Within the next few weeks the Serbian and Austrian armies were demobilized and the Annexation Crisis was relieved. But, as will be seen later, the Serbians, encouraged by Russia, did not live up to the promises which they had been forced to give, and Conrad repeatedly complained later that Germany had prevented Austria in 1909 from settling the Serbian danger in the only permanently satisfactory way, by the use of force.

It was in Russia, that the Bosnian Crisis had the most serious effects. The Pan-Slav Press was excited to a long and violent campaign against Germany, the burden whereof was that a war between Slavdom and Teutondom was "inevitable," and that Russia must consequently hasten to make preparations for it. And, in fact, it was shortly after this that Russia undertook the sweeping reorganization and increase of her army and navy which was still in progress in 1914. To Izvolski, personally, this diplomatic defeat, which he had to some extent brought upon himself, was the most bitter experience of his life. It affected his behavior all the rest of his days, filling him with a desire for revenge and for the recovery of lost personal prestige.

To the Serbians Izvolski continued to give secret encouragement, urging them to prepare for a happier future in which they could count upon Russian support to achieve their Jugo-Slav ambitions. He never really accepted the annexation of Bosnia and Herzegovina as a final settlement, but regarded it, and encouraged the Serbians to regard it, as a Serbian Alsace-Lorraine. For the liberation of these provinces all Serbs, both in Serbia and Austria-Hungary, should continue to make secret preparations. This was the policy which inspired his secret negotiations with Italy and Bulgaria in October and December, 1909, and which ultimately led to the formation of the Balkan League of 1912. All of these contemplated the possibility of changes in the Balkans which might ultimately lead to that triumph of Slavdom over Germandom which the Tsar and his Ministers had assured the Serbians was "inevitable."⁷⁸ These encouraging assurances from Russia for the future realization of the "Greater Serbia" ambitions partly explain Serbia's failure to keep the promises made to Austria at the close of the Bosnian Crisis. That Serbia from the very outset had no serious intention of living up to her new promises, but intended merely to shift the basis and method of her secret underground campaign against Austria, is seen from the following illuminating document, drawn up only a few days after the promises of March 31 were solemnly made:

Instructions of the Royal Serbian Government of April 17, 1909, to the Serbian Minister in Vienna concerning the continuation of the Great Serbia propaganda in Austria-Hungary. The Royal Serbian Government, whose foreign policy embraces the interests of all Serbdom, trusting in the support of England, France and Russia, is firmly determined to await the moment when Serbia can with the best prospects of success proceed to the realization of her legitimate interests in the Balkans and

in the whole Slavic South. Till then the Royal Government wishes to maintain with Vienna merely purely routine and scrupulously correct relations, without any political agreement of any kind. For this reason the Government will undertake no step to promote a renewal of the commercial treaty with the Monarchy; for this reason also, it must establish its national activity in the territory of the Hapsburg Crown Lands on new bases. In order that the foreign policy of the Royal Government, which embraces the whole of Serbdom, may remain intact, in spite of the above mentioned renunciation of all direct activity in Austria-Hungary, the Royal Government has placed its national propaganda in the Slavic South under the Pan-Slav national propaganda; its organization will receive its definite form in fraternal Russia July 1 of this year. Through a backing of this kind, the support of the all-powerful Government of the Russian Empire will be assured for our aspirations in decisive questions. This organization will be provided with considerable means. A new focus [of agitation] is being projected in the fraternal Czech Kingdom, around which can rally all those who wish to seek, or must seek, the salvation of their national individuality in the triumph of the Pan-Slav idea. So far as a revolutionary propaganda appears necessary it is to be cared for henceforth from St. Petersburg and from golden Prague. We shall also promote this activity through connections which in the future it will also be the business of the General Staff to maintain.

That Serbia counted confidently on Russian assistance in seizing Bosnia and Herzegovina by force in the future is further indicated by a secret circular emanating from the executive committee of a Pan-Slav Conference in St. Petersburg a few weeks later. It is addressed to the Slav organizations in the Balkans and in summary is as follows : Russia is on the point of reorganizing her army and reforming her internal administration. Until this double work of consolidation is completed, the Slav peoples must have patience and continue to trust in Russia. The Serb delegates at the Slav Conference in St. Petersburg and Moscow have been able to convince themselves on the spot that all classes of Russian society are inspired with the desire to have Russia able to take up energetically her mission as the Protectress of the Slav world.

Meanwhile all Slav peoples must unite in solidarity and work especially to increase their economic strength. They must shut out German commerce and industry from their territories by a radical boycott. As for the money needed by the Slavs of the Balkans for their military preparations, Russia will furnish this directly or procure it with the help of France and England. Certainly within two or three years at the most, the time will come when the Slav World under Russian leadership must strike the great blow.

It was this encouragement to Serbia, secretly on the part of the Russian Government and more or less openly by the Pan-Slav Press, which helped to stimulate the violent nationalist agitation among the Serbs both in Serbia and Bosnia and also among the Croats. It helped further to unsettle the unbalanced minds of pro-Serb youths

who carried out a series of attempts to assassinate Austrian officials which finally culminated in the tragic assassination of the Austrian Archduke at Sarajevo and thus led directly to the World War. Austrian Ministers were more or less aware of this encouragement and suspected that Russia rather than Serbia was the root of the Austro-Serbian antagonism.

In Germany, Billow resigned as Chancellor in July, 1909, for reasons which have already been indicated above, and was succeeded by Bethmann-Hollweg, an old personal friend of William II's university days at Bonn. Bethmann possessed much native shrewdness, a high sense of honor and honesty, and a sincere desire to preserve the peace of Europe. During the Tsar's visit to Potsdam in November, 1910, he assured Sazonov, the new Russian Minister of Foreign Affairs, that if Austria should pursue expansionist plans, which he believed would not be the case, Germany was neither "bound nor inclined to support her." Henceforth, until July, 1914, Germany, while still assuring Austria of her readiness to fulfil her obligations as an ally, repeatedly exercised a restraining influence on Austria, especially during the Balkan Wars, in the interests of the peace of Europe.

Much more often his instructions to the German Ambassador in Vienna were in the direction of holding back Austria from taking action against Serbia, from antagonizing Russia, and from other reckless measures. Sometimes Austria heeded the advice, and sometimes she did not. But to represent Germany as exercising a complete control over her ally, as so many writers have done, is altogether incorrect. It was not until after the World War began and Austria exhibited such military weakness and failure that Germany gradually assumed that complete control over her ally's destiny which popular opinion ordinarily attributes to her.

The Racconigi Bargain of October 1909

While Germany was thus working, on the whole, to restrain Austria and lessen the tension in the Balkans, Russia was actively preparing for the "inevitable" conflict between Slavdom and Germandom, which would bring about the final realization of Russia's historic mission in regard to Constantinople and the Straits, and incidentally the realization of Serbia's ambition for a "Greater Serbia" at Austria's expense. With this in view, Izvolski arranged that the Tsar should visit Victor Emmanuel at the castle of Racconigi, south of Turin, in October, 1909.

He indicated his resentment over the Annexation by ostentatiously making a wide detour to avoid stepping on Austrian soil, and the fact was widely commented upon in the Press everywhere. ⁸⁴ The important secret Russo-Italian agreement signed here by Izvolski and Tittoni begins with the usual pious wish for the preservation of the status quo in the Balkans, but goes on to state that, if this should prove impossible, as both Powers expected, they would agree to support the principle of nationality in the development of the Balkan states. The important clauses were the

4th and 5th:

4. If Russia and Italy wish to make agreements concerning the European East with a Third Power, beyond those which exist at present, each will do it only with the participation of the other.

5. Italy and Russia engage themselves to regard with benevolence, the one Russia's interests in the question of the Straits, the other Italian interests in Tripoli and Cyrenaica.

These clauses ran so counter to Izvolski's and Tittoni's solemn public and private assurances that they were kept even more closely secret than was the case with most secret treaties. Izvolski does not appear to have informed the Russian Ambassadors in Paris and London of their exact nature at once. He did not even tell M. Poincaré until after the outbreak of the Balkan War three years later, and even then he merely read the text aloud on the promise that the French Premier would not reveal it to the Cabinet or even his closest collaborators.

M. Tittoni similarly was careful that no inkling of it should reach Germany or Austria though they were Italy's allies. With characteristic duplicity, at the same time he was promising to make no agreements concerning the Balkans without Russia's participation, Tittoni was actually negotiating an agreement with Austria on the very subject. He had begun the negotiations in the preceding June, by proposing to Austria "an agreement that neither of the two states without the knowledge of the other should make an agreement concerning the Balkans with a third state." A week before the Racconigi meeting Tittoni wished to add more definitely that Italy and Austria should "agree not to conclude agreements with Russia without the participation of one another." Then he signed the Racconigi agreements. A few days later, nevertheless, Italy signed an agreement with Austria, behind Russia's back and in total disregard of the Racconigi promise, embodying essentially the proposals which Tittoni had been negotiating since June. To such deceit toward both Russia and Austria did Italian ambitions for Balkan and African territory lead M. Tittoni and the Italian Government! Racconigi betrays the same morality on Italy's part as in the agreements with France in 1902.

The Racconigi Agreement, which contemplated the possible partition of Turkey and the satisfying of Russia's ambitions in regard to the Straits, also served admirably another of Izvolski's purposes—that of tending to draw Italy away from the side of the Triple Alliance to that of the Triple Entente, or at least of neutralizing Italy as a "deadweight" in the Triple Alliance. Along with his Racconigi policy, Izvolski undertook to consolidate the Balkan States into a solid block under Russian guidance and protection. Hitherto the greatest obstacle to harmonious action by the mutually jealous Balkan Powers had been the fact that Serbia, Bulgaria, and Greece all made claims to the greater part of Macedonia, which was still in constant ferment under Turkish misrule. This obstacle could be overcome if Serbia abandoned some of her

claim to Macedonia in favor of Bulgaria, and was promised compensation out of territories belonging to the Hapsburg Monarchy, when this should finally be disrupted, either by the death of the aged Emperor Francis Joseph, or by the disintegrating influence of the restless nationalities under Hapsburg rule.

At Constantinople an active newly-arrived Russian Ambassador, Charykov, appeared to be working for an entente or league between Turkey and the Balkan States, which might greatly increase Russia's influence in the Balkans and form a barrier to "the advance of Germanism."⁷ But Charykov had little chance of success with the Turks, who were suspicious of Bulgaria, Serbia, and Greece, all of whom coveted Turkish territory. With Bulgaria, however, Russia opened negotiations for a secret military convention, extending the scope of the secret treaty of 1902 by which Russia undertook to protect Bulgaria against attack by Rumania.

Russia's Racconigi Agreement with Italy and negotiations with Bulgaria and Serbia did not mean, however, that she intended any immediate warlike solution of the Balkan problem. They were merely part of that "preparation for the future," which was Russia's policy until she had finished reorganizing her army and navy, and had succeeded in winning more definite assurances from France and England for support of her Balkan ambitions. (So no war as long as Russia has not rebuilt its military, but war was already seen as inevitable) In the words of the Russian ambassador in Paris wrote to Izvolski in February 1910:

An agreement of this sort, concluded for a certain number of years, would leave the Balkan States at perfect liberty, both in regard to their internal development as well as to their mutual relations, which they might develop in every possible way. At the same time Russia would be placed in a position which would enable her to develop her military forces in all security and to prepare herself for those events which cannot be avoided. In the meantime the further evolution of the Ottoman Empire would be clearer—the problems would mature, and we should be able to meet the events that are to be foreseen much better equipped than otherwise.

Similarly M. Nekliudov relates that in 1911, when he was received by the Tsar before taking up his post at Sofia, Nicholas II said to him, "after an intentional pause, stepping backwards and fixing me with a penetrating stare: 'Listen to me, Xekliudov; do not for one instant lose sight of the fact that we cannot go to war. I do not wish for war; as a rule I shall do all in my power to preserve for my people the benefits of peace. But at this moment, of all moments, everything which might lead to war must be avoided. It would be out of the question for us to face a war for five or six years—in fact till 1917. . . . Though if the most vital interests and the honour of Russia were at stake, we might, if it were absolutely necessary, accept a challenge in 1915; but not a moment sooner—in any circumstances or under any pretext whatsoever.' "

As Mr. Lowes Dickinson justly observes: "Had this remark been the Kaiser's instead of the Tsar's, all our war historians would have been citing it as a definite proof of

the guilt, and the sole guilt of Germany.

Izvolski's Effort to open up the Straits in 1911

Izvolski had made two futile and unfortunate efforts to realize his ambition of opening the Straits to Russian warships. The first was made during the negotiations for the Anglo-Russian Convention of 1907, and the second in the Buchlau Bargain of 1908. Both had failed on account of opposition from Sir Edward Grey and lack of support from the French. But in the fall of 1911, Izvolski believed that the European situation invited a more successful effort.

When he learned from Tittoni in September, 1911, that Italy, stirred by the establishment of the French protectorate in Morocco, and taking advantage of the various secret promises made to her by the different Powers, was about to seize Tripoli, he believed that the favorable moment had come to cash in his part of the Racconigi Bargain. On learning of Italy's intended action, Izvolski immediately wrote to Neratov on September 26, recalling the Racconigi secret agreement, rejoicing in the embarrassment which Italy would cause for Germany and the Triple Alliance, and urging that the moment had come "to draw the greatest possible advantages for our own interests from the approaching events." Now was the time, while Turkey was weakened by war with Italy, to force the Young Turks to settle such questions as the railways in Asia Minor, the Turco-Persian boundary, and above all the question of the Straits.

Izvolski at once saw Tittoni at Paris, "to remind him of the conditions on which we promised on our side to recognize Italy's freedom to action in Tripoli," and to beg him that "Italy, at the moment when she was proceeding to carry out her program in Tripoli, should give us assurances in return that she would not forget in the future to fulfill the parallel obligations undertaken by her in regard to our rights to the Turkish Straits." Tittoni answered affirmatively and promised Izvolski precise written assurances. Having written to Neratov initiating a revival of the Straits Question, Izvolski went on a vacation to his family at Tegernsee in Bavaria. M. Neratov at once fell in with Izvolski's idea. He despatched instructions to Charykov at Constantinople to take advantage of the circumstances of the Turco-Italian War, the Franco-German Moroccan negotiations, and the very feeble character of the new Grand Vizier, to open conversations on the subject of Asia Minor railways, and, if Charykov deemed it wise, on the question of the Straits (and certain other subjects) on the following basis:

The Imperial Government engages to give the Ottoman Government its effective support for the maintenance of the present regime of the Straits of the Bosphorus and the Dardanelles, extending it also to the territories adjacent. To facilitate the execution of the above clause the Imperial Ottoman Government engages on its side not to oppose the passage of Russian warships through the Straits, on condition that



these ships do not stop in the waters of the Straits unless by agreement.

Charykov was also informed that the plan was, first to secure the assent of Turkey, and to reserve the right to make explanations to the Powers concerning this modification of international treaties. Charykov therefore saw the Grand Vizier, Said Pasha, discussed with him all the subjects suggested by Neratov, and handed him a letter containing the proposal for opening the Straits and for settling other questions. The clause referring to Russian support in the Straits and “also the territories adjacent“ had an ominous sound. It threatened to reduce Turkey to the position of a dependent vassal of the Tsar at a moment when Turkey was helplessly involved in war with Italy. The Grand Vizier therefore resorted to the usual Turkish dilatory tactics in dealing with disagreeable demands. For several weeks he evaded a definite reply, telling Charykov that he was delayed by having to consult other Ministers.

M. Charykov also confided his proposal to the French Ambassador in Constantinople. M. Bompard thought it opportune, but shrewdly suggested the need of getting England’s assent, and telegraphed to Paris. The French Government was much alarmed, and at once inquired in St. Petersburg about the meaning of Charykov’s confidences to Bompard. Neratov and Izvolski were now faced with the very delicate task of securing the assent of the Powers to this modification of international treaties concerning the Straits. With Italy and Germany this was easy enough. Italy needed Russia’s diplomatic support in putting pressure upon Turkey to cede Tripoli. Tittoni quickly gave to Izvolski a definite promise, written down at Izvolski’s own dictation, and guaranteed the Italian Government’s approval. Germany also gave her full assent ; Bethmann-Hollweg and his Secretary for Foreign Affairs, Kiderlen, shrewdly calculated that England would object anyway, and that there was, therefore, no occasion for Germany to offend Russia needlessly. For Germany to object would simply be pulling the chestnuts out of the fire for the British.

Austria also, influenced by Germany, was ready to give her consent, qualifying it only with a reservation which would protect Austria from an attack by the Russian Fleet. With France and England, however, the task was much more delicate. M. Justin de Selves (the French diplomat) was cautious, sincere, and honest, and did not want to be precipitated into a rash promise which might encourage France's ally to risky Balkan adventures or which might displease the friend of France across the English Channel. He therefore quickly got into touch with Downing Street. He learned from Paul Cambon that news had reached London, by way of Italy, that Charykov had made an official request at Constantinople, and that England took the same stand as in 1908: England was ready to see the Straits opened, provided they were opened to the warships of all nations alike, but not if they were opened only to Russia, thus converting the Black Sea into a potential Russian naval fortress.

On November 4, Izvolski finally sought "to nail France down" to a written promise, while de Selves was in a pleasant mood of relief at the conclusion of long negotiations with Germany, and before the inexperienced Minister should have time to get advice from England or elsewhere about the problem of the Straits. In his letter to M. de Selves, Izvolski complimented him on the Morocco settlement "to which Russia would give her full and complete agreement," and coaxingly "expressed his firm hope that at the moment at which France, the friend and ally of Russia, is proceeding to establish her position in North Africa on a new and firm foundation, the French Government, to which the Imperial Cabinet has unceasingly given its most sincere diplomatic support, is ready on its side to assure us that it recognizes our liberty of action in the Straits as well as in North China, and will not deny its assent to the measures which we might be put in a position to take for the safe-guarding of our interests and strengthening of our position there." Even to M. de Selves these honeyed words must have seemed hypocritical, since Russia's diplomatic support in the Agadir Affair had been nil and whatever success France had secured in the negotiations with Germany had been chiefly due to British support and to M. Caillaux's efforts.

M. de Selves, however, was not to be taken in so easily. His suspicions of the Russian Ambassador are indicated by the fact that he inquired at St. Petersburg whether Izvolski had written the letter on his own initiative or upon instructions from Neratov. He was shrewd enough to consult Sir Edward Grey again, and learned that England had no intention of approving a Russian guarantee of "the status quo of the Straits and the territories adjacent," which went far beyond Izvolski's proposal of 1908. Grey gave Russia "a dilatory reply." He approved the noncommittal reply which de Selves proposed to make verbally to M. Izvolski as "very wise and conceived in the same spirit of courtesy and prudence as that which he [Grey] has made to the Russian Ambassador."

While Sir Edward Grey and M. de Selves, by polite but dilatory answers, were saving themselves from being nailed down in advance to definite support of an indefinite program, events had been taking place at Constantinople which also contributed to

Izvol'ski's chagrin. After Charykov had tried in vain for weeks to secure an answer from the Grand Vizier, Said Pasha, he turned to the Turkish Minister of Foreign Affairs. On November 27, he officially presented to Hassim Bey a note embodying Russia's request for opening the Straits and settling other points. Hassim Bey was furious. He feared that Russian warships in the Bosphorus would mean Russian domination at Constantinople, the establishment of a Russian protectorate over the Turkish Empire, or even the beginning of its final dismemberment. Russia had destroyed the independence of Persia and was preparing the same fate for Turkey.

In his peril and perplexity, Hassim Bey hurried to inform his good friend the German Ambassador. "The great blow has just been struck us," were his first words to Baron Marschall. He then proceeded to tell of Charykov's demands, and to pour out all his fears and indignation against Russia, and against the Triple Entente which he suspected (quite wrongly) was standing behind Russia. He pleaded at great length with the German Foreign Office to aid Turkey in resisting Russia and he was told that Germany would not oppose the opening of the Straits because there was little doubt that England would oppose it, and that Germany would only be playing England's game and offending Russia needlessly.

Rumors of Charykov's negotiations had meanwhile leaked out and caused no less indignation among the Young Turks and in the Turkish Press than Hassim Bey had expressed to Baron Marschall. On December 6, the *Jeni Gazette*, though it usually inclined to favor England, published a leading article to the effect that, "The Russians want to degrade the great and glorious Turkish Empire into a province standing under a Russian protectorate, but the Ottomans will never tolerate this." Hassim Bey was further encouraged to resist Charykov's demands on learning that Sir Edward Grey had told the Turkish Ambassador in London that "Russia's step seems to me out of place at this moment," and that the assent of all the Signatory Powers would be necessary. As a result of the attitude of England, France and Turkey, it began to be clear that Izvol'ski's idea could not be realized at the moment.

He seems to have come to the conclusion after this that there were only two ways to open the Straits; either by pouncing upon them in time of peace, or as the result of a general European war. On several occasions between 1912 and 1914 Russian Ministerial Councils seriously considered the first alternative only to abandon it as impractical. So there was left only the second alternative, a general European war. To prepare for this Izvol'ski worked persistently and consistently during the two following years, and, when at last it suddenly burst forth, was said to have claimed exultingly: "C'est via guerre!" (This is my war!)

Russia and the Balkan League

Five centuries of Turkish oppression, combined with the rising tide of nationalism in the nineteenth century, had inspired the Christian peoples of the Balkans with

a passion for national unity and independence. By the year 1911, owing to the progressive decay of the Ottoman Empire, long steps had already been made toward the realization of their ardent hopes. Greece, Serbia, Bulgaria and Rumania had been constituted into independent kingdoms. But there were thousands of Greeks, Serbs, Bulgarians and Rumanians, not to mention Macedonians and Albanians, still living under the foreign rule of Turkey or Austria. They, too, longed to be liberated and united with their brothers in the independent kingdoms. The supposedly democratic revolution in Turkey, and Austria's annexation of Bosnia and Herzegovina in 1908, for a moment seemed to indicate that these two States were showing signs of rejuvenation and that the day of Slav liberation was likely to be delayed.

But the impractical ideals of the Young Turks and their foolish disregard of traditional rights and prejudices only resulted in antagonizing more completely the non-Turkish elements, and in weakening still further the decaying Empire which Abdul Hamid's skill and ruthless methods had managed to preserve. The Tripolitan War gave it another staggering blow, and led directly to the formation of the Balkan League, which finally drove the Turks almost completely from Europe.

During the early months of the Tripolitan War various Russian representatives were pursuing three quite different Balkan policies—a striking example of lack of unity and discipline in the Russian diplomatic service. They all wanted to take advantage of Turkey's difficulties with Italy to strengthen Russia's position in the Balkans and in Europe, but they had altogether different ideas of how this must be done. Izvol'ski, with the cooperation of Neratov and Charykov, had tried to open the Straits to Russian warships, and had failed. Meanwhile Charykov, on his own initiative, had at the same time been renewing his efforts for the formation of a Balkan League of which Turkey (!) should be a member. He had offered his "good offices" to Said Pasha and Hassim Bey to bring about close relations between Constantinople, Sofia and Belgrade. Such a league might be used to preserve the status quo in the Balkans, and to support Russia in a war against Austria. It would reduce Turkey to a kind of vassalage to Russia, because Turkey would be dependent on Russia for protection from the Balkan States.

While the policies of Izvol'ski and Charykov were doomed to failure, a third policy, ardently pursued by Hartwig and Nekliudov in Belgrade and Sofia, ripened into success. They aimed at the formation of a Balkan Slav League under Russian patronage, nominally for the preservation of the status quo, but capable of being directed against Turkey or Austria. Active Russian efforts to create such a league had been made from time to time ever since the Young Turk Revolution and the Austrian annexation of Bosnia in 1908 but failed. The idea of a Slav Balkan League was galvanized into life again by the news of Italy's war on Turkey in September, 1911.

M. Geshov, the Bulgarian Premier and Minister of Foreign Affairs at the time, has given a dramatic and authentic narrative of his part, how he heard the news of the Tripolitan War at Vichy, hurried home to Sofia via Paris and Vienna, having

interviews with de Selves and Aehrenthal, returned to Vienna for secret conferences with King Ferdinand and with Milovanovitch of Serbia, and finally, in a three-hours' talk between stations in a railway compartment outlined a Balkan Agreement to him. It was in the course of this interview, after they had touched upon the thorny question of the future division of Macedonia, that the Serbian Premier exclaimed:

Ah! Yes! If, at the same time with the liquidation of Turkey, the disintegration of Austria could take place, the solution would be enormously simplified: Serbia would get Bosnia and Herzegovina, as Rumania would get Transylvania, and we should not have to fear the intervention of Rumania in our war with Turkey.

But M. Geshov's narrative tells relatively little of the part played by Russia in the long and difficult negotiations which followed. These two Russian Ministers at Belgrade and Sofia worked indefatigably to smooth out the mutual jealousies and suspicions of the Serbian and Bulgarian Ministers toward one another, and to help them in the almost superhuman task of reaching an agreement as to the division of spoils to be conquered from Turkey. At the same time they kept Neratov fully informed of each step forward in the negotiations. Finally, on March 13, 1912, Serbia and Bulgaria agreed on a Treaty and signed it.

By this Treaty of March 13, 1912, Serbia and Bulgaria mutually guaranteed each other's territory and independence, and agreed to support one another in case any of the Great Powers should attempt to acquire by force, even temporarily, any territory in the Balkans. This protected Serbia against any attempts of Austria to reoccupy the Sanjak of Novi Bazar or to seize the parts of Macedonia and Albania coveted by Serbia. Serbia had hoped in the early negotiations that the alliance would be primarily directed against Austria. On taking charge of the Foreign Office again at the beginning of 1912, M. Sazonov found the Serbo-Bulgarian Treaty well on the way to completion. Negotiated during his absence, and containing a clause for rigid secrecy, he did not know whether he ought to inform the other members of the Triple Entente of it. Though professing to preserve the status quo, and giving Russia a kind of veto on making war (at least so he said), he appears to have realized that it might easily encourage the Balkan States to a war which in turn might involve Russia and her French Ally.

For a moment in February, 1912, he apparently thought of engaging France in a full discussion of the new aspect of the Balkan problem. He drew up a questionnaire as a basis of discussion: what should France and Russia do in case of an internal Turkish revolution, an Austrian attack on Albania or the Sanjak, or an outbreak of war between Turkey and one of the Balkan states? He showed it to M. Georges Louis. But the French Ambassador was again exceedingly cautious and saw great dangers ahead. "These are the greatest questions," he wrote M. Poincare, "with which Russia can face her ally." "It would be better for us to consent to discuss them in academic conversations, than to risk being drawn along in Russia's wake by the rapidity of events, without being able to discuss either her action or to set forth our conditions.

. . . For M. Sazonov as for M. Izvolski, it is neither in China nor in Persia, but in the Balkans that Russia will direct at present her principal political effort.“

Sazonov drew back and did not bring up again for discussion his questionnaire, and evaded all French efforts to draw him out as to what he had had in mind. It was not until Poincare visited St. Petersburg in August, 1912, that he learned for the first time the full text of the Serbo-Bulgarian Treaty, and exclaimed in alarm “*Mais c’est Id une convention de guerre!*,” (But this is and agreement for war) exactly the expression which Nekliudov had used when forwarding the document to St. Petersburg. M. Poincare was indignant that the details of a treaty, likely to lead to war in the Balkans and arranged under Russia’s patronage, had been so long withheld from France by her Ally. As he noted at the time:

I did not conceal from him [Sazonov] that I could not well explain to myself why these documents had not been communicated to France by Russia. . . . The Treaty contains the germ not only of a war against Turkey, but a war against Austria. It establishes further the hegemony of Russia over the Slav Kingdoms, because Russia is made the arbiter in all questions. I observed to M. Sazonov that this convention did not correspond in any way to the definition of it which had been given to me; that it is, strictly speaking a convention for war, and that it not only reveals mental reservations on the part of the Serbs and Bulgarians, but that it is also to be feared lest their hopes appear to be encouraged by Russia, and that the eventual partition will prove a bait to their covetousness.

Nothing better characterizes the Serbo-Bulgarian Treaty than these words of the French Premier, unless it be what he himself said a week after the outbreak of the Balkan War:

It is certain that she [Russia] knew all about the Serbo-Bulgarian Treaty, and, far from protesting against it she saw in this diplomatic document a means of assuring her hegemony in the Balkans. She perceives today that it is too late to wipe out the movement which she has called forth, and, as I said to MM. Sazonov and Izvolski, she is trying to put on the brakes, but it is she who started the motor.

The Balkan Danger and the Powers in 1912

Though M. Poincare, with his characteristic quickness and accuracy of judgment, was quite correct in his view of the dangers latent in the Serbo-Bulgarian Treat’, he and M. Sazonov took no immediate steps to consult with the Powers to avert an outbreak of war in the Balkans. He merely told M. Sazonov that public opinion in France would not allow the French Government to take up arms for Russia over a purely Balkan question—so long as Germany did not intervene. In this latter case, Russia “could certainly count on France for the accomplishment of her exact and entire obligations“ as an ally. He confidentially informed Sazonov of the secret

Anglo-French “verbal agreement in virtue of which England has declared herself ready to aid France with all her naval and military forces in case of a German attack.” He discussed the new Franco- Russian Naval Convention, and urged Sazonov to try to make a similar convention with Sir Edward Grey for the cooperative action of the Russian and English navies.

After returning to France, though now fully aware of the impending danger of war in the Balkans, M. Poincare made no proposals to avert it until September 22. Even then he consulted only with the two other members of the Triple Entente, being ever anxious to preserve Entente solidarity and to get concerted agreement to proposals which could then be notified to the Triple Alliance Powers for their acceptance or rejection. This tended to sharpen the division of the Great Powers into two hostile groups, whereas Germany, and also Sir Edward Grey and Sazonov, for the most part, took the broader and wiser stand of desiring to have the Powers act collectively and in concert, in order to prevent a possible conflict between the Triple Entente and Triple Alliance.

At times, to be sure, M. Poincare asserted his solicitude for collective European action. Thus, on August 28, he told the German Charge d’Affaires that “his policy aimed that the Triple Alliance and Triple Entente should not seek to range themselves on opposite sides, but should work for the establishment of the European Concert.” This sounded well. But did his acts correspond to his words?

On this same August 28 he telegraphed to London, “It seems to me desirable that an Entente should take place between France, England and Russia so that completely harmonious advice can be given at the Sublime Porte.” Two days later he emphasized both at London and St. Petersburg: “It remains understood that the concert of the three [Entente] Powers is necessary for every collective action.” In contrast to Poincare’s policy of “Entente Solidarity,” Count Berchtold (Diplomat of Austria-Hungary) proposed on August 13 that all the Great Powers enter collectively into a discussion, with a view to securing reforms from Turkey and restraining the Balkan States from disturbing the status quo. Count Berchtold was thus the first of the European diplomatists to propose collective European action in view of the increasing tension between Turkey and the Balkan States, although he had no such definite knowledge of the explosive material hidden in the secret Balkan Treaties as had Sazonov and Poincare. But Berchtold’s proposal was so vague, both in its wording and in his own mind, that it did not commend itself to any of the Powers, and was later pushed aside when M. Poincare took the initiative out of Count Berchtold’s hands.

Finally, on September 22, M. Poincare took the initiative by proposing to England and France a formula for restraining the Balkan Powers, which the Triple Entente should agree upon and then present to Germany and Austria for acceptance. Izvolski told him that he feared that this procedure would not receive the assent of Sazonov nor of England, “because it emphasized the division of Europe into two groups.” M.

Poincaré replied that it could be kept secret, and, after some modifications to please England and Russia, secured an accord with them: the Entente Powers were to invite Germany and Austria to agree to join in advising the Balkan States not to disturb the peace, and warning them that, even if they broke it, they would not be allowed to make territorial gains.

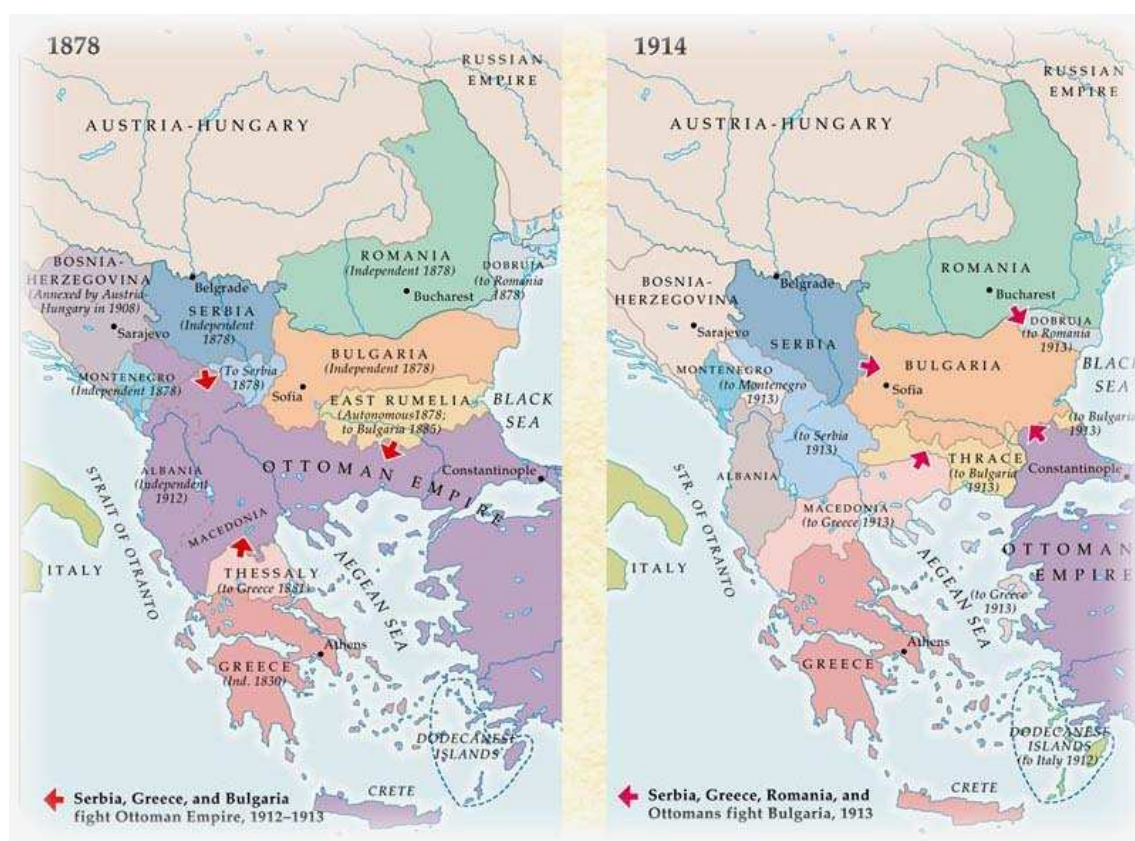
On September 28, M. Jules Cambon broached the subject to M. Kiderlen-Wachtel at Berlin and found a cordial reception. The only remaining question seemed to be who should assume the ungrateful office of making the announcement to the Balkan States. M. Kiderlen suggested that Russia and Austria should act in the name of the Great Powers, and his suggestion was adopted. But there were further delays due to objections raised by Russia and England. On October 7, the assent of all the Great Powers was finally secured, and the next day Russia and Austria issued the agreed warning to the now highly excited Balkan States.¹⁵⁴ It was too late. On this very day, October 8, Montenegro declared war on Turkey and was speedily joined by the other Balkan Allies.

The Balkan Wars of 1912-1913

When Bulgaria, Serbia, and Greece joined Montenegro in war upon Turkey in October, 1912, they quickly astonished themselves and the world by the rapidity and completeness of their victories. The Greeks occupied Salonica, the Bulgarians marched victoriously to the defensive forts outside Constantinople; and the Serbians swept over the whole upper valley of the Vardar, the Sanjak of Novi Bazar, and the northern part of Albania. This gave them at last an outlet on the Adriatic. Only the Turkish fortresses of Adrianople, Janina, and Scutari held out against the victorious allies.

The Serbians were greatly elated by these conquests which doubled their territory and seemed to foreshadow the possibility of the early realization of their "Greater Serbia" ambitions at Austria's expense. They were actively encouraged by Hartwig, the Russian Minister at Belgrade. He was said to have declared to his Rumanian colleague that Serbia could not possibly renounce her outlet on the Adriatic; Serbia must be the Slavic advance-post in the Balkans, and must annex Bosnia, Herzegovina, and the South Slav districts of Hungary; Rumania, he hinted, had better look out for her interests in the same way and annex Transylvania.

There was little doubt that Russia was energetically supporting the Serbian claim to Northern Albania and ports on the Adriatic. Reports came from St. Petersburg that the Pan-Slav and militarist party of the Grand Dukes was using pressure upon the peace-loving Tsar to resort to war, if necessary, on Serbia's behalf. To Austria and Italy, as well as to the Albanians themselves, the extraordinary and unexpected victories of the Serbians were most unwelcome. Though the Albanians, numbering less than two million, were still in a relatively primitive state of civilization, and di-



vided into hostile quarreling groups of varying religious affiliations- Roman Catholic, Greek Orthodox, and Mohammedan—they scouted the idea of coming under the rule of the Serbians. They had no mind to exchange the Turkish for a Serbian yoke.

Both Austria and Italy urged the establishment of an Albanian State, though under different forms and for different reasons. Allies, yet rivals, both were in favor of creating Albania as a means of excluding Serbia from the Adriatic, which both aspired to dominate. But both were extremely jealous and suspicious of each other. Both had sought secret support from Russia for the exclusion of the other from all influence in Albania. These two jealous Powers differed, however, as to the details of the desired Albanian principality. Austria wanted a completely independent Albania, either under a native chieftain, or under some other ruler whom Austria could more or less control and influence. She hoped to find in a newly created Albania an ally against Serbia on the east and a check upon Italy on the west. Austria therefore desired that the new state be as strong as possible, and that it should include Ipek, Djakovo, Dibra, and Prizren, as well as Scutari and Janina. “An Albania without Scutari, Janina, and Prizren, would be a body without a heart and stomach.” An Albania of such size and strength as Austria desired would deprive Serbia of part of the fruits of her unexpected victories, and also tend to check the dangerous “Greater Serbia” movement in the future.

Italy, on the other hand, did not want too strong an Albania, where Italy had political, commercial, and military ambitions. Italy wanted to control the harbor of Valona, build a railway across the mountains to Salonica, and check the northern advance of Greek influence. In possession of Brindisi on one shore of the Adriatic, and in control of the Albanian coast on the other, Italy aspired virtually to close up the Adriatic into an Italian lake. Italy was satisfied merely to have the Serbians shut out from the coast. Rather than give Albania wide frontiers and a prince who might be under Austrian influence, Italy preferred leaving the region under nominal Turkish suzerainty, with a governor appointed by the Great Powers and assisted by a gendarmerie under Swedish, Spanish, Swiss, or Belgian officers.

By the end of November, this Albanian question, together with all the other rivalries and suspicions which had been accentuated by the Balkan War, began seriously to threaten the peace of Europe. Russia, in spite of some wavering on Sazonov's part, inclined to back the Serbians in their actual possession of Northern Albania, and Austria and Italy were determined to support the Albanian chieftains in their opposition to Serbia. Russia began mobilizing part of her forces against Austria. Austria had already made preparations for war against Serbia, and was believed to have mobilized three army corps in Galicia against Russia. On December 7, Conrad, the head of the Austrian militarist group, was reappointed to his old position as Chief of Staff. Russia, however, drew back when the risk of war became imminent. Poincaré, who had warned Russia from a too risky support of Serbia on his visit to Russia, before the Balkan Allies had won their great victories, now encouraged Russia to take a stiff stand. He saw that the new Balkan Alliance was virtually equivalent in strength to a Great Power.

With this on the side of Russia, the prospects were highly favorable for French revanche, if Austria should attack Russia, and thus involve France and Germany in a general war. He counted on Italy's doubtful loyalty to the Triple Alliance, and he hoped for England's armed support to the Triple Entente, in view of the exchange of notes which had just taken place between Paul Cambon and Sir Edward Grey in London.

Peace between the Great Powers, however, was preserved, thanks largely to efforts of the English and German Governments. Concessions were made on all sides. On December 16, the London Conference of Ambassadors accepted Sir Edward Grey's compromise proposal for an independent Albania whose boundaries were to be determined later. Like most compromises, this satisfied neither of the two states most directly interested in the fate of the unhappy little country. Serbia felt very bitterly at being deprived of the fruits of her victories and her long hoped-for economic outlet on the Adriatic. Deprived by the Great Powers of territory which she had expected to get in this direction, Serbia quite naturally felt she had a right to ask Bulgaria to revise the terms of the Serbo-Bulgarian Treaty, and to give her some of Macedonia south of the line from Mt. Golem to Lake Ochrida. Bulgaria refused. This eventually

led to the second Balkan War, when Bulgaria made her sudden treacherous attack upon Serbia at the end of June, 1913.

Austria also complained bitterly that nearly everything which occurred in connection with Albania in the months following the adoption of Sir Edward Grey's proposal was done in opposition to her wishes and was prejudicial to her interests. This was either because the majority of the Conference took sides against her in favor of Serbia, Russia, and Italy ; or because the Serbians and Montenegrins acted in defiance of the decisions of the Powers, by placing *faits accomplis* before the Conference, which the latter was unwilling or unable to remedy. The most notorious and grotesque case of the kind was the way in which King Nicholas of Montenegro snapped his fingers in the face of the Powers and their international fleet and continued the siege of Scutari, which the Conference had assigned to Albania.

Although the Albanian compromise averted the danger of an immediate war between the Great Powers, it remained a highly disturbing factor in Balkan politics until it disappeared into relative insignificance at the outbreak of the World War. It was indirectly the cause of the fratricidal Serbo-Bulgarian conflict of June, 1913, and it led to a new Austro-Serbian crisis in the following November. When Bulgaria suddenly attacked Serbia in the quarrel over Macedonia, and started the Second Balkan War (June 30-August 10, 1913), she was speedily crushed. Rumania and Greece seized the favorable opportunity to settle their grievances against her by joining forces with Serbia. Even Turkey returned to the attack to recover the Thracian territory which she had just lost. Attacked on four sides, and already exhausted by her efforts during the First Balkan War, Bulgaria was quickly forced to beg for peace and sign the Treaty of Bucharest.

This deprived her of a large part of her recent conquests from Turkey and some of her own former territory which was ceded to Rumania. It increased the power of her Balkan rivals, and left her isolated and embittered. Henceforth she was eager to gain the support of Austria or Russia—whichever offered her the best prospect of overthrowing the Bucharest Treaty. But she had forfeited the confidence of every one. Russia hesitated to ally with her for fear of antagonizing Serbia, and Austria hesitated similarly for fear of offending Rumania. Serbia came out of the Balkan Wars greatly increased in power and prestige, and fired with a renewed self-confidence and determination to realize her ambition of a "Greater Serbia." She had nearly doubled her territory, and increased her population from three to nearly four and a half millions. There were soon rumors that Serbia and Montenegro might merge together, as the first step in the formation of "Greater Serbia." The next step would be to take Bosnia, Herzegovina, Dalmatia, and the other South Slav districts belonging to Austria-Hungary.

These dangerous and reckless territorial ambitions, which were taking stronger and stronger hold of all Serbians, even of their greatest leader and Prime Minister, M. Pashitch, are reflected in the remark which he made to his Greek colleague, M. Politis,

as they finished dividing up the spoils of the Second Balkan War at the Bucharest Peace Conference: "The first round is won; now we must prepare the second against Austria."

It would be a mistake, however, to think that M. Pashitch intended "the second round" against Austria immediately. Cooler reflection told him that before proceeding to this, it was necessary to consolidate the gains in Macedonia and to make more certain of Russian support. Hence his visit to Russia in January, 1914, to ask for a marriage alliance between the Serbian Crown Prince and the Tsar's daughter, as well as for "120,000 guns and ammunition and some few cannon, especially howitzers."¹⁸¹ Although M. Pashitch was willing to await the favorable moment, this was not the feeling of many nationalist Serb youths and especially of the Serbian military officers of the secret "Black Hand." Highly elated by their recent victories, they looked forward with increasing eagerness and impatience to the day, so often promised by Russia, when the great Slav Empire of the north would be ready to help them in the "inevitable" struggle between Slavdom and Germandom, and the final creation of a "Greater Serbia" at the expense of the Hapsburg Empire.

In proportion as Serbia was elated and strengthened, Austria felt discouraged and weakened in power and prestige by the results of the Balkan Wars. Though she had taken no part in them, and lost no territory, her position was seriously undermined. Her subject nationalities grew more restless and more accessible to subversive propaganda. Rumania was becoming a less reliable ally, and Serbia a more certain and active enemy. The ever-present friction and distrust between Italy and Austria had been increased, and the danger that Austria might one day have to fight a war upon four fronts—Italian, Serbian, Rumanian and Russian—had become more threatening. Realizing these increased dangers, the militarist party at Vienna again seriously considered whether Austria ought not to deal at once with the Greater Serbia danger.

Germany's Warning to Austria July 1913

When Bulgaria treacherously attacked Serbia at the end of June, 1913, and began the short but disastrous Second Balkan War, Berchtold at first adopted a reserved "wait and see" attitude, which accorded with his own hesitating nature and the wishes of Germany and Italy. ¹⁰⁵ But he did not intend to tolerate any further great increase of Serbian territory, in spite of the moderating counsels of the German Ambassador in Vienna. In Berchtold's view by writing a telegram to the German ambassador:

The South Slav question, that is to say, undisturbed possession of the provinces inhabited by South Slavs, is a vital question for the Monarchy as well as for the Triple Alliance. The Monarchy's South Slav provinces could not be held if Serbia became too powerful. As to that, all competent opinions here agree. The Monarchy might accordingly possibly be compelled to intervene, in the event of Serbia inflicting a crushing defeat on Bulgaria in conjunction with Rumania and Greece, and annexing

tracts of country in excess of the territory of Old Serbia, or something approximating to that. Serbia cannot be left in possession of Monastir, in any case.... her only object was to safeguard her South Slav possessions, which of course included Trieste.

This telegram arrived at Berlin while Bethmann- Hollweg and Jagow, the German Secretary of State, were absent at Kiel at the Kaiser's annual yachting festival, at which the Italian King and Queen, accompanied by their Minister of Foreign Affairs, San Giuliano, were also present, Zimmermann, the Under-Secretary at Berlin, forwarded the telegram to Kiel, with the moderating German comment:

For the moment there hardly seems to be any ground for special nervousness on Vienna's part, because one can scarcely talk as yet of the danger of a Great Serbia. Our business should be to exercise a quieting influence on Vienna, and see that she keeps us regularly informed of her intentions and takes no decisions before hearing what we have to say.

Meanwhile Berchtold had become increasingly nervous. He therefore telegraphed to the Austrian Ambassadors in Berlin and Rome on July 4, expressing much the same views as in his conversations with the German Ambassador quoted above, and particularly urging that Austria's two allies should "make representations at Bucharest to hold off Rumania from further steps against Bulgaria." Bethmann refused to do this, and made it clear, as he had often done before, that the way to prevent Rumania from falling upon Bulgaria was for Austria to exert energetic pressure at Sofia to induce King Ferdinand to satisfy King Carol's justifiable demands for territorial compensations. For Berchtold's edification Bethmann added the further sapient observations and effective warnings:

Austria-Hungary from the outset declared that in the present Balkan crisis she is striving after no territorial conquests. She has defined her interest as to the outcome of the Balkan War to the effect that Serbia must not reach the Adriatic, and that a viable Albania must be delivered.... I can therefore only express the hope that the people, in Vienna will not let themselves be upset by the nightmare of a Great Serbia, but will await further developments from the Serbo-Bulgarian theatre of war. Only insistently can I warn against the idea of wanting to gobble up Serbia, for that would simply weaken Austria.

This speedy and decisive warning from Germany on July 6 effectually deterred Berchtold and Conrad from rashly entering upon any reckless adventure which would have endangered the peace of Europe.

Intrigues over Kavala in 1913

The Second Balkan War, resulting in the conquest from the Bulgarians of Kavala by the Greeks and of Adrianople by the Turks, led to some very interesting diplomatic intrigues which illumine the methods of pre-War diplomatists. They throw a curious

light on the support—or rather lack of support—which allies give one another when their own selfish interests are involved. In fact, the Kavala question caused such an internal split within each diplomatic group, that in the resulting Franco-Russian newspaper recriminations the *Novoe Vremia* demanded a revision of the Franco-Russian Alliance; 178 and, similarly, the *Vienna Neue Freie Presse* regretted sorrowfully the hitherto incredible “rift and serious weaknesses” in the Austro-German Alliance, “which for more than thirty years had rooted itself in our consciousness like an oak tree in its soil.”

Kavala was a Macedonian walled town and seaport situated about half-way between Salonica and the Dardanelles. Its tolerably good harbor was the best port available for the Bulgarians on the Aegean. It was near the center of a rich agricultural region where millions of dollars worth of the best Turkish tobacco was produced annually. Aside from Turks and Spanish Jews, its population was predominantly Greek, though the hinterland was predominantly Bulgarian. Greeks and Bulgarians both coveted it. In the first Balkan War the Bulgarian armies got there first and occupied it. But in the following war between the Balkan States. Bulgaria was attacked on all sides and had to yield it up to the Greeks. On both occasions the usual unspeakable atrocities were committed.

As to the final fate of Kavala. it soon appeared that the Great Powers held very divergent views. Austria and Russia, usually diametrically opposed on Balkan matters, were both very anxious to give it to Bulgaria. Berchtold and Sazonov therefore began intrigues in which their methods were precisely analogous and parallel, but in which their objectives were altogether different. Germany and France, on the other hand, were equally insistent that Kavala should go to Greece. England and Italy, less directly interested, were at first inclined to give it to Bulgaria, but both soon acquiesced in letting the Greeks stay in the coveted seaport, because, as Sir Edward Grey observed, “it would be difficult to drive the Greeks out.”

Berchtold, by trying to secure Kavala for Bulgaria, hoped to set up a stronger counter-weight to Serbia, now so swollen in size and conceit by her conquests in two Balkan Wars. So Berchtold, at the beginning of the Bucharest negotiations, secretly promised Kavala to the Bulgarians, without informing Germany as a frank and loyal Ally should have done. For this concealment he was very properly and severely reproached by Germany when the truth came out a little later.

Sazonov used all his efforts at the Bucharest Peace Conference to get Kavala restored to the Bulgarians. But he did not at once inform his French Ally of the importance which he attached to this policy. He did, however, secure from the Russian treasury, at the suggestion of Izvolski and the French Minister of the Interior, a second sum of 100,000 francs with which to bribe the French Press, stipulating that the money was to be used for propaganda in favor of Russia's Balkan interests as well as in favor of the new law increasing the French army. But the Turks were reported by the Russian financial agent in Paris to be spending much more generously for bribery

in the opposite direction—five million francs, with 100,000 to La Libre Parole alone. France did not support Sazonov's Kavala policy, and the Franco-Russian newspaper feud, mentioned above, burst forth. Izvolski naturally complained: "This incident is for me personally extremely painful."

Why did Germany and France fail to support their respective allies in this Kavala question? The Kaiser's philhellenism was strengthened by his annual spring visit to Corfu and the building of the Achilleion. He might also naturally be expected to give political support to his brother-in-law. King Constantine did not hesitate to capitalize his imperial connection as far as possible. On July 31, at "Tino's" direction, "Sophy" telegraphed to "Willy," begging him to put in a good word with King Carol of Rumania on behalf of the Greek claims to Kavala. Whereupon the Kaiser telegraphed to King Carol in restrained and considerate terms: "Can you do anything about Kavala? I should regard the question sympathetically. Hearty congratulations and good wishes on your successes.—Wilhelm." Much more important than these personal considerations, however, was the German Government's hope that German support of Greek claims to Kavala would counteract Gallophil influences at Athens and draw Greece more definitely into the wake of the Triple Alliance, thus securing Greek strategic and diplomatic support in the Eastern Mediterranean and Asia Minor. This at the moment seemed quite possible.

As to French policy, according to M. Poincare, who cites the highly selective and relatively meager French Yellow Book on the Balkan Wars, "The preoccupation of France was always the same—to put an end to a war which might become general; she took the side of Greece against Bulgaria, that is in this case of Germany against Russia, solely in the hope of preventing a renewal of hostilities." But in reality, French policy in the Kavala question was dictated also by the traditional policy of France of friendship for Greece, by the French instructors loaned to drill the Greek armies who were supplied with French guns, and by the large investments of French in Greek loans and in the tobacco monopoly in the Kavala region (which the Bulgarians had threatened to confiscate if it came into their possession), all of which tended to make French public opinion philhellenic. But above all, according to Izvolski, it was dictated by "the fear that Germany would gain the upper hand in Athens," that French interests in the Near East would suffer, and that France must get the strategic support of the Greek navy against the rival power of Italy in the Mediterranean.

The Austrian Ultimatum to Serbia of October 18, 1913

In the summer of 1913, after the First Balkan War and the decision to establish an independent Albania, the London Conference of Ambassadors agreed to create three commissions which, it was hoped, would help bring into existence an Albanian state capable of life and survival. One commission was to delimit the southern frontier between Albania and Greece, another the northern one toward Serbia and

Montenegro, and the third, the Commission of International Control, was to attempt to administer Albania until the Great Powers could find and agree upon an acceptable Prince for the country.

The representatives of the six Great Powers soon tended to divide into three groups corresponding to the political attitude of their superiors in London. The French and Russian delegates took every occasion to favor the Greeks, Serbians and Montenegrins, while the Austrian and Italian were bent on giving Albania the widest extent possible. Between these two extreme groups, whose bickerings over picayune trifles several times threatened to break up the work of the Commissions altogether, the English and German Commissioners tried to find satisfactory compromises, and at the same time conscientiously reach decisions which accorded with the facts on the spot and the instructions they received from London.

Owing to the delays of the Commissions in fixing the Albanian boundaries and to the mutual enmity of Serbians and Albanians, a frontier conflict broke out. Serbian troops reoccupied Albanian territory. The Albanians, upon this provocation, took revenge by attacking and routing a Serbian detachment. Serbia then mobilized part of her army. The Serbian Press demanded a punitive expedition and the occupation of a considerable part of Albania. In view of the fact that Serbian troops persisted in remaining in occupation of Albanian territory, Berchtold and the Austrian Chief of Staff, Baron Conrad, again considered what more drastic measures they ought to take.

Conrad, as usual, insisted that Serbia must be dealt with once and for all, before it was too late, especially as Rumania was falling away from Austria and coming under Russian and French influence. Count Tisza, the all-powerful Magyar leader, who had become Hungarian Minister-President on June 6, 1913, though recognizing the Serbian danger, was inclined to trust to diplomatic action. He agreed that the London Conference had brought nothing but disillusionment, and therefore favored having Austria-Hungary strike out an independent policy of her own. Tisza hoped that the anti-Austrian Balkan group—Serbia, Montenegro, Rumania, and Greece—could be offset by winning over Turkey and Bulgaria, who were on the point of coming to terms with one another. In contrast to the clear-cut program of Conrad for military action, and that of Count Tisza for diplomatic action, Count Berchtold, the Minister of Foreign Affairs, had no definite idea of what ought to be done. He was finally inclined to think that some concession to Serbia in regard to the Albanian boundary might be given for the moment, and that military preparations should be made for the future, with the hope that in the meantime the general diplomatic situation might improve.

The result of the discussion was that no definite decision was taken, except the adoption of proposals in regard to finance and a small army increase to be laid before the Delegations the following November. In spite of the fact that the Serbians had burned several villages and massacred Albanians in the neighborhood of Dibra,

so that the population was in flight toward the coast, Berchtold contented himself on October 14 with an "amicable request" to Serbia to withdraw her troops from Albania and respect the decisions of the London Conference, within a date which Serbia herself might fix. Sazonov and Pichon also advised Pashitch to withdraw his troops at once.

But the Serbian Prime Minister did not follow this good advice, possibly because he may not have received it in time, or more probably because he was being influenced by the ardent Pan-Slav Russian Minister, Hartwig, and by subterranean pressure from the secret society of Serbian military officers known as the "Black Hand." On the contrary, Pashitch replied to Austria that the withdrawal of Serbian troops would depend on future conditions in Albania, where the anarchical state of affairs endangered the safety of his own peace-loving subjects. He even asked the London Conference to revise its former decisions, and assign some new strategic positions to Serbia. At the same time, Montenegro, to whom a new loan had just been authorized by the French Government, occupied Albanian territory, and was reported to be on the point of ordering a general mobilization against the people whom the Great Powers were supposed to protect and govern. It was again rumored that Montenegro was about to merge with Serbia toward the formation of a "Greater Serbia." It looked to Vienna as if Serbia, Montenegro, and Greece were seriously intending to reoccupy the unhappy distracted country and present the impotent Powers with a new fait accompli.

Meanwhile Berchtold informed Germany of the situation, reiterated that Albania's existence was necessary as a barrier against the Slav advance to the Adriatic, and declared that further acquiescence would be an abdication on Austria's part. He therefore expressed "the hope that Germany, who herself has a great interest in damming back the Slav flood, would stand morally solid behind Austria in this matter; because, as far as one could see, it would only be a question of moral support, since neither Russia nor France wanted war.

Suddenly, in the middle of the night of October 17-18, Berchtold, gratified at Germany's moral support but without saying anything further to her, and influenced by the latest reports concerning Albania, despatched an ultimatum to Belgrade. It insisted that Serbia respect Albanian territory and withdraw her troops within eight days; "otherwise Austria would be forced, with regret, to have recourse to the proper measures to secure the realization of her demands." Berchtold's unexpected exhibition of decisive energy took all Europe aback with surprise. To Sazonov it caused much chagrin, because, as he claims to have foreseen would be the case, Austria won an easy diplomatic victory. But he not unjustly complained of Berchtold's "policy of surprises," which her allies were unable to prevent.

At Belgrade Pashitch and Hartwig learned of the ultimatum with rage and dismay, especially as it was soon followed by strong warnings from all the Great Powers, now suddenly awakened to the possible danger of serious complications, that Serbia

should respect the decisions of the London Conference. Even Rumania added her warning. So Serbia decided at once to yield, and gave orders to her troops to evacuate the occupied Albanian territory. "I do it," said Pashitch, the Serbian Premier, "not under pressure of Austria, but out of regard for the friendly advice of Russia."

These events of 1913 in connection with Albania help to explain Austria's course of action, under much greater provocation, in July, 1914. The decisions of the London Conference had brought her little or nothing, in her own opinion, except disappointments and illusions. Its delays and ineffectiveness in protecting Albanian interests, when defied by the Montenegrins at Scutari and the Serbians at Dibra, explain to some extent why Austria was absolutely unwilling, after the murder of Archduke Franz Ferdinand at Sarajevo, to submit her latest grounds of complaint against Serbia to another Conference of the Powers. "The course of the London Conference was so horrible to recall to memory, that all public opinion would reject the repetition of such a spectacle."

The Rumanian Riddle

The very secret treaty of 1883, by which Rumania joined the Triple Alliance Powers, had been renewed at various times, the last occasion being on February 5, 1913. During the early years of the treaty, Austria and Germany had no serious fear that Rumania would ever fail to fulfil her treaty obligations. King Carol, a Hohenzollern educated in Germany and sympathetic in his whole being with the German point of view, was universally regarded as an honest, upright man, whose personal loyalty was trusted up to his very death in October, 1914.

But by 1914 the situation had greatly altered. King Carol remained as loyal as ever. Sentiment among the Rumanian people, however, had changed so greatly that Austria, and to some extent Germany, began to be seriously worried as to whether King Carol's personal prestige would be strong enough to carry his country with him. He was after all a constitutional monarch. Anti-Austrian popular sentiment in a parliamentary democracy might override the monarch's personal preference. Three factors had contributed toward the development among the Rumanians of a hatred toward Austria, which threatened to undo the alliance: (1) the Magyar policy toward Transylvania, (2) the Austrian policy toward Bulgaria, and (3) the Russo-Serb wooing to win Rumania away from the Triple Alliance to the side of the Triple Entente.

The Rumanians in Transylvania were refused a fair number of seats in the Hungarian Chamber of Deputies, and their nationalistic desires in regard to school and language questions had been blindly disregarded. The second factor which embittered the people of Rumania, and threatened to transfer Rumania from the side of the Triple Alliance to that of the Triple Entente, was Austria's attitude toward the Bulgaro-Rumanian conflict which arose out of the First Balkan War. By their astonishing

victories over Turkey in the first weeks of the war, Bulgaria, Serbia and Greece had occupied wide stretches of territory, which vastly extended their frontiers and greatly increased their prestige, power, and population. Rumania, meanwhile, had maintained a dignified neutrality, remaining at peace with Turkey, while her rivals were growing strong. Her people therefore were swept in the spring of 1913 by a new wave of irredentist nationalism and indignation. When Rumania finally threatened to mobilize against Bulgaria, in order to secure the coveted territory, Austria tried to hold her back.

This restraint which Austria exercised, or rather tried to exercise, upon King Carol weakened and isolated the King still more among his own people. "King Carol is following Austria's advice for peace in Bulgaria's interests," it was said. The popular pressure became so strong that the King finally had to yield to public opinion. He joined Serbia and Greece in the Second Balkan War against Bulgaria, and secured her coveted "compensations"—a generous slice of Bulgarian territory south of the Dobrudja, stretching from Silistra on the Danube to Constanța on the Black Sea. Rumanian nationalistic aspirations and irredentist ambitions were strongly stirred by this short successful war. As the French proverb says, "L'appetit went en mangeant." As a result, Austria-Hungary now found herself seriously menaced by a "Greater Rumania" movement, which aimed at the ultimate detachment of the Rumanians in Transylvania, just as the "Greater Serbia" propaganda aimed at detaching the Serbs in Bosnia and other parts of the Dual Monarchy.



Figure 7.7: Map of the Balkan region in 1913.

In December King Carol himself finally admitted to the Austrian Minister at Bucharest, that public feeling was such that, "to his great regret, he was not in a position to

be able to guarantee to fulfil the existing secret treaty between Rumania and the Dual Monarchy.“ By his double-faced and futile policy of pretending to support the interests of two opposed states like Rumania and Bulgaria, Berchtold had fallen between two stools. He had lost the confidence and good-will of the one before he had secured that of the other. This “desertion“ on Rumania’s part was one of the most important facts in Austrian foreign policy in the spring of 1914.

Russia meanwhile was taking advantage of the situation to win Rumania over to a seat beside the Triple Entente and form a new Balkan group under Russian patronage to replace that which had been broken up by Bulgaria in the Second Balkan War. Though the Tsar ruled over Rumanian populations in Bessarabia, Russian ministers at Bucharest sought to divert Rumanian irredentist ambitions away from Bessarabia to Transylvania. Russia had shrewdly used her influence on the side of Rumania to secure for her the “compensations“ in the Treaty of Bucharest. 221 Rumanians noted with gratitude that, in contrast to Austria’s “perfidious“ effort to bring about a revision of the Treaty, Russia had finally joined with Germany in preventing a revision. Russia’s purpose in winning Rumania as part of her preparation for a general European war is well indicated in Sazonov’s secret report to the Tsar in December, 1913:

While repeating my wish for the prolongation as far as possible of the status quo, it is also necessary to repeat that the Straits Question can hardly advance a step except by the favor of European complications...These complications, to judge by present circumstances, would find us in alliance with France, and in a possible but not at all assured, alliance with England, or at least with her as a benevolent neutral. In the Balkans, in case of European complications, we could count on Serbia, and perhaps on Rumania. From this there results clearly as the task of our diplomacy the creation of conditions for as intimate a rapprochement as possible with Rumania.

Early in 1914 Russia took further steps to win Rumania. She promoted a Scrb-Greek-Rumanian combination, which, while ostensibly aiming at peace and the preservation of the status quo in the Balkans, might be used by Russia to solve the Straits Question at a time of “European complications.“ It also fell in with Russia’s policy of supporting Serbia against Austria. In order to bring about such a combination, Sazonov had long interviews with the Serbian and Greek Premiers, M. Pashitch and M. Venizelos, in February, 1914. M. Pashitch also had an encouraging and significant talk with the Tsar, of which he has left an interesting account:

The audience lasted a full hour. The Tsar received me in his cabinet. When I entered, the Tsar was already there and at my entrance he came to meet me at the door, stretched out his hand without waiting for my greeting and invited me to be seated. ... I set forth the Serbian policy which amounts to this, that she desires the maintenance of peace in the Balkans, and that new complications be avoided, since Serbia needs peace in order to recuperate, and in order that she may arm herself afresh for the defense of Serbian national interests. I also set forth

the difficulties which Serbia will have to meet in the pursuit of her peaceful policy. Bulgaria, Turkey, and Austria are dissatisfied: Turkey because she lost in the war with the Balkan States; Bulgaria because she could not retain or acquire all that she wished; and Austria because she lost the prospect of an advance to Salonica. . . . Thereupon the Tsar answered: We have confidence in the new Rumanian [Bratianu] Government, that it will attach itself as closely as possible to Russia...The Tsar said that would be very good, and that Rumania had three and a half million co-nationals in Austria-Hungary and that these desired union with Rumania... The Tsar inquired how many Serbo-Croats lived in Austria-Hungary, and what they were now believing and desiring. I replied about six millions, and told him where they lived. I also told him of the Slovenes, that they, too, were gravitating to the Serbo-Croats, and would adopt the Serbo-Croatian language, owing to the fact that their dialect is bad and that they have long lost their national independence...He asked how many soldiers Serbia could put into the field. Serbia, said the Tsar, had astonished the world when she marched out 400,000 men. I replied: We believe that we can put half a million well clothed and armed soldiers into the field. "That is enough; that is no trifle; one can go a great way with that" [said the Tsar]...Upon my taking leave, the Tsar accompanied me to the door and asked me especially and repeatedly to present greetings to the King, not only from himself, but also from the Tsarina and his family, and wished him good health: "For Serbia we shall do everything; greet the King for me and tell him [in Russian] : For Serbia we shall do everything."

While thus protesting to the Tsar his desire for peace, M. Pashitch, it is to be noted, asked for "120,000 rifles and munitions and some few cannon"; he spoke of the Slavs in Austria-Hungary "who now comprehend that their salvation can come only from Russia and Serbia, and who can scarcely wait". Austria's reaction to this meeting is as Conrad states:

The result of the conference here, according to my informant, is a complete agreement of views as to the future attitude of the three States, though Rumania has not entered into any binding engagements. . . . Undoubtedly Russia wants a new Balkan League, and is working in this direction at high pressure.

As a further link to bind Russia and Rumania together the Tsar invited the Crown Prince with his wife and son, Prince Carol, to visit Russia. They started on March 27, 1914, and stayed three weeks. One of the objects in view was believed to be the possibility of arranging a marriage between Prince Carol and one of the Tsar's daughters.

After this, Sazonov concluded the Rumanian situation: "Rumania is not bound by any obligation which would force her to act with Austria and against us under all circumstances, but, in reality, in case of war between us and Austria-Hungary, Rumania will take the side which will be strongest and which will be in a position to promise her the greatest gains."

Baron Conrad, while willing to agree with any measures which aimed at winning back Rumania, or making her declare her position more definitely, either for or against Austria, had his staff work out plans for a campaign against Rumania. He advised the building of defensive fortifications on the Rumanian frontier, or better still, a preventive war against Serbia, which would rid Austria once and for all of the Greater Serbia danger and clarify the general political situation. But his advice was not followed, because Emperor Francis Joseph, Archduke Franz Ferdinand, Count Tisza, and the German Emperor were all opposed to any steps which might further antagonize Rumania.

In the hope of winning back Rumanian sentiment in favor of Austria, Berchtold also sent Count Czernin as Minister to Bucharest in October, 1913. After reaching Bucharest he made it a point to express publicly his hopes that the Hungarian Government would make concessions in the negotiations which Tisza was then carrying on. He earnestly tried to carry out Berchtold's instructions to secure better relations between the two countries who were allies in form, but were becoming enemies in fact. But in a few months Czernin realized that his mission was hopeless. He found that King Carol stood almost alone in his sympathy with the Triple Alliance. The treaties which attached his country to Germany and Austria had been kept so secret that they were known only to the King himself, to the Premier, M. Bratianu, and to one or two others. No other Ministers knew of them or felt bound by them, so that it often happened that Rumanian diplomats abroad worked on the side of the Triple Entente. So seriously did King Carol feel his own weakness in the face of Rumanian popular sentiment, that he admitted to Count Czernin in December, 1913, that "under existing circumstances he would be unable to side with Austria in a war."

As to a preventive war against Serbia, urged by Conrad, Czernin was not one of those who, like Tisza, argued that a war with Serbia was useless and undesirable because Austria-Hungary was already oversaturated with Slavs; no one, to be sure, wanted any more Serbs in the Dual Monarchy, he said; but after a successful war against Serbia, it would be possible to use Serbian territory to win the good-will of the other Balkan states; Greece and Bulgaria could be given what they wanted in Macedonia; Albania could be rounded out to the east; and Rumania be given the Timok-Njotin district, a corner in northeast Serbia partly populated by Rumanians.

Another suggestion by which Austria might offset the probable loss of Rumania was that Austria should follow Russia's example, and build up a Balkan League under her own patronage to balance the feared Serb-Greek-Rumanian league under Russian patronage. Bulgaria and Turkey, smarting from recent defeats and eager for support, might be brought together by Austria and be eventually drawn into the Triple Alliance circle to make up for Rumania's "desertion." In other words, Austria might shift the pivot of her Balkan policy from Bucharest to Sofia. Such a Bulgarophil diplomatic program had already been attempted by Berchtold during

the Balkan Wars; but it had met with no success and had caused serious differences of opinion between Vienna and Berlin. In the spring of 1914, it was taken up again at Vienna and a long memorandum for its accomplishment had been worked out at the moment that Franz Ferdinand was assassinated at Sarajevo.

The Liman von Sanders Affair

The European diplomatic world was a small one, composed of no more than a few hundred men, almost all aristocrats, most of whom knew each other to varying degrees. Between the gossip mill and ubiquitous espionage networks, it didn't take long for news to circulate—so it was only a matter of time before word got out about the appointment of a German officer, Liman von Sanders (above), to command the Turkish First Army Corps guarding Constantinople. It wasn't uncommon for Europeans to train and sometimes even command the troops of second-rank powers, but von Sanders' mission far exceeded the usual scope of these arrangements: By placing a German in charge of the Constantinople garrison, the Turks were effectively giving Germany control of the capital and the Turkish straits—a move sure to anger the Russians, who hoped to conquer Constantinople and the straits themselves in the not-too-distant future.

The “Liman von Sanders Affair,” as it was soon known, began in earnest on November 10, 1913, when the Russian foreign minister, Sergei Sazonov, instructed the Russian ambassador in Berlin, Sergei Sverbeev, to tell the Germans that the von Sanders mission, would be regarded by Russia as an “openly hostile act.” In addition to threatening Russia's foreign trade, half of which flowed through the Turkish straits, the mission raised the possibility of a German-led Turkish assault on Russia's Black Sea ports (not to mention imperiling Russia's devious plans for expansion in eastern Anatolia).

While the von Sanders mission was troubling to Sazonov, he also understood that the Germans couldn't simply back down for reasons of prestige. Thus the Russian foreign minister sought a solution that would allow them to withdraw and still save face. On November 18, the Russian premier, Count Vladimir Kokovtsov, who happened to be visiting Germany, paid a visit to Chancellor Bethmann-Hollweg and suggested that von Sanders be given a different assignment, preferably somewhere other than Constantinople.

In the end, the affair was settled peacefully, von Sanders became an inspector of Turkish forces in Constantinople and not a military officers with the authority to command the forces.

Sazonov's Plans for Preparedness

Russia could never permit the Straits to pass into the hands of any other Power, as they had been in danger of doing when the Bulgarians advanced to the outposts of Constantinople in 1912. Therefore Sazonov and the other Russian Ministers must concert plans of preparedness to seize the Straits, in case of European complications which he feared might occur at any moment. The Straits in the possession of a strong State would mean that the economic development of all South Russia would be subjected to it. From Sazonov himself:

He who possesses the Straits will not only hold the keys of the Black Sea and the Mediterranean; he will have also the key to the penetration of Asia Minor and the hegemony of the Balkans....Returning to the political aspect of preparedness, one must again repeat that an early dissolution of Turkey could not be desirable for us, and it is necessary to do everything possible, through diplomacy, to postpone such an outcome. [M. Sazonov then indicated the principal questions to be discussed: (1) the accelerated mobilization of an adequate expeditionary force; (2) the preparation of the lines of communication necessary for this mobilization; (3) the increase of the Black Sea Fleet so that it will surpass the Turkish Fleet, and be able to force the Straits and occupy them temporarily or permanently, if necessary; (4) the increase of naval transports; and (5) the construction of strategic railways in the Caucasus.] Renewing the wish expressed above for the prolongation as far as possible of the status quo, it is also necessary to repeat that the question of the Straits can hardly be advanced a step except through European complications.

The Tsar approved Sazonov's report, and the discussion by various Ministers, as proposed, took place on January 13, 1914. The Admiralty Staff suggested several measures for the immediate strengthening of the Black Sea Fleet: speeding up the construction of vessels already being built; the purchase of Dreadnoughts abroad, and the prevention of their purchase by Turkey; and the preparation of plans for the combined action of the Baltic and the Black Sea Fleets against Turkey.

Meanwhile, on January 5, 1914, Sazonov drew up a memorandum for circulation among the other Ministers to serve as a basis for discussion at the Special Council. It summarized the Liman von Sanders negotiations and indicated clearly Sazonov's desire, "if possible, to prevent the conflict becoming more acute, as a European war might result," but at the same time his determination to resort to "measures of compulsion" and a threat of force as a bluff to secure a diplomatic victory, and his readiness, if necessary, "to take prompt steps to translate the threat into action"—provided he could feel sure of British and French support. He told the Tsar on January 9 that he believed a firm stand on Russia's part would probably have the desired effect on Germany and Turkey, "but the risk of serious European complications must undoubtedly be kept in view." Sazonov feared particularly that England and Germany might come to some separate solution of the Liman von Sanders affair

by changing the status of Admiral Limpus, and then Russia would be left alone to face Germany.

On January 13, 1914, just as the Liman von Sanders Affair was about to be given a satisfactory solution, the Special Conference, which M. Sazonov had proposed several weeks earlier, finally met under the chairmanship of the Premier and Minister of Finance, M. Kokovtsev. There were present only the most important officials : the Ministers of War (Sukhomlinov), Navy (Grigorovitch), Foreign Affairs (Sazonov), the Chief of Staff (Zhilinski), and a couple of recording secretaries from the Near East Division of the Ministry of Foreign Affairs. M. Kokovtsev wished to put the brakes on any hasty aggressive action. Before proceeding to discuss measures of compulsion, he begged to lay stress on two matters of primary importance:

1. The German Government is looking for a way out of the situation created by Russia's demands. In this connection the Berlin Cabinet points to the necessity, in the interest of a satisfactory solution of the question, of Russia's avoidance of any categorical declaration, of the character of an ultimatum to Germany.

2. The negotiations with the Berlin Cabinet, which have now been going on for two months, should be continued until the Russian Government is convinced that it is impossible to attain in this manner the object indicated.

M. Kokovtsev also pointed out that even the measures of compulsion ought to be taken only "in closest association with the other Powers of the Triple Entente. M. Delcasse has assured Sazonov, in the name of the French Foreign Minister, that France would go as far as Russia may wish." but they were uncertain about Britain. M. Kokovtsev was of the opinion that any measures of compulsion such as the occupation of Asia Minor territory "would inevitably be followed by war with Germany, and put the question: "Is war with Germany desirable, and can Russia wage* it?" In reply, Sazonov agreed with Kokovtsev "that in principle a war with Germany would be undesirable;" as to whether Russia could wage it, Sazonov "did not consider himself called upon to decide this." But "the Minister of War and the Chief of Staff declared categorically the complete readiness of Russia for a duel with Germany, not to mention one with Austria. Such a duel is, however, hardly likely; those Powers would be much more likely to have to deal with the Triple Entente."

This categorical statement of the Russian militarists disposes of the argument that Russia did not want war in 1914 because they did not think her preparations were sufficiently complete. M. Kokovtsev finally summed up the sense of the meeting to the effect that negotiations were to be continued at Berlin to secure General Liman's removal from the command of troops in Constantinople; if it became quite clear that the negotiations would fail, measures of compulsion might be applied, if the Entente Powers were in agreement; but "Should Russia not be assured of the active participation of France and England in common steps with Russia, it does not seem possible to adopt measures of compulsion which might lead to a war with Germany."

It was to secure the closer support of England, which was necessary to enable Russia to carry out her ambitions in the Near East, which made Sazonov redouble his efforts in the spring of 1914 to get more definite and binding obligations from Sir Edward Grey in the shape of an Anglo-Russian Naval Convention. Negotiations for this were soon begun, but had to be dropped when news of them leaked out.

While not desiring war with Germany and preferring a diplomatic victory, Sazonov was nevertheless quite ready to adopt measures which would probably lead to war with Germany, provided he was sure of the support of the Entente. He was ready to use a threat of force, and "to translate the threat into action," if the threat did not prove to be an effective bluff. This was his attitude in July, 1914, and it led to war. In January, 1914, it did not lead to war, because Germany made timely conciliatory concessions in the Liman von Sanders Affair, and because M. Kokovtsev used his influence to prevent any over-hasty provocative action on Russia's part. This Conference reveals sharply the contrast between Kokovtsev's moderate, conciliatory, and restraining influence on the one hand, and, on the other, the dangerous policy of military pressure urged by Sazonov and the military and naval officials.

Although the Liman von Sanders Affair had been happily settled in January, 1914, M. Sazonov, continued his examination of preparedness plans, and even took up again the discussion of the aggressive project for a sudden seizure of the Straits by an armed landing force, which had been seriously contemplated in 1896 and 1912, but in both cases postponed because of lack of preparations. At another Special Conference on February 21, 1914, presided over by himself, and including military and naval experts and also M. Giers, the active and aggressive Russian Ambassador at Constantinople, Sazonov called attention to his report of December. 5, approved by the Tsar: "that it was necessary to proceed without delay to the preparation of a program, elaborated in every direction, which should aim at the assurance in our favor of the historic question of the Straits."

According to Sazonov, the diplomatic situation seemed not unfavorable for landing an armed force to seize the Straits, even though it might lead to a collision with the Triple Alliance. But General Zhilinski, the Chief of Staff, "expressed the conviction that the struggle for Constantinople would hardly be possible without a general European war," in which case the troops which it was proposed to send to seize the Straits would be needed on the Western Front against Germany. Russian generals agreed that "The only good strategy is strong strategy. The war on our Western Front would demand the utmost application of all the forces of the State, and we could not dispense with a single army corps to be left behind for special tasks. We must direct our energies to ensuring success in the most important theatre of war. With victory in this theatre, we should secure favorable decisions in all secondary questions."

After a long discussion of the technical details involved, the Conference decided to recommend to the Tsar a series of preparatory measures. These included increas-

ing the strength and rapidity of mobilization of the expeditionary landing army; the gathering and subsidizing of adequate naval transports provided with sufficient collapsible horse-boxes and small boats for speedy embarkation and disembarkation; the increasing of the Black Sea Fleet by a second squadron of most modern and powerful battle cruisers, if possible, by the purchase of ships abroad; and the building of more strategic railways in the Caucasus, in order to speed up mobilization there, as a necessary part of "the measures required in preparation for our offensive on the Bosphorus." The minutes of this Special Conference were laid before the Tsar on April 5, and received his entire approval.

Summary

We may now sum up very briefly the main Balkan Problems. The origin of the trouble lay in the progressive decay of the Ottoman Empire, which was no longer able to maintain control over the Christian subject nationalities. These had become filled with a natural desire for political freedom and national unity. But, owing to the events of past history, considerable sections of these peoples still lived under Turkish or Hapsburg rule, and could not fulfil their nationalistic aspirations except by the further disintegration of Turkey and the partial dismemberment of Austria. Hence the Balkan Wars of 1876-78 and 1912-13. Hence also the antagonism between Austria and Serbia, which grew steadily more acute, because each had a vital interest at stake Austria to preserve her very existence as a State, Serbia to satisfy twentieth century ideals of political liberty and national unity.

As Turkey declined in power, Russia and Austria became increasingly jealous of each other's influence in the Balkans, Russia wishing to achieve her "historic mission," and Austria to prevent the danger threatening to her from too great Slav power on her southern frontier. Bismarck and the League of the Three Emperors, and later Russia's venture in the Far East, for many years prevented this rivalry from disturbing the peace of Europe. But with the ambitious aims of M. Izvolski and Count Achrenthal the rivalry became acute through the outcome of the Buchlau Bargain. Achrenthal succeeded in annexing Bosnia and Herzegovina, while Izvolski failed to open the Straits, because Austria had the support of Germany, but England was unwilling to accept Izvolski's one-sided proposal to open the Straits to Russian warships but not to those of the other Great Powers. Though the Annexation Crisis was settled without war, thanks to the solution proposed by Germany, it increased the antagonism between Austria and Serbia on the one hand, and between Austria and Russia on the other. Henceforth Russia encouraged Serbia to prepare for the future, when, aided by Russia, she could achieve a "Greater Serbia" at Austria's expense. Until Russia was ready, however, Serbia was to wait.

Having made the Racconigi Bargain with Italy, and believing that he could count on the support of the Triple Entente, Izvolski took advantage of the Tripolitan War to

make a third diplomatic effort to open the Straits by means of the Charykov negotiations with Turkey. But again he failed largely on account of lack of support from France and direct opposition from England. Henceforth he came to the conclusion that his aim could be achieved only in connection with a general European war, and used all his efforts to strengthen and tighten the Triple Entente for this "inevitable" conflict.

Meanwhile MM. Neratov, Hartwig, and Nekliudov had used the unrest caused in the Balkans by the Tripolitan War to help bring about the Balkan League, its nominal purpose being the preservation of the status quo, but its practical effect being an encouragement to the Balkan States to open war on Turkey. Though the Great Powers, especially England and Germany, managed to prevent Europe from being involved in a general conflict, the Balkan Wars resulted in a universal increase of suspicion, hatred, intrigues, and uncertainty, not only among the Great Powers who increased their armaments, but among the Balkan States themselves, and especially in Austria and Serbia. Serbia, greatly embittered at her exclusion by the Powers from a political and economic outlet on the Adriatic, had found some compensation in Macedonia. But this involved Bulgaria's deadly hatred. Serbia therefore tightened her relations with Greece and Rumania under Russian patronage, partly as a protection against Bulgarian revenge and partly with a view to the future struggle as the "Piedmont" of the Balkans, against the hated Hapsburg rule. Though M. Pashitch and the Serbian civil authorities did not want or plan war in 1914, they tolerated an agitation which contributed to a series of assassinations which culminated in the tragedy of Sarajevo.

Austria meanwhile became more and more alarmed at the dangers threatening her very existence: the "Greater Serbia" agitation within and without her frontiers, the "desertion" of Rumania, and the closer ties which Russia was establishing with these two countries whose nationalist aspirations could only be satisfied through the dismemberment of Austria-Hungary. Whether Austria could have averted the danger from the "Greater Serbia" and "Greater Rumania" irredentist agitation, by giving democratic and reasonably liberal rights to her Slav and Rumanian subjects, or by some form of "trialism," is a hypothetical question to be touched upon later; at any rate she did not do so. Instead she chose to see her salvation in a war in which Serbia would be reduced in power by having to cede territory to Bulgaria, Rumania, and Albania. Several times Austria was ready to wage such a war on Serbia, but was held back either by Germany, as in July, 1913, or by concessions on the part of Serbia, as in March, 1909, and October, 1913. But in July, 1914, as will be seen later, Austria welcomed the opportunity for a localized war on Serbia afforded by the assassination of the Austrian Heir to the Throne.

M. Sazonov, though caring little for the Serbs themselves, and leaving them in the lurch in crucial moments, nevertheless encouraged and supported them at other times as an outpost of Slavdom in the Balkans and as an asset in a future war with Austria. Desiring peace, but fearing the power and criticism of the Russian Pan-Slavs and

militarists, M. Sazonov was anxious to fulfil Russia's "historic mission." Observing Izvolski's failures to open the Straits by peaceful diplomatic means and his own failure to coerce Germany into an instant modification of General Liman's command at Constantinople, owing in each case chiefly to Sir Edward Grey's attitude, the Russian Foreign Minister came to the conclusion that he could succeed in his Balkan aims only as a result of "European complications." While Izvolski had attempted the more modest task of merely opening the Straits to Russian warships, Sazonov wanted to achieve the wider Pan-Slav "historic mission" of obtaining possession of the Straits and controlling Constantinople. It was because the Liman von Sanders Mission seemed to lessen the likelihood of this that Sazonov was so alarmed by it. Hence his proposal of "measures of compulsion" to force Turkey to abandon it; these, however, were not put into effect, owing to Germany's timely concessions and M. Kokovtsev's restraining influence.

Hence also Sazonov's contemplation of a landing force to seize the Straits, which the military experts declared was impracticable at the moment but should be prepared for in case of European complications in the future. During the spring of 1914, together with M. Izvolski and President Poincare, he worked to tighten the bonds with England by negotiations for an Anglo-Russian Naval Convention, in order that, when the "inevitable" war broke out, the solidarity of the Triple Entente should be more perfect than on former occasions. Consequently, if a new crisis arose, Germany and Austria would have to yield—or fight a war in which the superior forces would be on the side of the Triple Entente. In July, 1914, with the restraining hand of Kokovtsev removed, Sazonov believed that this Entente solidarity was virtually assured, when the murder of the Archduke and the Austrian ultimatum caused the "European complications" by means of which he calculated that Russia could finally achieve her "historic mission."

Turkey and the Balkan States were in unstable equilibrium. An inherent opposition of interests necessarily caused persistent enmity between Greece and Turkey, between Turkey and Russia, and between Austria and Serbia. But Bulgaria and Rumania were pursuing opportunist policies, and were ready to side with whichever group of the Great Powers seemed likely to prove the stronger and offer the greatest gains. No Power ever wants to yield on a matter of prestige, but this Balkan situation made an additional reason why neither France, Russia, Germany nor Austria was at first willing to yield in the Austro-Serbian conflict of July, 1914—it might have a determining effect on the policy of Bulgaria and Rumania. For several years it had been recognized that a strong Balkan bloc would have an influence in a general European war almost equal to that of a Great Power. Hence, in the spring of 1914, Russia was seeking to win Rumania and build up such a bloc including Serbia and Greece, while Austria in turn was preparing to form a counter-bloc with Bulgaria and Turkey. Such was the situation when the shots at Sarajevo precipitated the Austro-Serbian conflict and caused a crisis involving the prestige and power of the

Triple Alliance and Triple Entente.

7.6 Germany, Historical Perspectives

Officials of the Congress of Vienna (1815) created the German Confederation, which was an alliance of German-speaking countries in Central Europe, in order to coordinate their economies, and function as a safeguard against the powerful states of Austria and Prussia, the two dominant member states. International bankers living in Britain encouraged this alliance as a way of providing peace and stability, and to prevent Russia or France from making hostile moves. Continuous rivalry and the failure of the several member states to compromise would contribute to the 1848 revolution, an early attempt to establish a unified Germany, among other things. However, French officials had other plans.



Figure 7.8: The German Confederation created at the Congress of Vienna in 1815.

Satisfied people do not rise up against their governments, demanding change. Others, notably certain internationalist Jews, supported and participated in the revolutions of 1789 and 1848, reinforced by many writers and recently-positioned radical politi-

cians who were attempting to reshape national governments. The Jews were the most vociferous in the press, but not because they demanded religious freedoms or the cessation of religious prejudice. In 1848, they did not advocate for equality but for extra special “material advantages for its members.” Up until 1848, the Jews living in Germany had, for whatever reason, perhaps to infiltrate the culture, adopted democratic convictions and thereafter many supported “National Liberalism,” and joined the ruling Conservative ruling parties. Then they monopolized the literary field and at least seventy-five percent of the popular press where they pursued their own interests while working to disintegrate the Germanic state. They patterned their journalistic objectives to serve their own commercial interests, shaped public opinion, critiqued the theater and art, and wrote about politics and religion. After emancipation, the Jews further exploited the press and reduced journalism to gossip and scandal and instituted unionism. Although they made fun of their own idiosyncrasies, they viewed such conduct from the German population as a malicious demonstration of religious hatred.

Germans outwardly resigned “in favour of Judaism” after 1848 when they allowed Jewish mediation to rule every aspect of their lives wherein Jewry collected a commission. According to writer, Wilhelm Marr, Jewry staged a war against the Germans, beginning in 1848, over a thirty-year period, with their revolutionary activities, not only in Germany, but in other European countries. After 1848, a culture struggle began in which many Germans felt ostracized, as they could not criticize “anything Jewish.” Marr maintained that the Germans did not oppose foreign rule sufficiently, nor the Judaic struggle to obtain world domination. The Jewish-owned press prohibited the Germans from addressing the obvious “culture struggle.” Editors printed political-cultural analyses and suppressed publications about Christianity while ignoring the anomalies of Jewish statutes and rituals, like the brutalities of kosher slaughtering, which would have generated accusations of “hatred” against the Germans. According to Marr, it was “quite a different matter” if Jews criticized Germany’s religious practices. The cartelized press, even in letters to the editor, excluded the German citizen’s right to free expression.

In 1848, Jewish banker and freemason, Ludwig Bamberger, educated at Gießen, Heidelberg, and Göttingen, edited the *Mainzer Zeitung* and was one of the leaders in the republican party which participated in the revolution in Germany. He fled to Paris to escape execution and gained banking expertise while working for the bank of Bischoffheim & Goldschmidt. Germany’s general amnesty enabled him to return in 1866. He joined the National Liberal Party and people elected him as a member of the Reichstag where he advocated free trade, the Reichsbank, promoted a gold currency, and opposed bimetallism. On January 22, 1870, along with private banker Adelbert Delbruck, he founded Deutsche Bank in Berlin, specializing in foreign trade, and also founded the Group for the Promotion of Free Trade. By 1878, he would oppose Bismarck’s policies of protectionism and state socialism.

The Jewish dailies in the German-speaking lands supported Jewish industrial interests and securities speculation. Meanwhile, England allied with Judaism. The Slavs dismissed the Germans and viewed them as the Jewish newspaper depicted them. The German spirit had become a stranger in the press where the majority of journalists were Jewish. Since 1866, because of Bismarck's policies, and because he typically acquiesced to their demands, most Jews held him in high esteem. The Franco-Prussian War was a military conflict between the French Empire and the Kingdom of Prussia. The North German Confederation assisted Prussia, along with the South German states of Baden, Württemberg, and Bavaria. The victorious Prussians brought about the final unification of Germany even before the war's end and the downfall of Napoleon III. The unification of the German states occurred on January 18, 1871, when the princes of the various German states proclaimed Wilhelm I as the German Emperor when they gathered at the Versailles Palace's Hall of Mirrors in France. Following the unification, Wilhelm of Prussia became Emperor Wilhelm of the German Empire, consisting of Prussia, Bavaria, Wurttemberg, and Saxony, each sovereign, with its own army, flag, and titles of nobility.

From 1850 forward, German industry accelerated, because of its coal, iron, (later steel), chemicals and railways. The German Empire had the world's most powerful army, and its navy became second to Britain in less than a decade.

From 1870 onward, because Germany opposed French freemasonry, France implemented revenge and encirclement policies against Germany, as determined by liberal and democratic politicians with freemasonry connections. Leon Gambetta, a freemason and the head of the Republican Party, laid the foundation for the French Triple Alliance policy wherein the French would accept any ally in their efforts against Germany, including Russia. Edward VII, the head of English freemasonry as Prince of Wales, welcomed these Masonic associations. These international alliances overwhelmed Wilhelm II. The Jewish and Masonic-controlled world press initiated a hateful anti-German campaign incredibly similar to the propaganda campaign they waged against National Socialist Germany. The press exaggerated and exploited any errors the German Empire made and created propagandistic slogans and spoke of its alleged barbaric militarism as a threat to democracy, as it would before and during World War I. The press originated the myth of blind Prussian obedience, a danger to civilization, as compared to the professed ideals of Masonic individualism. Meanwhile, German lodges maintained their philosophy regarding the brotherhood of Folks and Races. Early on, due to the logistics and composition of the German Empire, there existed the Jewish Question, what to do about their powerful influence. Following the war, Masonic politicians discussed world peace and international unity at several congresses, an early attempt by internationalists to establish world governance. The same Masonic politicians who were expounding world peace hypocritically sought Germany's complete destruction. Even German freemasons, especially the Jewish Masons and the smaller lodges, abandoned their national loyalties

and obligations in favor of the liberal democratic Masonic Internationale.

While diplomats made concessions during the Congress of Berlin, following the Russo-Turkish War (April 24, 1877-March 3, 1878), internal warfare was brewing in Germany where the victor was a minority of the population but they controlled a majority of the communications apparatus. Frequently when one country conquers another nation, the conquerors either assimilate, thus losing their ethnic identity, or the victor exterminates the indigenous population, and then assumes control over the government, and that nation's resources. In 1879, author Wilhelm Marr repeatedly referred to Jewish "foreign rule" in Germany because, every year, Jews traditionally say, "Next year in Jerusalem" which seems to affirm their foreign character and loyalties elsewhere although they, unassimilated aliens by choice, had lived in Germany for several generations. Marr maintained that while the above statements are often the case, Jewish assimilation had not occurred. Rather, he claims that Judaism had absorbed Germanism. He further stated that the Jews relocated, via their deportation, from Spain and Portugal into the Slavic countries, and then they emigrated from the Slavic countries via Holland into Germany. During their sojourn in the Slavic countries, Marr asserts, they socially undermined the Slavic culture, a society unprepared for foreign influence. The German-speaking states, following warfare and unification, were also vulnerable due to a lack of national identity. Consequently, while there were already Jews in Germany, incoming Jews found the newly unified country, wherein it was easier to extend their web of influence.

The Germans, mostly an agricultural people, resented "the Semitic craftiness and its practical business sense" and reacted accordingly as this foreign opportunistic tribe, who viewed all Gentiles as unclean, exploited the basic German character. While this provoked the common folk, the nobility borrowed hefty amounts of money, relying on the people to pay it back via taxation. The Jews have always been "highly gifted," particularly in trade and finance, and they began to dominate in the retail and wholesale trades beginning in the middle ages. They could easily outmaneuver "the hard working common folk." Other ethnic groups, like Slavs, immigrated to Germany and blended in with the native population. Yet the Jews remained separate, but still attempted to diminish their image to conceal their influence. In 1879, according to Marr, "Without a stroke of the sword, peacefully, in spite of political persecution over centuries, Judaism is today the political-social dictator in Germany."

In Germany, the Jews, represented by a handful of Jewish bankers, controlled many of the raw materials. In 1879, Marr said, following the Russo-Turkish War, "Among all the European states only Russia is left to still resist the frank foreign invasion. As current events and circumstances indicate, the final surrender of Russia is only a question of time. In this multifaceted, huge state Jewry will find the cardinal point which it needs, to completely unhinge the Western world ... and plunge Russia into a revolution like the world might never have seen before ... Are we not witnessing today that under the gentle and humane Czar Alexander, who has abolished serfdom,

it is nihilism which flourishes?" Marr said, "The future and life belongs to Judaism, Germany is of the past and will die. This is the meaning of the historical-cultural development of our German people. There is no way to fight this iron law of world order. From the very beginning it was not a religious war, it was a battle for survival against the foreign rule of Judaism, of whose character we only now have become clearly aware. In addition, we lack allies which might assist us in the peaceful and deliberate emancipation of Germanism."

On May 23, 1863, Ferdinand Lassalle founded the General German Workers' Association. In 1869, August Bebel and Wilhelm Liebknecht founded the Social Democratic Workers' Party. In 1875, the two parties merged as the Socialist Workers' Party of Germany. On October 19, 1878, Otto von Bismarck enacted the Anti-Socialist Laws, outlawing the party due to its anti-monarchy attitudes. In 1880, Karl Kautsky, a Czech-German Jew, joined a group of Marxists in Zurich, financially supported by Karl Höchberg. Kautsky began smuggling materials into the Empire. Eduard Bernstein, Höchberg's secretary, influenced his decision to become a Marxist. Kautsky founded the monthly *Die Neue Zeit* (The New Times) through which he disseminated Marxism (1883-1917).

By 1890, authorities allowed the existence of the Social Democratic Party of Germany (SPD), the nation's most prominent political party with Bebel as the co-chairman (1892-1913). In 1891, Bernstein, Bebel, and Kautsky co-authored the Erfurt Program of the SPD. Kautsky became influential, along with Bebel, in devising a Marxist theory of imperialism after Engels' death in 1895. On October 9, 1895, in Breslau, in southwestern Poland, the Socialists held a Congress during which Dr. Wilhelm Ellenbogen, the Austrian Delegate, campaigned for Socialism. Clara Zetkin, a member of the Marxist faction of the SPD, had a lifelong friendship with Lenin. She edited the *Stuttgart Gleichheit*. She gave a speech on the emancipation of women at the Congress. Bebel authored *Woman and Socialism* in which he said, "The Socialist Party is the only one that has made the full equality of women, their liberation from every form of dependence and oppression, an integral part of its program; not for reasons of propaganda, but from necessity. For there can be no liberation of mankind, without social independence and equality of the sexes." Thus Feminism, which many see today as going way overboard, is of Jewish origin. The working masses were not interested in revolting but preferred to whine about their lot in life. Socialists, in principle, are typically all internationalists, not recognizing borders.

European countries, with their alliances, created a balance of power that seemed to benefit Britain. In the process, it divided Europe into two hostile camps when these countries should have united to combat Anarchism. The alliances included the secretive Franco-Russian Alliance Military Convention of August 18, 1892, the Triple Entente of August 31, 1907 between Britain, France and Russia and the Triple Alliance of May 20, 1882 between Germany, Austria-Hungary and Italy⁹⁸² and the Entente Cordiale of April 8, 1904 between England and France. Germany

had an alliance with Austria-Hungary and Italy but not with Russia. Germany, the next Marxist target, was sympathetic to what was happening in Russia. According to Count Lamsdorf, many German officials, and others, with great apprehension, recognized the hostile power of the movement toward Russia and in the Provinces of Prussian Poland. In May 1905, the Congress of the German Social-Democratic Workers' Party held a meeting in Jena, in central Germany. There and in other meetings, they passed resolutions that enabled them to accomplish, in Germany, what they were currently achieving in Russia with their anti-monarchical war through strikes and riots. This would ultimately result in chaos and a political seizure. They intended to use these tactics, and the promise of gender equality, everywhere. By January 1906, they planned to initiate an assault against Germany, to achieve success on May 1, 1906. They began their assault in Prussia and in Saxony using the motto "Universal Suffrage."

The forces of the money lenders started to conspire against Germany while at the same time gaining more and more influence in the world. That there must be powers involved that can not be explained by the average person was described by the Germany author Hans Grimm during a visit abroad at the end of the 19. century. In his book "Warum - Woher - aber Wohin" from 1954, he writes: "1895, just 20 years old, he came to find a national disturbance in Lausanne. I asked myself over and over how the people just developed a dislike for Germans and what has Germany done to them, a Germany which brings its money into Switzerland?". He was even more moved by a newspaper article of the Saturday Review from August 1895 which described the foreign policy of England: "Our chief rival in trade and commerce today is not France but Germany. In case of a war with Germany, we should stand to win much and lose nothing; whereas, in case of a war with France, no matter what the outcome might be, we are sure to lose heavily." – OUR TRUE FOREIGN POLICY, Saturday Review, August 24, 1895, page 17". The article was authored by Sir Eyre Crow, a half German that worked for the British foreign office. Furthermore "The biological view of foreign policy is plain. First, federate our colonies and prevent geographical isolation turning the Anglo-Saxon race against itself. Second, be ready to fight Germany, as Germania est delenda; (Germany must be destroyed) third, be ready to fight America when the time comes. Lastly, engage in no wasting wars against peoples from whom we have nothing to fear." – A BIOLOGICAL VIEW OF OUR FOREIGN POLICY. And at last: "Three years ago when the Saturday Review began to write against the traditional pro-German policy of England, its point of view made it isolated among leading organs of opinion. When, in February 1896, one of our writers, discussing the European Situation, declared Germany the first and immediate enemy of England, the opinion passed as an individual eccentricity."... "What Bismarck realized, and what we too may soon come to see, is that not only is there the most real conflict of interests between England and Germany, but that England is the only Great Power who could fight Germany without tremendous risk and without doubt of the issue."... "Our work over, we need not even be at the pains

to alter Bismarck's words, and to say to France and Russia: Seek some compensation. Take inside Germany whatever you like: you can have it ... However you wish to utilize a mine, build a railroad, or convert a native from eating breadfruits to canned food, from abstinence to liquor, the German and the Englishman compete to be the first. Millions of minor conflicts gather as the most important cause of war the world has ever seen. If Germany were annihilated tomorrow, there isn't one Englishman who would not become richer." – ENGLAND AND GERMANY., Saturday Review, 11, 1897, page 17

Berlin to Baghdad, the Railway Concession

Wilhelm von Pressel expertly supervised railway construction in Switzerland, the Balkans and elsewhere and had an international reputation. The Ottoman Public Debt Administration (OPDA) contacted him, and he soon became one of Abdülhamid's technical advisors. In 1872, the Ottoman government had hired him to formulate plans for railways in Turkey, because of his experience during the construction of the trans-Balkan lines of the Oriental Railways Company. He understood Turkey's railway problems, and the cultural and commercial importance of developing transportation in the area. During the Commercial Revolution, from the late fifteenth through the eighteenth century, the world's cultural and educational center shifted from the Mediterranean to Western Europe. Sea routes and maritime trade replaced the caravan trails. A modern transportation system might help restore a measure of the prosperity the area lost during that era.

Abdülhamid and von Pressel envisioned a trunk line from the existing Anatolia railways, along with the new Syrian railways that would link Constantinople with Smyrna, Aleppo, Damascus, Beirut, Mosul, and Baghdad. In 1886 and in 1888, the Ottomans queried the British lessees of the Haidar Pasha-Ismid Railway, to see if they would build the extension. The Sultan offered to pay a subsidy to guarantee sufficient returns on their investment, but the British showed no interest. Sir Vincent Caillard, the OPDA Chairman, was also unsuccessful in his attempts to organize an Anglo-American syndicate for the construction of the railway. Beginning in the summer of 1888, Turkey had direct railway transportation to the rest of Europe from Constantinople and Salonica. The Oriental Railways began operations, running from the Austrian border across the Balkan Peninsula through Belgrade, Nish, Sofia, and Adrianople, to Constantinople. The railway connections to Austria-Hungary, and other European countries suddenly put the Ottoman capital in communication with Vienna, Paris, Berlin, and London. In 1888, French and British financiers owned all railways in Asia Minor. The oldest railway, owned by the English, was the SmyrnaAidin line, which opened in Anatolia in 1866. British investors also owned the Mersina-Adana Railway in Cilicia, and leased the Haidar Pasha-Ismid Railway. French investors controlled the Smyrna-Cassaba Railway. In autumn 1888, after

others turned down the investment opportunities, Germans developed a financial interest in Asiatic Turkish railways.



Figure 7.9: Map of the planned Berlin-Bagdad railway.

Dr. George von Siemens, a founder and Managing Director of the Deutsche Bank, with others, formed a German consortium, the Anatolian Railway Company, to assume control of the railway running from Haidar Pasha to Ismid, and to build an extension from Ismid to Angora. On October 6, 1888, the Ottoman government awarded the group a concession for that extension. The government intended to ultimately extend that railway to Baghdad. The Anatolian Railway Company elected financier Sir Vincent Caillard, Chairman of the OPDA, to their board hoping that he might attract other British investors. The group incorporated in Zurich, and with the aid of Swiss bankers, secured additional funding of eighty million francs, one fourth of which English bankers underwrote. German engineers began the construction of the Anatolian Railway. It began operations by January 1893. They planned to make Serbia the last northern link.

Before 1887, German companies had no financial interests in Turkey's railways. Yet, within five years, the Deutsche Bank and its partners financially controlled Turkey's railways from the Austro-Hungarian border to Constantinople. They had built a line from the Asiatic shore of the Straits to Angora and were developing numerous other railway projects. Now, the inaccessible parts of Asia Minor were within reach. Turkey was an important area of German economic interest. The Ottoman government, the resident population, and the German investors benefitted from these enterprises. They envisioned a whole network of German-controlled railways running from Berlin to Baghdad and from Hamburg to the Persian Gulf. In December 1899,

the Ottoman government awarded the Baghdad concession to German financiers. Certain British elites were gratified that the Germans were in the Middle East and not Russia. Joseph Chamberlain and Cecil Rhodes were even willing to collaborate with them in their economic projects. The British government preferred working with Germans instead of Frenchmen. However, conditions changed in the early years of the twentieth century and British financiers were no longer interested in any Anglo-German agreements, especially after the Ottomans finalized the Baghdad concession with the Germans in 1903, which included the mineral rights on both sides of the Baghdad railway line. The bankers and freemasons who controlled the British government wanted to avoid any kind of positive, cooperative, economic alliance between Germany, France, Turkey, Russia, Japan, and China. The construction of a railroad system, linking east and west, would make such a liaison possible and eliminate Britain's lengthy domination of the seas. The Baghdad concession would link Berlin to Baghdad, the intellectual center of the Arab world and allow Germany to bypass the ongoing British naval blockades and gain direct access to oil. The railway would bypass the Suez Canal, managed by the British and French. Germany was progressing, and clearly threatened Britain's global hegemony.

Stephen Kinzer wrote, "Internal combustion engines would soon revolutionize every aspect of human life, and control over the oil needed to fuel them would henceforth be the key to world power. Individuals had discovered and utilized oil around the Caspian Sea, in the Dutch East Indies, and in the United States, but neither Britain nor any of its colonies produced or showed any promise of producing it. If the British could not find oil somewhere, they would no longer be able to rule the waves or much of anything else." Meanwhile, Germany's naval intentions challenged Britain's control of the oceans. Germans also disapproved of England's egregious policies toward the Boers in South Africa. After the Boer War (1899-1902), Britain intended to annex two very resource-rich African Free States, Orange Free State and the Transvaal. Germans viewed the British Empire as a menace. The German consortium, because of these moral concerns, did not want to accept British investments in the Baghdad Railway project. Yet, on April 7, 1903, Prime Minister Arthur J. Balfour informed the House of Commons about the Baghdad project, and suggested that British financiers might invest in it. Heated discussion over such an alliance erupted as many viewed the German enterprise as unwanted competition. Whoever controlled the railways controlled the area's political and economic future. Mesopotamia was far too important now that oil had become an economic factor. The consensus was that the Germans had to understand that Britain was there first.

7.7 German Ingenuity, a Threat to British Hegemony

In comparison to other European countries, Germany has more natural resources, including lignite, anthracite, timber, peat, iron ore, and currently, hydroelectric power.

However, Germany has very few natural gas or petroleum deposits and must import large amounts of them. Germany has two forms of coal, lignite and anthracite. Lignite, or brown coal, related to peat, has a higher moisture content. Germany is the number one worldwide producer of lignite in addition to supplying anthracite, which has the highest heating capacity of any coal. Germany presently ranks ninth in the production of this type of coal. Besides coal, Germany has an abundance of iron, nickel and copper, along with barite, cadmium, selenium, feldspar, bentonite, peat, and salt. Historically, Germany played an important part in the development of wood frame construction and woodworking expertise. With all of its forests, Germany helped develop techniques used in modern forestry. Today, Germany, with a third of its land covered with forests, has the largest standing forest in Europe. Germans developed the necessary technological skills in order to manufacture numerous hard, and soft wood products.

In the beginning of the eighteenth century, people began to synthesize organic dyes. In 1704, Heinrich Diesbach produced Berlin or Prussian blue, and in 1740, Karl Barth produced the semi-synthetic dye powder blue. The introduction of the two sulfo acid groups created an insoluble indigo water-soluble, which proved much easier to use. In the 1760s, Germany made advances in technical education by establishing a commercial college at Hamburg, and mining colleges in Freiberg (Saxony) and Clausthal (Harz). On November 21, 1765, Prince Franz Xavier of Saxony agreed to establish a Mining Academy, the Bergakademie Freiberg, the world's oldest specialist school for mining and metallurgy. In the second half of the eighteenth century, in Germany, population shifts from rural areas to urban areas occurred. Prussia's population increased from 2,380,000 to 5,750,000, during the same time that Berlin's population increased from 29,000 to 141,000. Rural peasants and about 13,000 foreign craftsmen relocated to the industrial regions. Between 1740 and 1783, people founded some 200 villages in Silesia, the center of the linen industry which spurred the growth of Germany's textile and metal industries. This population growth and the expansion of industry made it necessary to efficiently increase agriculture production, to feed the population, and to provide raw materials such as wool, flax, hemp, hides timber, the madder plant, and other items. Farmers in some areas reclaimed land and introduced new crops like clover, beet, hops, and tobacco. Meanwhile less-productive peasants in areas such as Eifel and the Senne had poorer farming standards. Overall, the farmers were able to produce sufficient food for a growing population, and enough raw materials for industry.

The industrial age in the primarily agrarian Germany began with the establishment of the customs union on January 1, 1834, and the opening of the Nürnberg-Fürth railway on December 7, 1835. Three-quarters of the population lived in villages and small towns. Independent artisans manufactured textiles and metal products. By 1900, before World War I, only America surpassed Germany's production of iron and steel. The removal of tariffs and the construction of railroads fueled the development



Figure 7.10: The label “Made in Germany” was originally introduced in Britain by the Merchandise Marks Act 1887, which aimed to ensure that all foreign products - which could potentially threaten the success of British merchandise. “This was particularly aimed at Germany because people suspected that Germans were copying British products,” - Werner Abelshauser, economic historian. The plan backfired. The label “Made in Germany” ultimately developed into a sign of quality.

of industry. In 1865, Friedrich Engelhorn founded Badische Anilin & Soda-Fabrik (BASF) as a joint-stock company, which later developed vital petrochemical products. BASF became a mainstay of the German economy. BASF poured all of its profits and efforts into expansion and research, kept dividends low, and avoided dependence upon banks. In 1876, BASF had 1,140 employees, which grew to 6,360 by 1900. By then BASF was the world’s leading manufacturer of artificial dyes. BASF created the first telephone connection to Bavaria in 1882, and was Germany’s first electrical customer. By 1913, BASF was the world’s largest chemical company and produced twenty-four percent of the world’s coal-tar dyes.

The international bankers in London and New York recognized that control of petroleum was essential. After Britain’s Rothschild-orchestrated depression of 1873, which coincided with the US stock market crash of September 18, 1873, a growing divergence existed between the efficient German Reich, an emerging industrial European economy, and the British Empire’s depressed economy. 1008 By 1885, a German engineer, Gottlieb Daimler (1834-1900), used petroleum for a road vehicle that he had developed. Karl Benz, along with Daimler, invented the modern gasoline engine. The German ports of Hamburg and Bremen-Bremerhaven were two of the most highly efficient facilities in Europe. Kaiser Wilhelm admired Albert Ballin, a Jew born in Hamburg, who, as the owner of an emigration agency, was the richest man in Germany. In 1901, he financed the construction of Emigration Halls, a reception and departure center, on the Hamburg island of Veddel, to assist the thousands of Europeans who arrived at the Port of Hamburg each week to immigrate to North America, on ships owned by the Warburg-financed Hamburg Amerika Line (HAPAG, Hamburg-Amerikanische Packetfahrt Actien-Gesellschaft). In 1899, Ballin became the Director of HAPAG, established in 1847, to accommodate German immigration to America. He and the Kaiser agreed that Germany should be constructing their own ships instead of depending on English shipyards, materials, and engineers. M. M. Warburg and Company financed this new ship construction industry.

Individual entrepreneurs, encouraged by state intervention, contributed to Germany's industrial expansion. Industrialists like Werner Siemens, Emil Moritz Rathenau, father of Walther Rathenau, August Thyssen, Emil Kirdorf, Wilhelm Cuno, Bernhard Dernburg, Carl Fürstenberg, and Ballin built great commercial and financial empires. Rathenau founded the Allgemeine Elektrizitäts-Gesellschaft (AEG), an electrical-engineering company. Meanwhile, the Federal States controlled the majority of the railways and inland waterways, in addition to the extensive forests. In 1906, Prussia supervised thirtynine nationalized mines, twelve ironworks, five saltworks, and three stone quarries. Numerous states operated banks, breweries, amber works, tobacco factories, porcelain workshops, and medicinal baths. Between 1873 and 1914, according to author William O. Henderson, Germany was "the leading industrial state on the Continent and challenged Britain's supremacy in the markets of the world." Henderson cited the book, *Made in Germany* (1890) by F. E. Williams, claiming that many people in Britain were becoming alarmed over what they viewed as "Germany's invasion of Britain's traditional overseas markets." During that period, Germany's national income rose from 15,195 million marks to 49,501 million marks, and her foreign investments increased to over 30,000 million marks. Her per capita income grew by 21.6 percent in each decade, compared to Britain with a 12.5 percent increase. The undistributed income of Germany's joint-stock companies increased from seventy-nine million marks in 1879 to 712 million marks by 1912. German production for the export of manufactured products increased from thirteen percent in 1870 to sixteen percent in 1900. Meanwhile, Britain's production decreased from thirty-two percent to eighteen percent.

As early as 1897, Britain wanted to neutralize and eventually eliminate Germany's power and therefore formulated a pervasive operation to encircle the Eurasian land mass and prevent a formidable alliance between Germany and Russia, both Christian nations, which would jeopardize Britain's imperialistic status. Francis Neilson, a former member of the British Parliament, in his book *The Makers of War*, explains that Arthur J. Balfour, then a Member of Parliament for the City of London (which is the "banking district" in London with its own laws. This Parliament is not for Britain, but for this city state harboring high finance), and Henry White, then the US Ambassador to France, met in London. White's daughter, Muriel, who married a German count in 1909, often functioned as her father's hostess. Possibly, her father asked her to eavesdrop and she recorded the following conversation, which transpired in June 1907: Balfour: "We are probably fools not to find a reason for declaring war on Germany before she builds too many ships and takes away our trade." White: "You are a very high-minded man in private life. How can you possibly contemplate anything so politically immoral as provoking a war against a harmless nation which has as good a right to a navy as you have? If you wish to compete with German trade, work harder." Balfour: "That would mean lowering our standard of living. Perhaps, it would be simpler for us to have a war." White: "I am shocked that you of all men should enunciate such principles." Balfour: "Is it a question of right or

wrong? Maybe it is just a question of keeping our supremacy.” White later met with the Secretary of State, Elihu Root, and reported the details of his conversation with Balfour.

In 1910, with South Africa subdued, Lord Alfred Milner and his Round Table cohorts now focused on initiating an imminent war against Germany using the same vile tactics as they had in Africa. Philip Kerr (Lord Lothian) directed the recruitment of new members to the group. Sir Francis S. Oliver, Sir Alfred E. Zimmern, Sir Reginald Coupland, Simon J. Fraser (Lord Lovat), and William Waldorf Astor (1st Viscount Astor) responded favorably to the invitation. Meanwhile Lionel G. Curtis, Milner’s secretary and others organized Round Table groups in the key British dependencies and special allies. Germany, with hard work and technology, skillfully utilized her natural resources, such as coal in the Ruhr, iron-ore in Lorraine, and potassium salts in Stassfurt and Wittelsheim. By 1913, Germany excelled Britain as a manufacturer of pig iron and steel, in addition to challenging Britain in the production of coal and lignite. Germany successfully began exporting large amounts of woolen cloth and semi-manufactured woolens. German scientists made significant discoveries and contributions in the chemical, electrical and shipbuilding industries. In 1913, Germany supplied about nine-tenths of the world’s synthetic dyes and exported more electrical appliances than any other country. Germany, from meager beginnings, expanded its shipbuilding industry, its mercantile marine and its navy. Numerous German inventions, such as the electric dynamo, aniline dyes, and petrol and diesel engines, energized the country’s industrialization.

While the shipping facilities, harbors and natural waterways, were inadequate in comparison to other industrialized countries, Germany’s greatest asset in terms of natural resources was “an industrious, healthy and intelligent population.” In this regard, Germany had significant advantages over some of her neighboring countries with the exception of France, along with smaller nations like Belgium. German Emperor, Wilhelm I had unified Germany with the birth of the German Empire on January 18, 1871, with a proclamation, the period known as the Second Reich (1871-1918). By 1914, it was Europe’s most powerful industrial nation. That industrialization, especially in scientific and engineering technology, and the resulting petrochemical industry, made Germany a powerful competitor to Britain, which targeted Germany for destruction. British bankers, adept at involving countries in war, manipulated France, Russia and ultimately the United States to wage war against Germany.

US historian Prof. Carrol Quigley, who taught in Princeton and Harvard, wrote in 1966 in “Tragedy and Hope”: “There does exist ... an international Anglophile network ... which we may identify as the Round Table Groups. I know of the operations of this network because I have studied it for twenty years and was permitted for two years, in the early 1960’s, to examine its papers and secret records ... The powers of financial capitalism had another far-reaching aim, nothing less than to create a

world system of financial control in private hands able to dominate the political system of each country and the economy of the world as a whole. This system was to be controlled in a feudalist fashion by the central banks of the world acting in concert by secret agreements arrived at in frequent private meetings and conferences.

7.8 Oil and the origins of the ‘War to make the world safe for Democracy’

By F. William Engdahl, 22 June, 2007

At first almost unnoticed after 1850, then with significant intensity after the onset of the Great Depression of 1873 in Britain, the sun began to set on the British Empire. By the end of the 19th Century, though the City of London remained undisputed financier of the world, British industrial excellence was in terminal decline. The decline paralleled an equally dramatic rise of a new industrial Great Power on the European stage, the German Reich. Germany soon passed England in output of steel, in quality of machine tools, chemicals and electrical goods. Beginning the 1880's a group of leading German industrialists and bankers around Deutsche Bank's Georg von Siemens, recognized the urgent need for some form of colonial sources of raw materials as well as industrial export outlet. With Africa and Asia long since claimed by the other Great Powers, above all Great Britain, German policy set out to develop a special economic sphere in the imperial provinces of the debt-ridden Ottoman Empire. The policy was termed "penetration pacifique" an economic dependency which would be sealed with German military advisors and equipment. Initially, the policy was not greeted with joy in Paris, St. Petersburg or London, but it was tolerated. Deutsche Bank even sought, unsuccessfully, to enlist City of London financial backing for the keystone of the Ottoman expansion policy—the Berlin-to-Baghdad railway project, a project of enormous scale and complexity that would link the interior of Anatolia and Mesopotamia (today Iraq) to Germany. What Berlin and Deutsche Bank did not say was that they had secured subsurface mineral rights, including for oil along the path of the railway, and that their geologists had discovered petroleum in Mosul, Kirkuk and Basra.

The conversion of the British Navy under Churchill to oil from coal meant a high risk strategy as England had abundant coal but no then-known oil. It secured a major concession from the Shah of Persia in the early 1900's. The Baghdad rail link was increasingly seen in London as a threat to precisely this oil security. The British response to the growing German disruption of the European balance of power after the 1890's was to carefully craft a series of public and secret alliances with France and with Russia—former rivals—to encircle Germany. As well, she deployed a series of less public intrigues to disrupt the Balkans and encourage a revolt against the Ottoman Sultan via the Young Turks that severely weakened the prospects for

the German *Drang nach Osten*. The dynamic of the rise of German assertiveness, including in addition to the Baghdad rail, the decision in 1900 to build a modern navy over two decades that could rival England's, set the stage for the outbreak of a war in August 1914 whose real significance was a colossal and tragic struggle for who would succeed the ebbing power of the British Empire. The resolution of that epic struggle was to take a second world war and another quarter century before the victor was undeniably established. The role of oil in the events leading to war in 1914 is too little appreciated. When the historical process behind the war is examined from this light a quite different picture emerges. The British Empire in the decades following 1873 and the American Century hegemony in the decades following approximately 1973 have more in common than is generally appreciated.

In trying to sort out the myriad of factors at play in Eurasia on the eve of the First World War it is important to look at the processes leading to August 1914, and the relative calculus of power at the time. This means examining economic processes, including financial, raw material, population growth—in the context of relations among nations, and political and—as defined by the original and influential English geopolitician, Sir Halford Mackinder—geopolitical forces—a political economy or geopolitical approach. It was common in the days of the Great War to speak of the Great Powers. The Great Powers were so named because they both were great in size and wielded great power in the affairs of nations. The question was what constituted “great.” Until 1892, the United States was not even considered enough a contender at the table to warrant posting a full Ambassador level diplomatic mission. She was hardly a serious factor in European or Eurasian affairs. The Great Powers included Great Britain, France, the Austro-Hungarian Empire and Czarist Russia. After its defeat of France in 1871, Germany too joined the ranks of the Great Powers, albeit as a latecomer. Ottoman Turkey, known then as the “sick man of Europe” was a prize which all Great Powers were sharpening their knives over, as they anticipated how to carve it up to their particular advantage. In 1914, and the decades following the end of the Napoleonic Wars in Europe, it was almost axiom that there was no power on earth greater than the British Empire. The foundations of that Empire, however, were far less solid than generally appreciated.

The pillars of Empire

Approaching the end of the 1890's, Britain was in all respects the pre-eminent political, military and economic power in the world. Since the 1814-15 Congress of Vienna, which carved up post-Napoleonic Europe, the British Empire had exacted rights to dominate the seas, in return for the self-serving “concessions” granted to Habsburg Austria and the rest of Continental European powers, which concessions served to keep central Continental Europe divided, and too weak to rival British global expansion. British control of the seas, and, with it, control of world shipping

trade, was one of the pillars of a new British Empire. The manufacturers of Continental Europe, as well as much of the rest of the world, were forced to respond to terms of trade set in London, by the Lloyds shipping insurance and banking syndicates. While Her Royal Navy, the world's largest, policed the major sea-lanes and provided cost-free "insurance" for British merchant shipping vessels, competitor fleets were forced to insure their ships against piracy, catastrophe and acts of war, through London's large Lloyd's insurance syndicate.

Credit and bills of exchange from the banks of the City of London were necessary for most of the world's shipping trade finance. The private Bank of England, itself the creature of the pre-eminent houses of finance in the City of London as the financial district is called—houses such as Barings, Hambros, and above all, Rothschilds—manipulated the world's largest monetary gold supply, in calculated actions which could cause a flood of English exports to be dumped mercilessly onto any competitor market at will. Britain's unquestioned domination of international banking was the second pillar of English Imperial power following 1815.

London - a City built on gold

British gold reserves were very much the basis for the role of the Pound Sterling as the source spring of world credit after 1815. "As good as Sterling" was the truism of that day, which was shorthand for the confidence in world markets that Sterling itself was "as good as gold."^[2] After a law of June 22 1816, gold was declared the sole measure of value in the British Empire. British foreign policy over the next 75 years or more, would be increasingly preoccupied with securing for British private banks and for the vaults of the Bank of England, the newly mined reserves of world gold, whether in Australia, California or in South Africa. The London gold market had expanded with the famous discovery of gold at Sutter's Mill in California in 1848, and the Australian discoveries three years later, to become the world's dominant gold trading center. Gold merchant houses such as Stewart Pixley and Samuel Montagu joined the ranks of brokers. Rothschild's added the role of becoming the Royal Mint gold refinery besides their banking business, along with Johnson Matthey. The Bank of England would certify "good delivery" status for these select gold fixing banks of the City, an essential element of growing international payments settlements in gold.

After 1886 weekly shipments of gold from especially South Africa, which comprised some two-thirds of the total in the years prior to the war, were offloaded at the docks of London, making the London gold market the unchallenged world leader. By 1871 England was joined in its gold standard by other industrializing countries, who found enough gold from their foreign export trade to link their national currencies as well to the gold standard. In 1871 Germany, on the wave of her victory over France, with its reparations in French gold, proclaimed the birth of the German Reich with Chancellor Bismark as the decisive political power. Gold was made the backing for

the Reichsmark. The German Reich acquired 43 metric tons after 1871 in reparations from France, helping Germany to quadruple its gold stock immediately after 1871, giving the liquidity for the unprecedented expansion of German industry. By 1878 France, Belgium and Switzerland had followed Germany and England on to the new gold standard for international trade. Czarist Russia, a major gold producer also used gold in its official reserves.

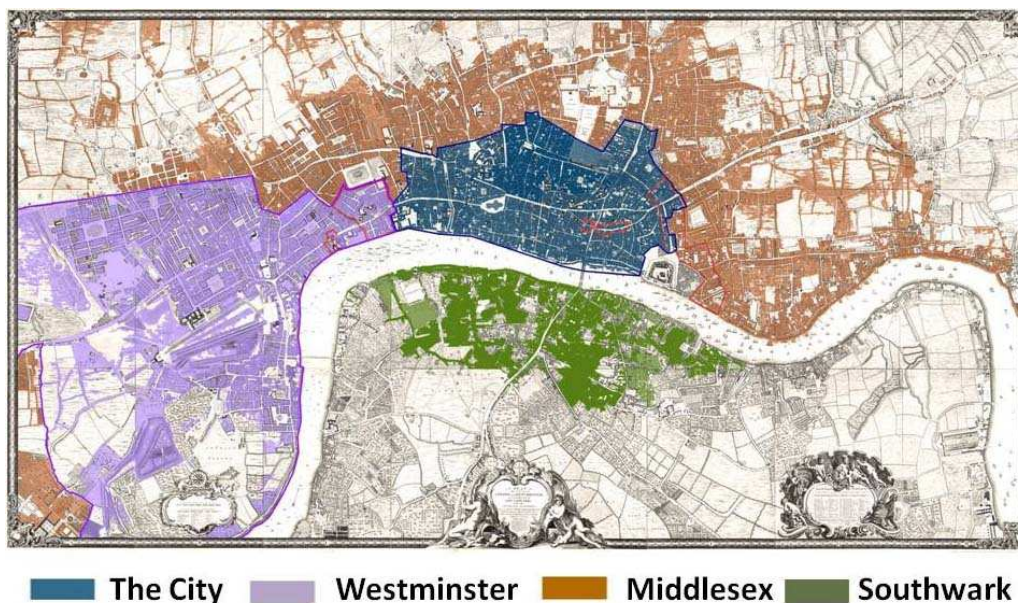


Figure 7.11: Districts of central London. The “City of London“ is marked in blue.

In 1886 vast finds of gold were discovered in Transvaal. British prospectors streamed over the border from the Cape Colony, earlier annexed by Britain. Cape Colony Prime Minister was a British miner, Cecil Rhodes, who held a vision of an African continent controlled by England from the Cape to Cairo. As nationalist Boers became ever more assertive of their independence from the British in the 1890’s it was clear in London that they must take South Africa by force. The financial future of the City of London and the future of the Empire rested on that conquest. By 1899 when the Anglo-Boer War broke out, a war for control of the gold of Transvaal, the region had become the world’s largest single producer of gold. Rhodes’ mines were the largest operators. French and German investors also had large stakes, but British miners controlled between 60 and 80% of the mine output. The bloody victory of England in that war, ensured the continued domination of the City of London as the “world’s banker .” The serious loss of industrial hegemony by Britain after 1873 was largely obscured by her role in grabbing the vast gold reserves discovered in 1886 in Transvaal.

British Empire's onset of economic decline

Behind her apparent status as the world's pre-eminent power, Britain was slowly deteriorating internally. After 1850 a sharp rise in British capital flowing overseas took place. After the US Civil War and with the emerging of German and Continental European as well as Latin American industrialization in the early 1870's, this flow of capital out of the City of London became massive. Britain's wealthy found returns on their money far greater abroad than at home. It was one consequence of the 1846 Corn Law Repeal, the introduction of free trade in agriculture to force cheaper wages and to feed that labor with cheaper foodstuffs imported from Odessa, the United States, India and other foreign suppliers. Buy Cheap, Sell Dear had become the dominant economic pattern.

After 1846, wage levels inside Britain began falling with the price of bread. The English Poor Laws granted compensation for workers earning below human subsistence wage, with income supplement payments pegged to the price of a loaf of wheat bread. As bread prices plunged, so did living standards in England. As a consequence, while the merchant banks and insurers of the City of London thrived, domestic British industrial investment and modernization, which had allowed England to lead the industrial revolution after the introduction of Watt's improved steam-powered engine in the 1760's, stagnated and declined after 1870. One consequence was the shift in economic weight from the industrial north of England—Manchester, Birmingham, Leeds, Newcastle, Liverpool—south to London and the financial and trade services tied to the growing role of the City in international finance. From trade in “visibles” like coal, machines and steel products, Britain shifted to a nation earning from what were termed “invisibles,” or financial return on overseas investment and services.

Britain increased its dependence on imported goods following the introduction of free trade. From 1883 to 1913 the Sterling value of her imports rose by 84%. The real effect of the shift to import dependence was obscured by the phenomenal success of earnings from invisibles. In 1860 Britain led the world in coal production, the raw material feeding her industry and fuelling her navy, with almost 60% of the total. By 1912 that fell to 24%. Similarly, in 1870 England enjoyed an impressive 49% share of total world iron forging output. By 1912 it was 12%. Copper consumption, an essential component of the emerging electrification transformation, went from 32% of world consumption in 1889 to 13% by 1913. The final quarter century of the 1800's was the beginning of the end of the hegemonic position of Britain as the world's dominant economic power.

In 1873 a severe economic depression, dubbed in English history the Great Depression, spread, persisting until 1896, almost a quarter Century, a decisive period in the development of the forces leading to the Great War in 1914. The 1873 depression led to the further decline of British industrial competitiveness. Price levels went into steady fall or deflation, profit margins and wages with it. Huge sums of capital re-

mained idle or went abroad in search of gain. While the crisis in England was severe, the effects outside Britain were short-lived. By the mid-1890's the German Reich was in the midst of an economic boom unlike any before. The rival German and other Continental economies were rapidly industrializing and exporting to markets once dominated by British exports.

By the 1880's Britain's leading circles and advocates of Empire realized that they needed to not only send their entrepreneurs like Cecil Rhodes to mine the gold to feed the banks of the City of London. Increasingly, they realized a revolution in the technology of naval power was required if the Royal Navy was to continue its unchallenged hegemony of the seas. That required a radical shift in British foreign policy. The revolution in technology was the shift from coal to oil power. After the 1890's, though little publicized, the search for secure energy in the form of petroleum would become of paramount importance to Her Majesty's Navy and Her Majesty's government. A global war for control of oil was shaping up, one few were even aware of outside select policy circles.

A revolution in Naval Power

In 1882, petroleum had little commercial interest. The development of the internal combustion engine had not yet revolutionized world industry. One man understood the military -strategic implications of petroleum for future control of the world seas, however. In a public address in September 1882, Britain's Admiral Lord Fisher, then Captain Jack Fisher, argued to anyone in the British establishment who would listen, that Britain must convert its naval fleet from bulky coal-fired propulsion to the new oil fuel. Fisher and a few other far-sighted individuals began to argue for adoption of the new fuel. He insisted that oil-power would allow Britain to maintain decisive strategic advantage in future control of the seas. Fisher argued the qualitative superiority of petroleum over coal as a fuel. A battleship powered by diesel motor burning petroleum issued no tell-tale smoke, while a coal ship's emission was visible up to 10 kilometers away. It required 4 to 9 hours for a coal-fired ship's motor to reach full power, an oil motor required a mere 30 minutes and could reach peak power within 5 minutes. To provide oil fuel for a battle ship required the work of 12 men for 12 hours. The same equivalent of energy for a coal ship required the work of 500 men and 5 days. For equal horsepower propulsion, the oil -fired ship required 1/3 the engine weight, and almost one-quarter the daily tonnage of fuel, a critical factor for a fleet whether commercial or military. The radius of action of an oil-powered fleet was up to four times as great as that of the comprable coal ship.

In 1885 a German engineer, Gottlieb Daimler, had developed the world's first workable petroleum motor to drive a road vehicle. The economic potentials of the petroleum era were beginning to be more broadly realized by some beyond Admiral Fisher and his circle. By 1904 Fisher had been named Britain's First Sea Lord, the

supreme naval commander, and immediately set to implement his plan to convert the British navy from coal to oil. One month into his post, in November 1904, a committee was established on his initiative to “consider and make recommendations as to how the British Navy shall secure its oil supplies.” At that time it was believed the British Isles, rich in coal, held not a drop of oil. The thought of abandoning the security of domestic British coal fuel in favor of reliance on foreign oil was a strategy embedded in risk. The Fisher Committee had been dissolved in 1906 without resolution of the oil issue on the election of a Liberal government pledged to work for arms control. By 1912, as the Germans began a major Dreadnought-class naval construction program, Prime Minister Asquith convinced Admiral Fisher to come out of retirement to head a new Royal Commission on Oil and the Oil Engine in July 1912. Two months later on Fisher’s recommendation, the first British battleship using only oil fuel, the Queen Elizabeth, was begun. Fisher pushed the risky oil program through with one argument: “In war speed is everything.” Winston Churchill had by then replaced Fisher as First Lord of the Admiralty and was a strong advocate of Fisher’s oil conversion. Churchill stated in regard to the Commission finding, “We must become the owners or at any rate the controllers at the source of at least a proportion of the oil which we require.”

From that point, oil conversion of the British fleet dictated national security priority to secure large oil reserves outside Britain. In 1913 less than 2% of world oil production was produced within the British Empire. By the first decade of the 20th Century securing long-term foreign petroleum security had become an essential factor for British grand strategy and its geopolitics. By 1909, a British company, Anglo-Persian Oil Company held rights to oil exploration in a 60-year concession from the Persian Shah at Maidan-i-Naphtun near the border to Mesopotamia. That decision to secure its oil led England into a fatal quagmire of war which in the end finished the British Empire as the world hegemon by Versailles in 1918, though it would take a second World War and several decades before that reality was clear to all.

Germany emerges in a second industrial revolution

Beginning the 1870’s the German Reich, proclaimed after the Prussian victory over France in 1871, saw the emergence of a colossal new economic player on the map of Continental Europe. By the 1890’s, British industry had been surpassed in both rates and quality of technological development by an astonishing emergence of industrial and agricultural development within Germany. With the United States concentrated largely on its internal expansion after its Civil War, the industrial emergence of Germany was seen increasingly as the largest “threat“ to Britain’s global hegemony during the last decade of the century. After England’s prolonged depression in the 1870’s, Germany turned increasingly to a form of national economic strategy,

and away from British "free trade" adherence, in building a national industry and agriculture production rapidly.

From 1850 to 1913, German total domestic output increased five-fold. Per capita output increased in the same period by 250%. The population began to experience a steady increase in its living standard, as real industrial wages doubled between 1871 and 1913. In the decades before 1914, in terms of fuelling world industry and transportation, coal was king. In 1890, Germany produced 88 million tons of coal while Britain, produced more than double as much at 182 million tons. By 1910, the German output of coal had climbed to 219 million tons, while Britain had only a slight lead at 264 million tons. Steel was at the center of Germany's growth, with the rapidly-merging electrical power and chemicals industries close behind. Using the innovation of the Gilchrist Thomas steel-making process, which capitalized on the high-phosphorus ores of Lorraine, German steel output increased 1,000% in the twenty years from 1880 to 1900, leaving British steel output far behind. At the same time the cost of making Germany's steel dropped to one -tenth the cost of the 1860's. By 1913 Germany was smelting almost two times the amount of pig iron as British foundries.

The German rail revolution

The rail infrastructure to transport this rapidly expanding flow of industrial goods, was the initial locomotive for Germany's first Wirtschaftswunder. State rail infrastructure spending doubled the kilometers of track from 1870 to 1913. The German electrical industry grew to dominate half of all international trade in electrical goods by 1913. German chemical industry became the world's leader in aniline dye production, pharmaceuticals and chemical fertilizers. Paralleling the expansion of its industry and agriculture, between 1870 and 1914 Germany's population increased almost 75% from 40,000,000 to more than 67,000,000 people. Large industry grew in a symbiosis together with large banks such as Deutsche Bank, under what became known as the Grossbanken model of interlocking ownership between major banks and key industrial companies. One aspect of that economic expansion after 1870, more than any other, aside from the program of Admiral von Tirpitz to build a German Dreadnaught-class blue water navy to challenge British sea supremacy, that brought Germany into the geopolitical clash which later became World War I, was the decision of German banking and political circles to build a rail link that would connect Berlin to the Ottoman Empire as far as Baghdad in then-Mesopotamia.

Towards the end of the 19th Century, German industry and the German government began to look in earnest for overseas sources of raw materials as well as potential markets for German goods. The problem was that the choice pieces of underdeveloped real estate had been previously carved up between rival imperial powers, especially France and Britain. In 1894 German Chancellor, Count Leo von Caprivi,

told the Reichstag, "Asia Minor is important to us as a market for German industry, a place for the investment of German capital and a source of supply, capable of considerable expansion, of such essential goods (as grains and cotton) as we now buy from countries of which it may well sooner or later be in our interests to make ourselves independent." Caprivi was supported in turning to Asia Minor by large sections of the German industry, especially the steel barons, and by the great banks such as Deutsche Bank, as well as the foreign policy establishment and the military under General Helmuth von Moltke, Chief of the General Staff.

The answer for Berlin's need to secure new markets and raw material to feed its booming industries clearly lay in the east—specifically in the debt-ridden, ailing Ottoman Empire of Sultan Abdul Hamid II. The situation in Ottoman Turkey had become so extreme that the Sultan had been forced by his French and British creditors to put the finances of the realm under the control of a banker-run agency in 1881. By the Decree of Muharrem (December 1881) the Ottoman public debt was reduced from £191,000,000 to £106,000,000, certain revenues were assigned to debt service, and a European-controlled organization, the Ottoman Public Debt Administration (OPDA), was set up to collect the payments. The OPDA subsequently acted as agent for the collection of other revenues and as an intermediary with European companies seeking investment opportunities. Its affairs were controlled by the two largest creditors—France and Britain, the French being the larger. The Germans set about to change that dependency of Ottoman Turkey on the British and French. For his part, Sultan Abdul Hamid II was all too pleased to open his door to growing German influence as a welcome counterweight and a source of new capital to solve the economic problems of the empire.

In 1888, the Oriental Railway from Austria, across the Balkans via Belgrade, Sofia, to Constantinople, was opened. This linked with the railways of Austria-Hungary and other European countries and put the Ottoman capital in direct communication with Vienna, Paris, and Berlin. It was to be significant for later events. By 1898, the Ottoman Ministry of Public Works had applications from several European groups to build railways in the Anatolian part of the empire. These included an Austro-Russian syndicate, a French proposal, a proposal from a group of British bankers, and the proposal of the German Deutsche Bank. The Sublime Porte had no desire to have significant Russian presence on its territory, because of Russian desires for access for its navy through the Dardanelles. The British government backing for its bankers faded away with outbreak of the Boer War in 1899. The French proposal was considered significant enough that Deutsche Bank entered into negotiations with the French Banks about a joint venture.

The Sultan, Abdul Hamid II, on November 27, 1899, awarded Deutsche Bank, headed by Georg von Siemens, a concession for a railway from Konia to Baghdad and to the Persian Gulf. In 1888 and again in 1893, the Sultan had assured the Anatolian Railway Company that it should have priority in the construction of any railway

to Baghdad. On the strength of that assurance, the Anatolian Company had conducted expensive surveys of the proposed line. As part of the railway concession, the shrewd negotiators of the Deutsche Bank, led by Karl Helfferich, negotiated subsurface mineral rights twenty kilometers to either side of the proposed Baghdad Railway line. Deutsche Bank and the German government backing them made certain that included the sole rights to any petroleum which might be found. The Germans had scored a strategic coup over the British, or so it seemed. Mesopotamian oil secured through completion of the Berlin-Baghdad Railway was to be Germany's secure source to enter the emerging era of oil-driven transport.

The German success was no minor event. The geographical position of the Ottoman Empire, dominating the Balkans, the Dardanelles straits, and territory to Shatt-al-Arab at the Persian Gulf, from Aleppo to Sinai bordering the strategic Suez Canal link to the British Empire India trade, down to Aden at the Strait of Bab el Mandeb. The German-Ottoman agreement assuring construction of the final section of the Berlin-Baghdad Railway meant the shattering of England's hope of bringing Mesopotamia, with its strategic location and its oil, under her exclusive influence and it meant as well a major defeat for France.

Britain reacts

Systematically, Britain took measures to secure her exposed flank in Mesopotamia. By 1899, Britain had secured a 99-year exclusive agreement between Britain and Kuwait, nominally part of the debt-ridden and militarily weak Ottoman Empire from the unscrupulous Shaikh Mubarak-al-Sabah. By 1907 they had converted it to a 'lease in perpetuity.' In 1905, through the machinations of British spy, Sidney Reilly, Lord Strathcona, secured exclusive rights to Persian oil resources and what in 1909 became the Anglo-Persian Oil Company, after discovery of oil there in 1908. The company negotiated an agreement with Winston Churchill, First Lord of the Admiralty, shortly before World War I, for major financial backing by the British Government in return for secure oil for the Royal Navy. In 1912 the government, at Churchill's urging, bought controlling interest secretly in Anglo-Persian Oil Company. She had negotiated with the Sheikh of Muhammerah to also build an oil refinery, depot and port on Abadan Island adjacent to the Shaat-al-Arab as part of the emerging British policy to keep the Germany out of the strategic Mesopotamian oil-rich region.

A German-built rail link to Baghdad and on to the Persian Gulf, capable of carrying military troops and munitions, was a strategic threat to the British oil resources of Persia. Persian oil was the first crucial source of secure British petroleum for the Navy. Already, the decision by the German Reichstag to approve the massive naval construction program of Admiral von Tirpitz in the German Naval Law of 1900, to build 19 new battleships and 23 battle cruisers over the coming 20 years,

presented the first challenge to Britain's rule of the seas. At the Hague Convention of 1907 Germany refused to continue an earlier ban on "aerial warfare." Under Count Zeppelin, the Germans had been the first to develop huge airships. Turkey, backed and trained by Germany, had the potential, should it get the financial and military means, to launch a military attack on what had become vital British interests in Suez, the Persian route to India, the Dardanelles. By 1903 the German Reich was prepared to give the Sultan that means in the form of the Baghdad Railway and German investment in Ottoman Anatolia.

By 1913 that German engagement had taken on an added dimension with a German-Turkish Military Agreement under which German General Liman von Sanders, member of the German Supreme War Council, with personal approval of the Kaiser, was sent to Constantinople to reorganize the Turkish army on the lines of the legendary German General Staff. In a letter to Chancellor von Bethmann-Hollweg, dated April 26, 1913, Freiherr von Wangenheim, the German Ambassador to Constantinople declared, "The Power which controls the Army will always be the strongest one in Turkey. No Government hostile to Germany will be able to hold on to power if the Army is controlled by us...". German intelligence operatives, led by Baron Max von Oppenheim, a German Foreign Ministry diplomat and an archaeologist, had made extensive surveys of Mesopotamia already beginning 1899 to explore the proposed route of the Baghdad Railway, confirming the estimated of Ottoman officials that the region held oil. The British referred to Oppenheim as "The Spy." He was also an ardent German imperialist. In 1914 shortly before outbreak of war, Oppenheim reportedly told Kaiser Wilhelm, "When the Turks invade Egypt, and India is set ablaze with the flames of revolt, only then will England crumble. For England is at her most vulnerable in her colonies." He was author of a German strategy of encouraging a Turkey-led Jihad or Holy War and against the colonial powers of Britain, France and Russia as a strategy of war.

Isolating the German Reich

By the end of the 1880's fundamental shifts in security and trade alliances had begun. Britain, France and Russia were all growing alarmed at the emerging power and potential threat of the German Reich. In October 1903 Britain and France came together to agree spheres of influence which resulted in signing of an Entente Cordiale in April 1904, ending their imperial rivalries over Egypt, Morocco, Sudan and allowing both to concentrate on the threat posed by Germany in alliance with Austro-Hungary. By 1907, following its defeat in the Russo-Japan War of 1905 in a conflict that Britain overtly helped along by providing battleships to the Japanese to destroy the Russian Pacific Fleet, Russia settled its disputes with Britain over Afghanistan, The Great Game as Kipling termed the fight between Britain and Russia for control of the Afghan passage to India. Russia also settled their dispute

with Britain over Persia and in June 1908 at the Baltic port of Reval, King Edward VII met his cousin Czar Nicholas II to agree on an Anglo-Russian alliance. The system of carefully built diplomatic alliances laid by Bismark which saw France in 1887 as the only country hostile to Germany, had, by 1908 turned to one in which by then the only friendly ally of Germany was the Austro -Hungarian Empire, a remarkable reversal of alliances and the prelude to the Great War.

In the months up to outbreak of war in 1914, there were efforts at cooling down a mounting confrontation between the two great power blocks—the Triple Entente of England, France, Russia and the alliance of Germany with Austro-Hungary. In 1911 Germany and Russia signed the Potsdam Agreement over rights to northern Persia in return for Russian agreement not to block the Baghdad Railway progress. Clear, however, was that Germany was fully committed to completing the Baghdad project. Following the Balkan wars from 1910-1912, it was obvious to all that the next part of the Ottoman Empire to be carved up was Anatolian Turkey itself. The balance between the Great Powers was endangered with the result of the Balkan Wars, and the stunning defeat of the Ottoman army by small opponents. In a very short period, Turkey lost most of her territory in Europe except for İstanbul and a small hinterland, and retreated back to defence line in Çatalca. Britain and British intelligence was active in the Balkans stirring revolt and opposition to Constantinople's rule. The Entente Powers—France, England and Russia— knew that despite all her efforts, Germany did not have strong cards in the Balkans. And the Balkans constituted a strategic link between Berlin and Baghdad as a glance at a good topographical map reveals.

The success of the so-called Young Turk revolution of 1908-9 in forcing the Sultan to reinstate a constitutional monarchy with a parliament unleashed a series of destabilizing revolts in the Balkan provinces of the empire. British intelligence was actively engaged in pushing events along. The Young Turk revolutions of 1908 and 1909, which ended the reign of Abdul Hamid in the Ottoman Empire, offered France and Great Britain an unprecedented opportunity to assume moral and political leadership in the Near East. Many members of the Committee of Union and Progress, the revolutionary party, had been educated in western European universities—chiefly in Paris—and had come to be staunch admirers of French and English institutions. In 1908, as Constantinople was under the chaotic rule of the secular Young Turk Committee of Union and Progress (CUP), Anglo-Turkish relations were quite warm. The British Ambassador, Sir Gerald Lowther, at least in the initial days after the takeover in 1908, extended unlimited British support for the revolution. He told the Foreign Secretary, Sir Edward Grey, "Things have gone as well as they could." The role of the Yung Turks, most of whom were members of various European freemason lodges, is a rich and important story beyond the scope of this brief essay. Initially at least the Young Turk regime viewed the agreements between the Sultan and the Germans on the Baghdad Railway and oil rights to be a symbol of the corruption

and destruction of Turkish national resources.

British diplomatic and intelligence operatives also played a role in Albanian independence in the Balkans. A key if little-known figure of British machinations at the time was Aubrey Herbert, Member of Parliament and British intelligence officer who was close to Gertrude Bell and T. E. Lawrence ("Lawrence of Arabia"). Herbert had been active since 1907 in fomenting Albanian independence from Constantinople, and was offered the Crown of Albania for his efforts, an offer which his friend, Asquith, dissuaded him from taking.

British active measures

As well in Serbia British military and intelligence networks were most active prior to outbreak of war. Major R.G.D. Laffan was in charge of a British military training mission in Serbia just before the war. Following the war, Laffan wrote of the British role in throwing a huge block on the route of the German-Baghdad project:

"If 'Berlin-Baghdad' were achieved, a huge block of territory producing every kind of economic wealth, and unassailable by sea-power would be united under German authority," warned R.G.D. Laffan. Laffan was at that time a senior British military adviser attached to the Serbian Army.

"Russia would be cut off by this barrier from her western friends, Great Britain and France," Laffan added. "German and Turkish armies would be within easy striking distance of our Egyptian interests, and from the Persian Gulf, our Indian Empire would be threatened. The port of Alexandretta and the control of the Dardanelles would soon give Germany enormous naval power in the Mediterranean."

Laffan suggested a British strategy to sabotage the Berlin-Baghdad link. "A glance at the map of the world will show how the chain of States stretched from Berlin to Baghdad. The German Empire, the Austro-Hungarian Empire, Bulgaria, Turkey. One little strip of territory alone blocked the way and prevented the two ends of the chain from being linked together. That little strip was Serbia. Serbia stood small but defiant between Germany and the great ports of Constantinople and Salonika, holding the Gate of the East...Serbia was really the first line of defense of our eastern possessions. If she were crushed or enticed into the 'Berlin-Baghdad' system, then our vast but slightly defended empire would soon have felt the shock of Germany's eastward thrust."

In 1915, after returning from a mission to Bulgaria, British MP, Noel Buxton wrote in the introduction to his book similar views of the strategic role of the Balkans for British strategy of blocking Germany and Austro-Hungary:

"No one now denies the supreme importance of the Balkans as a factor in the European War. It may be that there were deep-seated hostilities between the Great Powers which would have, in any case, produced a European War, and that if the

Balkans had not offered the occasion, the occasion would have been found elsewhere. The fact remains that the Balkans did provide the occasion. . . .”

Buxton added, “The Serbian army would be set free to take the offensive, and possibly provoke an uprising of the Serbian, Croat, and Slovene populations of the Austrian Empire. Any diminution of the Austrian force would compel the Germans to withdraw a larger number of troops from the other theatres of war.” The only Great Power whose interest lay in preventing the further deterioration of Ottoman control of its territories on the eve of war was Germany. The success of its grand economic and political project to win Ottoman Turkey as an informal sphere of influence, as well as securing the rights of the Baghdad Rail link to Mesopotamia and eventually to the Persian Gulf depended on preserving a stable political regime in Constantinople as partner. In April 1913, His British Majesty’s Foreign Office handed the Turkish Ambassador to London an official British statement of intent regarding Mesopotamian oil: “His Majesty’s Government. . . rely on the Ottoman Government to make without delay arrangements in regard to the oil wells of Mesopotamia which will ensure British control and meet with their approval in matters of detail.”

Ironically, just on the eve of the assassination of the Austro-Hungarian Archduke and heir to the Habsburg throne in Sarajevo by Gavrilo Princip, a member of a Serbian Black Hand secret society with reported French Masonic ties, agreements were finally reached between the Germans, the British and the Turkish parties over oil rights in Mesopotamia. In 1909, the National Bank of Turkey was founded following a trip, on request of England’s King Edward, by the influential London banker, Sir Ernest Cassel. Cassel was joined by the mysterious and wealthy Ottoman subject, of Armenian origin, Calouste Gulbenkian. The bank had no representation of Ottoman origins. Its board included Hugo Baring of the London bank, Earl Cromer, Barons Ashburton, Northbrook and Revelstone. At the time Lord Cromer was Governor of the Bank of England. This elite British entity in Constantinople then created an entity called the Turkish Petroleum Company, in which Gulbenkian was given 40% share. The purpose was to win from the Sultan an oil concession in Mesopotamia. Simultaneously, a second British-controlled enterprise, Anglo-Persian Oil Company was actively trying to extend its Persian oil claims into the disputed borders with Mesopotamia. The third player, the only one with exploration rights from Sultan Abdul Hamid II was the Baghdad Railway Company of Deutsche Bank. The crafty British were about to change that.

The combined British efforts forced the German group into a compromise. In 1912 and again in early 1914 on the eve of the war, with the backing of British and German governments, the (British) Turkish Petroleum Company was reorganized. Share capital was doubled. Half went to Anglo-Persian Oil Company, now secretly owned by the British Government. Another 25% was held by the Anglo-Dutch Royal Dutch Shell group. A final 25% was held by the Deutsche Bank group, the only ones with rights to exploit the oil resources to either side of the Baghdad rail line. Finally,

Shell and Anglo-Persian each agrees to give Gulbenkian 2.5% of their shares for a total of 5%. On June 28, 1914, in one of the great ironies of history, the Turkish Petroleum Company won the oil concession from the Sultan's government. It did not matter. War had broken out and British forces would secure the entire oilfields of Mesopotamia after Versailles in a new League Protectorate called Iraq.

In June 1914, just days before outbreak of war, the British Government, acting on First Lord of the Admiralty Winston Churchill's urging, bought the majority share of the stock of Anglo-Persian Oil Company and with it she took automatically APOC's major share in Deutsche Bank's Turkish Petroleum Company. London left nothing to chance. Why would England risk a world war in order to stop the development of Germany's industrial economy in 1914? The ultimate reason England declared war in August, 1914 lay fundamentally, "in the old tradition of British policy, through which England grew to great power status, and through which she sought to remain a great power," stated Deutsche Bank's Karl Helfferich, the man in the midst of negotiations on the Baghdad Railway, in 1918. "England's policy was always constructed against the politically and economically strongest Continental power," he stressed. "Ever since Germany became the politically and economically strongest Continental power, did England feel threatened from Germany more than from any other land in its global economic position and its naval supremacy. Since that point, the English-German differences were unbridgeable, and susceptible to no agreement in any one single question." Helfferich sadly noted the accuracy of the declaration of Bismarck from 1897, "The only condition which could lead to improvement of German-English relations would be if we bridled our economic development, and this is not possible."

7.9 Marxism, Terrorism and Assassinations

The Rothschilds, along with their salaried agents, conducted preferential business with numerous banks. By the end of the 1840s, they associated with banks in Baltimore, New York, Amsterdam, Berlin, Cologne, Constantinople, Florence, Hamburg, Milan, Odessa, Rome, and Trieste. The owners of the German banks, Warburg and Bleichröder, were, by 1848, part of a vast network. The Rothschilds valued the services of smaller banks and the influence and trust those banks had developed in their respective communities. By 1850, despite Russia's gold mines in the Urals and Altai, and "inexhaustible treasures" in the Petropavlovsk vaults, even the czar had no immediate money and had to extract silver reserves from the vaults to cover the paper issue. He also offered government bonds on the Paris Bourse (exchange). He then approached the City of London for a loan of 30 million silver rubles to cover expenses associated with the revolutions of 1848-1849.

Karl Marx, with a Doctorate in Philosophy (1841), was obscure and vulgar in his

correspondence with Frederick Engels, 1020 and could not secure a teaching job because of his revolutionary activities. Marx, though a Jew, regularly voiced his hatred of them, especially Jewish capitalists. He wrote *On the Jewish Question* (1843), *A World without Jews* (1844) and *Das Kapital* (1867). He derived many of his ideas from Adam Weishaupt (founder of the actual Illuminati), François-Noël Babeuf, Louis Blanc, Étienne Cabet, Robert Owen, William Ogilvie, Thomas Hodgkin, John Gray, Robert Thompson, William Carpenter, and Clinton Roosevelt. 1022 Roosevelt, of the New York banking family, wrote *The Science of Government Founded on Natural Law*.

Marx's tenets appealed to the Khazar Jews who readily accepted his ideals of state control and equality as most of them were accustomed to authoritarian rabbinic rule, having lived under the Babylonian Judaic Pharisaic Talmud, consisting of at least 5,894 pages. Because of their unique lifestyle, self-imposed exclusivity, and predatory monetary practices, people had ostracized them for centuries. Marx, descended from rabbinical families on his paternal and maternal sides, understood the unique character and atmosphere of living under Talmud tenets. 1023 The multi-volume Talmud includes over 12,000 regulatory restraints so people did not object to or question further rigorous regimentation. Because of the revolutions (1848-1849), Russia, by necessity, became involved in European politics to avoid losing its influence in Constantinople. In early 1850, Marx and Engels predicted a Russo-Turkish War. They stated that "the war against Turkey will necessarily be a European war." This, they said would allow Russia "a firm foot in Germany," to complete the counter-revolution and help the Prussians to capture Neuchâtel, in northern Switzerland, then march to the "center of the revolution, Paris." Neuchâtel claimed independence from Prussia in 1848, and was a refuge for German revolutionaries after their defeat of May and June 1849.

From France, Herzen, an associate of Vissarion Belinsky and the Russian anarchist, Mikhail Bakunin, the founder of collectivist anarchism, traveled to Italy where he stayed from December 1847 to April 1848, until he heard about the sweeping revolutions. Herzen immediately left for Paris, and then traveled to Switzerland. He championed the revolts and was disillusioned when they failed. In August 1852, he relocated to the safe political haven of London where he resided for about twelve years, promoting socialism, and where Karl Marx befriended him. 1025 In London, Herzen and Bakunin worked on the journal *Kolokol* (The Bell). Herzen would greatly influence the political environment that ultimately led to the emancipation of the serfs in Russia in 1861. In June 1853, Henry J. Temple, known as Lord Palmerston, the Earl of Shaftesbury, and Lord John Russell, gathered George Sanders, a former Bank of England employee, and now the American Consul in Liverpool, along with August Belmont, the Ambassador to Holland, James Buchanan, a freemason and future US president (1857-1861), and Senator Pierre Soule for a series of meetings in London. There, they met with Giuseppe Mazzini, a freemason and the organizer of

Young Italy, Giuseppe Garibaldi, a freemason, and Felice Orsini, leader of the Carbonária. Others joined them, including Arnold Ruge of Young Germany, Herzen, of Young Russia, and Lajos Kossuth, a freemason, 1026 of Young Hungary. Reportedly, during that meeting, they organized the international assassination bureau of the Scottish Rite Order of Zion.

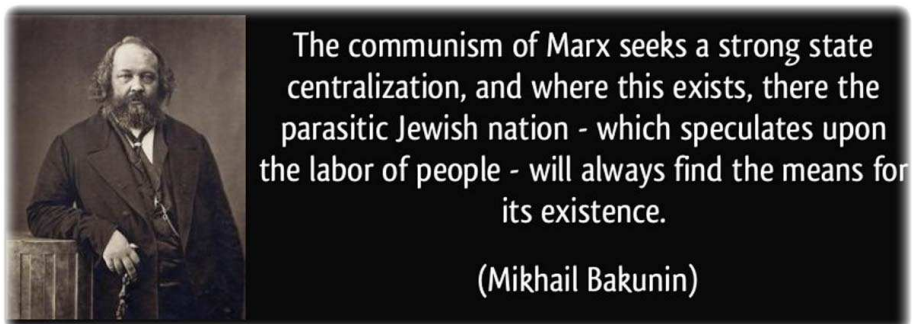


Figure 7.12: Mikhail Alexandrovich Bakunin (1814 - 1876) was a Russian revolutionary anarchist, and founder of collectivist anarchism. He is considered among the most influential figures of anarchism, and one of the principal founders of the social anarchist tradition.

Czar Alexander II (1818-1881) ascended the throne in 1855 during the midst of the Crimean War (1853-1856), a conflict over the Holy Land, between Russia, and an alliance of Britain, France, the Ottoman Empire, and Sardinia. On March 28, 1854, France and Britain declared war on Russia, the Jew's longtime enemy, as France demanded recognition as the sovereign authority in the Holy Land. Russia had been the protector of the Orthodox Christians in the Ottoman Empire and had assisted Austria-Hungarian efforts in suppressing the 1848 revolutions. The French and the British, unlike the Austrian and Prussian officials, refused to negotiate, making war inevitable. The Crimean War saw the first tactical use of railways, the electric telegraph and modern military tactics. 1029 The czar ended the conflict via the Treaty of Paris on March 30, 1856. Russia relinquished control of the left bank of the mouth of the Danube River, including part of Bessarabia. Russia also had to abandon their protection of Christians in the Ottoman Empire to accommodate France. The Turkish sultan promised to improve the status of the Christians in his empire. The Crimean War, along with the revolutions of 1848, would be a factor in the emancipation of the Russian serfs. The czar witnessed Russia's military defeat by Britain and France's free troops.

Czar Alexander II attempted to appease the Jewish minority who were willing and anxious to hold Russian citizenship, even though they were ethnic and cultural separatists. The czar approved of many new liberties for them and the serfs. On March 3, 1861, he issued the Edict of Emancipation abolishing serfdom throughout Russia, one of his most notable acts, increasing Russia's esteem throughout the world. People referred to him as "the Czar Liberator." However, the majority of the land was still in the possession of the nobles and the massive proletariat population still

possessed no property. The czar, to win the Jewish minority, offered them citizenship and other liberties. However, his policies contributed to Christian Russia's ultimate collapse. He removed many regulations and allowed Jews unrestricted travel and to attend any school they wished. He failed to anticipate the consequences, as this allowed them, still a "state within a state," to develop influential anti-government power. Through the use of terror, specifically assassinations, they advanced their goals. The czar attempted to halt their antagonism through additional concessions but it was unsuccessful and it soon cost him his life. Theoretically, everyone was free. The peasants, now wage slaves were still miserable, and they were no different from the peasants of Prussia and Austria, where the government had also granted liberation. The government established schools, and, together with media officials, reduced the incidence of censorship, but failed to totally eliminate it. Certain interests enthusiastically encouraged a process of Russification and the adoption of nationalism or statism, the aggrandizement of the state over individual desires and needs.

After emancipation, many serfs adopted Narodism, a political force whose advocates accused the government of imposing wage slavery on them. The Narodniks opposed the bourgeoisie, those who then controlled capital, and who replaced the landowners. The Narodniks, though resentful of the previous land ownership system, contested the displacement of the peasants from the traditional communes. The Narodniks concentrated on the mounting divergence between the peasantry and the prosperous farmers. The Marxist groups promised to destroy the monarchy, the wealthy, and then redistribute their wealth among the poor. The Narodniks acknowledged that they could not achieve revolutionary changes on their own but would need extraordinary leaders. There were other Narodniks who demanded an immediate revolution without considering philosophical and political discussions with political leaders. In the spring of 1874, the Narodnik intelligentsia left the cities to try to persuade the peasants in the villages to revolt, but the peasants initially refused to support the Narodniks who were from the middle and upper middle classes, and who could not relate to the peasants. The Narodniks revised their tactics, learned about the peasant culture, and in 1877, initiated a revolution, assisted by thousands of peasants.

Professor Georg Wilhelm Friedrich Hegel (1770-1831), a freemason, promoted the philosophy that ultimate peace comes only through conflict. Rhetorical conflict and physical warfare (or pogroms) are theoretically essential for ultimate peace achieved through globalization. Author David Icke, simplifies the process with the term—Problem, Reaction, Solution (P-R-S). He explains, 1) Provocateurs create a problem and shift the blame elsewhere. 2) They use the media to present a false version of the problem. 3) They maneuver the public by creating fear and outrage. 4) The public demands a solution. 5) Those who "engineered the problem" offer a solution that they wanted all along. This successful tactic motivates people to accept and even plead for changes they would have rejected prior to the problem.

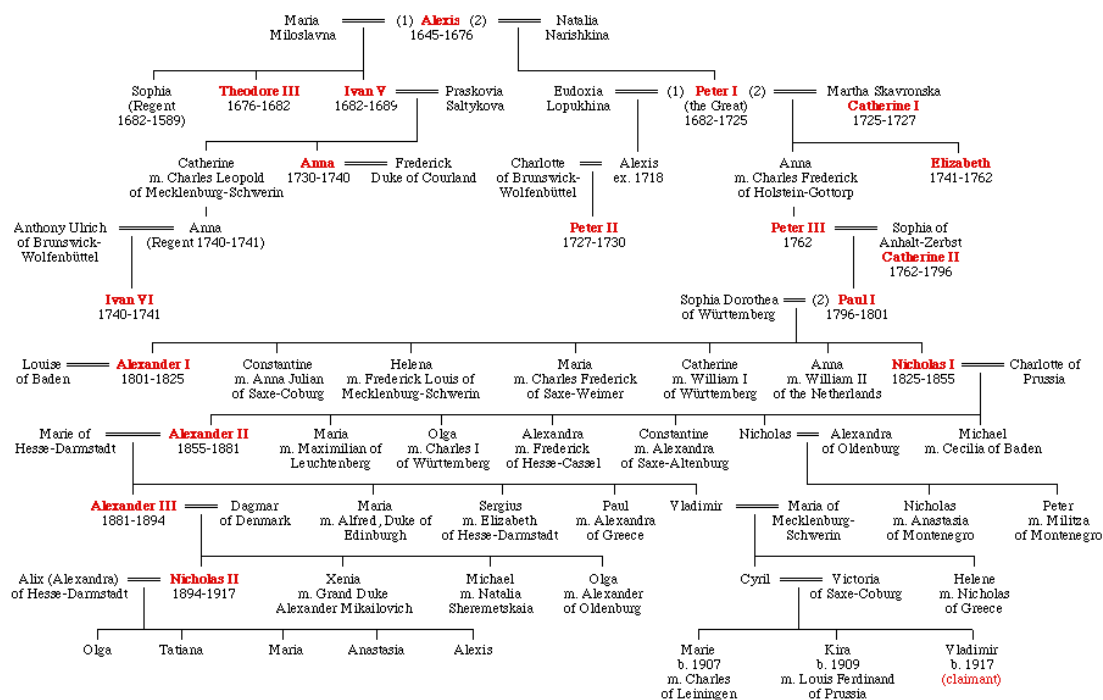
The government suppressed the revolt and imposed additional regulations, which led to the formation of the first organized revolutionary party, the Narodnaya Volya, or the People's Will. The party used secret society-directed terrorism to exert pressure on the government for change and improvement and to demonstrate the czar's vulnerability. Alexander Soloviev attempted to kill Czar Alexander II on April 14, 1879. He fired at him five times, but missed and authorities soon captured and executed him. On November 19, 1879, Leo Hartmann, Grigory Goldenberg, Sophia Perovskaya, all Narodnaya Volya members arranged an explosion on the railroad line but they missed the czar's train. They may have used dynamite, invented by Alfred Noble, patented in 1867. In another attempt, on February 17, 1880, when the explosive detonated, it killed Ignacy Hryniewiecki, one of the Polish terrorists. Three people admitted to making the explosives— Alexander Mikhailov and Andrei Zhelyabov, both on the Executive Committee of the Narodnaya Volya and Nikolai Kibalchich. Hartman escaped to France where he celebrated with French revolutionaries and avoided extradition, but later authorities expelled him. On November 18, 1890, Stanislaus Padlewsky, a Nihilist, murdered General Michael de Seliverstoff, the former St. Petersburg police chief, in Paris. Padlewsky, in a story in *The New York Times*, on January 30, 1892, claimed that Hartman ultimately found refuge in America among other Nihilists.

Alexander II, with numerous reforms, improved conditions. Educated, liberal Jews became an influential political and social force. They viewed Marxism, using persuasive propaganda, mixed with violence, as a way of altering or eliminating established institutions, and the existing culture, and replacing it with a new society, based on Marxist principles. Jews joined with revolutionary non-Jewish radicals, the professed intelligentsia, and practiced terrorism and assassination as they believed that progress was only possible by purging certain officials. Alexander II attempted to immobilize the terrorist's hostility by permitting even greater concessions. However, on the day that he proposed his latest resolution, March 13, 1881, after four earlier attempts, the terrorists, the very people he was trying to help, murdered him. The Narodnaya Volya assassination of Alexander II horrified the peasantry. The government hung many of the Narodnaya Volya leaders, most of whom were Jews, which left the group without strong effective leaders. Later, other groups, the Socialist-Revolutionaries, the Popular Socialists, and the Trudoviks embraced the same philosophies and used the same terrorist tactics. These revolutionary groups laid the foundation for the revolutions of 1905 and 1917. The people justifiably blamed the revolutionary Jews for the assassination. Czar Alexander III, the czar's son, replaced him on March 13, 1881, and would be in power until his death on November 1, 1894. Within a month, pogroms in the Ukraine, in response to the terrorism, destroyed thousands of Jewish homes and injured hundreds of people in approximately 166 towns as latent anti-Semitism erupted. Nationwide pogroms would begin in earnest in Russia around 1890. Alexander III accused Jewish provocateurs of starting the riots in which non-revolutionary Jews were victims. Resentful

Cossacks slaughtered thousands of men, women and children. Pogroms occurred simultaneously in Poland, Romania, and Bulgaria, seemingly in a well-organized fashion.

Because of the pogroms, Nicolai Ignatyev, the Minister of Internal Affairs, in a Problem, Reaction, Solution (P-R-S) response, proposed regulations for the Jews. Alexander III approved and enacted the May laws on May 15, 1882: 1) Authorities forbid Jews to create new settlements outside of towns and boroughs, except in the case of existing Jewish agricultural colonies. 2) People could not issue mortgages and other deeds to Jews, or register Jews as lessees of real property situated outside of their towns and boroughs; or issue powers of attorney to Jews to manage and dispose of such real property. 3) Jews could not transact business on Sundays and on the principal Christian holy days, the existing regulations concerning the closing of places of business belonging to Christians on such days to apply to Jews also. 4) The measures laid down in 1, 2, and 3 shall apply only to the governments within the Pale of Jewish Settlement.

The Romanov Dynasty



Members of the Narodnaya Volya attempted to kill Alexander III. On May 5, 1887, the state executed Vladimir Lenin's older brother, Aleksandr Ulyanov, because he had participated in that attempt. Perhaps Vladimir Lenin, born Vladimir Ilyich Ulyanov, felt an obligation to retaliate against the Romanovs, especially Nicholas

II, the grandson of Alexander II, if only for the sake of his brother. Lenin, while attending the University of Kazan, adopted Marxism. Because of expulsion orders, in 1886, in Kiev, and in 1891, in Moscow, a huge number of Jews, possessing a globalist strategy, immigrated to other European countries and to America. It was not the first time that governments had deported Jews because of their activities. Emigration accelerated even more under Nicholas II. However, many Jews opted to stay in Russia despite the persecution, hoping that it would dissipate. In 1913, Russia's Jewish population would total 6,946,000. Over 2,000,000 Jews left Russia between 1880 and 1920. The majority of them immigrated to the United States. By 1905, Russia suffered a great loss in the Russo-Japanese War, causing increased revolutionary turmoil.

7.10 1905 Revolution, Funded by International Bankers

By 1860, the Jews had the Alliance Israélite Universelle, headquartered in Paris, with massive monetary means, a huge membership, and various Masonic lodges which represented an organization that promoted equality and universal suffrage. The Alliance directed its efforts toward anti-Christian and anti-monarchist activities using socialism, an easy tool for the "ignorant masses." Russia, a land of laborers, Orthodoxy and monarchism proved to be an obstacle. In order to impose Marxism, rebels had to debilitate the existing government, which they would do, using Japan as a mercenary. The State Duma temporarily removed the existing obstacles to the triumph of Jewry in Russia yet hostility erupted right after the October Manifesto, which presumably alleviated those concerns. The Jews subsequently engaged in terrorism against the state. Angry Russians then assaulted innocent Jews in numerous pogroms in retaliation. Because of the Alliance Israélite Universelle, well-organized Jews in every country acted in concert as one determined body. They had efficient intelligent leaders, weapons and sufficient financing all promoting a revolution. Time and experience reveals the international character of the movement. If one evaluates the revolutionary spirit in France (1789), numerous countries in Europe (1848), America (1861), Russia (1905, 1917), and the Ottoman Empire (1908) and again in Germany (1921) it becomes apparent that a common source exists that uses similar tactics. They use strikes, military force, assassination, media control, education, and they seize or infiltrate the government. Afterwards, they control credit, currency, production, and distribution. They create civil or class warfare, debase the culture, degrade ethical standards, and promote the patriotic participation in foreign warfare to morally, and financially desecrate a country.

For years, John D. Rockefeller (1839-1937) and Standard Oil aggressively competed with the Royal Dutch Company for the worldwide oil reserves and markets, particularly those under the control the British, especially in Saudi Arabia. The British Crown, the Dutch Crown and the Isaacs, Samuels, Rothschilds and the Sassoons

controlled Royal Dutch. The czar gave Royal Dutch an exclusive oil concession in the Baku oilfields making those fields inaccessible to Rockefeller. There were three ways that he could gain access 1) support the destruction of Russia through revolution; 2) create a division between the czar and Royal Dutch; 3) and the least feasible, destroy the British to acquire access to Arabia and the Middle East. In May 1885, Rockefeller sent George Kennan (1845-1924, who was employed by the Russian-American Telegraph, surveyed a route for a possible overland telegraph line starting in San Francisco under the Bering Sea and across Siberia to Moscow) back to Russia, including Siberia, where he joined with many of the revolutionaries who had remained in Russia following the 1880s pogroms. He encouraged their rebellion against the czar, who he had earlier supported. He returned to the United States in August 1886 and spent the next twenty years promoting a revolution in Russia, primarily through lectures. He spoke before a million or more people during the 1890s. London's wealthy Anglo-Jewish community voiced its concerns over the reported pogroms and organized a protest meeting where Samuel Montagu, an Orthodox Jew, whose daughter Lily founded Liberal Judaism and Nathaniel M. Rothschild spoke and advocated political intervention.

Lev D. Bronstein (usually known as Trotsky), born October 26, 1879 in Yanovka (now Ukraine), to a rich farmer, was a revolutionary student in Odessa. He helped re-establish the South Russia Workers Union in 1897, which had disbanded in 1881. Several hundred workers, including Russians, Poles, Jews, and Ukrainians comprised the original group. The group demanded extensive economic changes, collective ownership of land and factories, shorter working hours, and it used terrorism to achieve its aims, including sabotage, and the murder of factory managers and owners.

On October 7, 1897, in Vilna, individuals founded the General Jewish Labour Bund, a secular party, to exclusively represent the Jewish working class. About 315,000 Jews were illegally living outside the Pale, mostly in St. Petersburg and Moscow. In 1897, revolutionaries founded the Bolshevik Party in Russia, which then included Lithuania, Latvia, Belarus, Ukraine and most of what is now Poland. Jews participated in revolutionary activities on a huge scale in those areas. At the same time, American and British officials agreed to share intelligence, weaponry and military spoils. The establishment of Cecil Rhodes' Pilgrims Society cemented the alliance to purportedly facilitate "the extension of British rule throughout the world." In 1897, with the imminent Spanish American War, the Second Boer War and the Russo-Japanese War, a military power trust consisting of Vickers, DuPont, Nobel, Koln, Kottweiler and others, began preparing for a major world war. In 1898, Bronstein helped found the Russian Social Democratic Labour Party (RSDLP) in Minsk, which had its First Congress, March 13-March 15, 1898, to oppose the Narodniks. It later split into the Bolshevik and Menshevik factions. In January 1898, authorities arrested him and incarcerated him in Odessa, where, over the next two years, he initiated his investigation of freemasonry.

Bronstein concluded that freemasons intend to eliminate nations and their cultures in order to institute a world government. Apparently, elevation to the thirty-third Degree indicates acceptance of this goal. Freemasonry necessitates revolution. Bronstein, understood that Jews would dominate the world's population through multiculturalism and the eradication of national borders. They had to create a Jewish-ruled international republic because no other group was capable of controlling the masses. In 1902, Bronstein escaped to London where he met Vladimir Lenin (born Vladimir I. Ulyanov); Bronstein changed his name to Leon Trotsky. In July 1898, Lenin married Nadeshda Krupskaya, a Marxist revolutionary. Alexander Parvus, Trotsky's mentor, then living in a Munich suburb, provided the money for the 1905 coup attempt and made Lenin the editor of the Russian Social-Democrats' newspaper *Iskra* in 1901, in addition to allowing him to live in his flat. Parvus organized a printing office in Leipzig and ascertained that the newspaper reached Russia. Trotsky and Lenin collaborated on *Iskra*. Lenin led the Bolsheviks at the Second Congress of the RSDLP, July 30-August 23, 1903, while Trotsky acted as one of the Menshevik leaders. This congress finalized the formation of the Marxist party in Russia, first proclaimed at the First Congress of the RSDLP.

Russia annexed Batumi in accordance with the Treaty of San Stefano with the Ottoman Empire. 1058 In exchange, per a secret Anglo-Ottoman Cyprus Convention, the British occupied Cyprus. The Russians occupied Batumi beginning on August 28, 1878, and declared the town a free port until 1886. In 1883, they began the construction of the Batumi-Tiflis-Baku railway which they completed in 1900, along with the Baku-Batumi pipe-line. Batumi, 439 miles from Baku, soon became the chief Russian oil port on the Black Sea, and its population rapidly expanded from 8,671 in 1882, to 16,000 by 1902, when 1,000 men worked in Rothschild's Caspian and Black Sea oil refinery. On June 1, 1903, officials placed the region of Batumi under the General Government of Georgia's direct control. In 1902, Joseph Stalin (born Ioseb Besarionis dze Jughashvili), began working at Rothschild's refinery in Batumi. The next day, someone, probably Stalin or his cohorts, deliberately set Rothschild's refinery ablaze. Stalin organized and engaged in creating strikes, mayhem, espionage, banditry, extortion, agitation, and murder in Batumi where he ordered the first killings of those he considered traitors. 1059 During the revolution, the Rothschilds had their termites, possibly Stalin, in Russia who destroyed and sabotaged the oil wells and refineries, even their own. Economic disaster and joblessness followed industrial sabotage.

At the Communist Party's Brussels-London conference (1902-1903), Lenin endorsed the more violent Marxist program, and won the group's support by a vote of twenty-five to twenty-three. More pogroms erupted beginning in 1903 through 1906. Jews, a distinct cultural minority, readily endorsed the three aims of International Communism, 1) seizing power in Russia, 2) Political Zionism and, 3) sustained migration to the United States, while retaining their nationalistic separatism. Lenin and Trotsky

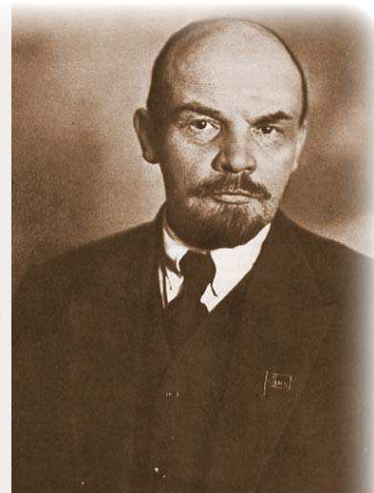
disagreed on one very important policy; Lenin supported violent revolution, adapted for expediency, to alter society while Trotsky and his followers favored a non-violent approach. The Trotskyites evolved into what Americans currently refer to as neoconservatives. Lenin retained the leadership after the demise of the less violent faction in 1903. The communist Jews, along with other Russian revolutionaries, were such a force that success was sure but timing and funding was everything. Marxists exploit religion and labor through unions. In 1903, Father Georgiy A. Gapon, an Orthodox priest, organized the Assembly of Russian Factory and Mill Workers of St. Petersburg, which the Department of the Police and the St. Petersburg Okhrana supported, as they believed it was the way to control it. Gapon intended, through the Assembly, to defend workers' rights and increase their moral and religious status. His organization, composed exclusively of members of the Russian Orthodox community, had twelve branches and 8,000 members. His friend, Pinhas Rutenberg, an associate of Alexander Parvus, and a freemason¹⁰⁶² and a member of the Socialist-Revolutionary Party, was a workshop manager at the Putilov plant, the center of the Assembly of Russian Factory and Plant Workers. Rutenberg, an engineer, businessman, Marxist and a Zionist leader, participated in the two revolutions, in 1905 and 1917. During World War I, he helped found the Jewish Legion of the American Jewish Congress. Later, in the British Mandate of Palestine, he obtained an exclusive concession for the production and distribution of electric power and founded the Palestine Electric Company, currently the Israel Electric Corporation. He would also participate in the formation of Haganah, a nucleus of the future Israel Defense Forces, and would serve as a President of the Jewish National Council.



trotsky 1879/1940



Stalin 1878/1953



lênin 1870/1924

apon, an obedient police instrument, began, by the end of 1904, to cooperate with radicals, and champion the czar's abolition. On December 29, 1904, a foreman fired four at the Putilov plant, St. Petersburg's largest industrial plant, which produced

military supplies during the Russo-Japanese War. Workers organized a strike, beginning on January 3, with more than 12,000 workers. Sympathetic workers in other city plants organized strikes so there were over 80,000 striking workers. On January 2, 1905, Russia relinquished Port Arthur, while the Japanese critically hurt the Russian Baltic Fleet at Tsushima. On January 7-8, the strike became a general one and according to the incomplete data of the factory inspectorate, it affected about 456 companies with 113,000 workers (150,000 by some sources). It paralyzed the city's industrial and commercial life. By January 8, 1905, the city was without electricity and the newspapers had stopped publishing. The authorities closed all public areas. This well-timed strike impacted Russia's ability to fight the Japanese, a war that Japan initiated without a declaration of war on behalf of the international banking cartel. On Bloody Sunday, January 22, 1905, in St. Petersburg, during the depression that was sweeping Russia, more than 300,000 unarmed, striking workers and their families, organized and led by Father Gapon, along with Rutenberg, marched to the Winter Palace. They intended to present a petition to Czar Nicholas II demanding an end to the war, and the introduction of universal suffrage. The workers were peaceful, singing religious and patriotic songs and proceeded without the police interfering in their march.

According to official documents, Parvus and Rutenberg positioned some Jewish terrorists in the trees in Aleksandrovsk Park and ordered them to shoot at the guards. The Imperial Guard then fired warning shots, in self-defense, and then opened fire on the crowd. Rutenberg took Gapon out of harm's way. Although the czar was not present, people blamed him for the massacre. The people generally supported him but this massacre had serious consequences. Czar Nicholas II described the day as "painful and sad." 1064 He awarded a subsidy to the families of those who the guards had shot. However, the revolutionaries claimed that "thousands of people lost their lives.", when in reality, it only were a few hundred. After Trotsky heard about Bloody Sunday, he returned to Russia, and, in December, the people elected him as the President of the St Petersburg Soviet. Immediately, the Russian people resented his autocratic rule. Authorities arrested, tried him and sent him to Siberia in 1907. Reportedly, the protesters were unarmed, but others claim that some of them had guns and took the first shots at the Imperial Troops. They then retaliated. This incident provoked the first Russian Revolution of 1905. Gapon and Rutenberg fled to Europe where prominent Russian emigrants Georgy Plekhanov, Vladimir Lenin, Peter Kropotkin, and French socialist leaders Jean Jaurès and Georges Clemenceau welcomed them. In the spring of 1905, the British Fabian Society, a group founded on January 4, 1884, to incrementally introduce socialism into society, met in London, with the Bolsheviks, and arranged additional loans for them so they could proceed with their nefarious plans. Many notable people were Fabians, as well as freemasons, including George Bernard Shaw and Sidney Webb (pro-Soviet historian), two of the four founders of the London School of Economics (1895). All British prime ministers (like Tony Blair) coming from the Labour Party are members of the Fabian Society.

Rothschild financed the London School.

In September 1902, Beatrice and Sidney Webb had formed the Coefficients, which included Herbert George "H. G." Wells, key ideologist, Leopold M. Amery, Richard B. Haldane, Robert Cecil, Edward Grey, Bertrand Russell, Alfred J. Balfour and Alfred Milner, most of whom were freemasons. In 1929, Wells, a spokesman for the international conspiracy, wrote the pamphlet, *The Open Conspiracy: Blueprints for a World Revolution*, in which he defined the Masonic objectives, 1) Control of the world's natural resources; 2) reduction of world population through warfare; 3) the destruction of sovereign nations; and 4) imposition of a world dictatorship through the instrumentality of a superior race. Wells maintained that the elite, through control of information, would manipulate people who would willingly, incrementally accept the New World Order, gradually, one precept at a time. The conspiracy operates as a sinister system, existing as a nation within a nation, working to eradicate each nation in order to institute world government. The Fabian philosophy (socialism) spread to other countries—America, India, Australia, Canada, New Zealand, Spain, Denmark, and Germany. Dean Acheson clerked for Justice Louis D. Brandeis (1919-1921), having been recommended by one of his Harvard professors, Felix Frankfurter. By 1933, Acheson was a Fabian and the Undersecretary of the US Treasury.

He advocated US recognition of the Soviet Union. Joseph Fels, a Fabian and an American-based soap manufacturer, loaned the Bolsheviks a huge amount of money. He also financed the Jewish Territorialist Organization, founded in 1903, by author, activist and freemason, Israel Zangwill and Jewish journalist, Lucien Wolfe. Fels funded it from 1906 to 1912, when he died. Fabians helped finance the Bolsheviks while Jacob H. Schiff financed the Russo-Japanese War, Japan's assault against Russia (and later the Bolshevik Revolution). Trotsky set up the Saint Petersburg Soviet of Workers' Deputies, a Menshevik group that organized a strike in more than 200 factories. By October 26, 1905, over two million workers were on strike and they had deactivated rail travel throughout Russia. The strikes provided chaotic pressure from below. Accordingly, people refused to pay taxes and they withdrew their money from the banks. Sergei Witte and Alexis Obolenskii devised the October Manifesto of 1905, a response to the revolution, which they presented to the czar on October 14. It granted basic rights, the development of political parties, universal suffrage, and the continuation of the Duma. The czar, after resisting for three days, ultimately signed it on October 17, 1905, to circumvent another massacre. He lacked the military force to stop further rebellion. The workers in St. Petersburg and in other areas ended their strikes.

The revolutionaries initially ignored the majority of the Russians who then, because of the Jew's actions against the government, waged warfare against the Jews in the form of pogroms, killing as many as 3,000 Jews. Count Vladimir Lamsdorf confirmed the connection between the revolutionaries and foreign Jewish organizations through

items that appeared in the press. Arms dealers in Europe transferred goods through England. In June 1905, in England, the Anglo-Jewish Committee began collecting money for the Russian Jews at the same time that Rothschild and his group collected money in France, England, and Germany to aid the pogrom victims in Russia. Jewish bankers in America collected funds for the victims and “for the arming of the Jewish youths.” The Bolshevik revolution, January 22, 1905-July 16, 1907, failed miserably despite the financial and ideological support of the bankers and the Fabians. Thereafter, authorities sent Stalin to Siberia, Lenin fled to Switzerland; Trotsky lived in exile in London, Vienna, Zurich, Paris, and then he ultimately went to New York. He maintained connections to B’nai B’rith, a Masonic order that assisted the revolutionaries. Jacob H. Schiff, of Kuhn, Loeb, managed the communications between B’nai B’rith and the Jewish revolutionaries in Russia. Simon Wolf, the Washington DC representative for the B’nai B’rith during the Civil War, worked with President Theodore Roosevelt to organize Jewish-American backing for the collapse of Russia. In his autobiography, Wolf revealed that he visited with Roosevelt at his estate, Sagamore Hills. They devised an international operation to accuse the czarist regime of anti-Semitism. Roosevelt regularly communicated with Count Sergei Witte, Russia’s First Prime Minister, November 6, 1905-May 5, 1906. Witte presided over extensive industrialization within Russia while serving under Czar Nicholas. According to their plan, Wolf accused the Russian regime of defaulting on its pledge to curtail the anti-Jewish pogroms. The B’nai B’rith then managed several American Jewish organizations that sent guns to the insurrectionists.

Count Lamsdorf, a Russian diplomat of German descent, was the Foreign Minister of the Russian Empire, during the critical time of the Russo-Japanese War and the revolution. On January 3, 1906, he produced a document called *The Proposed Anti-Semitic Triple Alliance* which detailed the activities of the anarchists in 1905, especially beginning in October following a number of strikes culminating in an armed revolt in Moscow and other cities. He asserts that the revolutionary movement, although there were serious internal issues, had an international character, supported largely from abroad, by Jewish capitalist circles that fund revolutionary movements. Lamsdorf claims that the rebels, hostile to the government, acquired a huge quantity of arms from abroad and considerable financial support to use in organizing various kinds of strikes. This support did not originate from governments but from foreign organizations. Further, an alien racial nature characterizes the revolutionary movement. Jews are the most active in such endeavors, and are more likely to use aggression and revolution, either as individuals, or as leaders, or they create organizations, such as the Jewish Bund, for revolutionary activities. Lamsdorf was certain of the connection between the Russian revolution and the foreign Jewish organizations. Many of the Jews attending the Russian universities accepted the dogma of Ferdinand Lassalle, a member of the Communist League, and Karl Marx. The revolutionary movement was completely under Jewish control, a fact not published in Russian newspapers. However, members of the Jewish Workingmen’s Union

in Amsterdam and Jewish groups in other countries understood that they controlled the movement in Russia. Essentially, international Jewry supports revolution in all countries.



Figure 7.13: Propaganda from that time. The Revolution was defeated.

The Bolsheviks, unsuccessful the first time, would, with sufficient financing, succeed the next time. Lenin and Trotsky met with US industrialists between 1907 and 1910. Rockefeller, Andrew Mellon, Andrew Carnegie and J. Pierpont Morgan founded the American International Corporation and capitalized it with \$50 million for Russia's Bolshevik revolution and the ultimate destruction of the czar's family. Rockefeller, whose banker was Schiff, promoted revolution to further his business interests. Ideology is insignificant. Per congressional testimony, Rockefeller helped finance the 1905 revolution. State Department records, later destroyed, show that US bankers helped finance the Bolsheviks, including Max Breitung, Benjamin Guggenheim, Kuhn, Loeb and Company whose directors were Schiff, Felix M. Warburg, Otto H. Kahn, Mortimer Schiff and Jerome J. Hanauer. Other contributors include the Lazard Brothers of Paris, the Westphalian-Rhineland Syndicate, and Speyer Brothers of London and others. Warburg was a grandson of Moses M. Warburg, one of the founders of the M. M. Warburg bank (1798) in Hamburg.

The ruling class, concurrently, in different locations, use both Capitalism and Bolshevism as governing structures. In reality, the two do not diametrically oppose each other but are two alternative, ambitious methods of achieving world domination, by subtle, deceptive infiltration, or through violent revolutions, followed by the obliteration of the legitimate governments of one sovereign country after another. The theoretical conflict between them is a misleading, terrible deception, creating enmity among peoples who would otherwise share common aspirations. Capitalism is not

the solution for Bolshevism, which is, in reality, a violent, impatient extension of Capitalism.

7.11 British Foreign Policy

In August 1895, a series of articles began in the British weekly *The Saturday Review*, which called for the annihilation of Germany and whose disastrous greed for German plunder still reverberates to the present day. With the Second Reich, a German state came into being which was rapidly creating a modern economy which imperiled the economic predominance of Great Britain. Coal and steel were the two indicators by which national economies were measured prior to the First World War. The production of raw materials in Germany grew by 334% in the quarter-century before the First World War, from 4 million to 17.8 million tons, while the figures for Great Britain rose from 7.7 to 9 million, therefore an increase of 17%. During the same period the mining of coal in Germany increased from 76.2 to 255.8 million tons (240%) but in Britain only 60%, to 240 million tons. Germany's foreign trade was reaching proportions alarming to Great Britain. An investigation by the English Parliament in 1885 noted that the Germans produced more cheaply and their products were geared to the preferences of their buyers. Knowledge of languages, tirelessness and flexibility were considered to be the merits of the German commercial travelers. A trademark law was passed in England as a counter-measure, which prescribed that German products be marked "Made in Germany," yet the British middlemen and consumers nevertheless still often preferred the German goods, on which account the obligatory mark was modified to "Foreign made."

Paul Valery in a British commissioned work from the year 1896: "One learns that the military victories through which this [German] nation established itself are small when compared with the economic triumphs which it has already wrested; already their many markets in the world are more tightly held than the territories which it owes to its army [...] one grasps that Germany has turned to industry and trade as it once did to its military: with level-headedness and resolve. One senses that it is omitting no means. If one wishes to explain this new [...] greatness, then one should call to mind: constant hard work, most precise investigation of the sources of wealth and unrelenting manufacturing of the means for producing it; exact topography of the favorable sites and most convenient connecting routes; and above all, perfect obedience, a subordination of all motives under a sort of simple, exclusive, powerful thought - which is strategic in form, economic in purpose, scientific in its profound design and its realm of authority. Thus does the totality of the German enterprises have its impact upon us."

The European upper classes saw their indolent life imperiled by this upswing of the German economy. They were living, according to Max Scheler, in a Paradise:

“For our Eastern neighbors there was more dreaming, plotting, feeling, praying, and quiet submission to the yoke of fate, but also the drinking of schnapps, strolling romantically through life, careless and illicit coarse enjoyment [...] For the English, it was easy to buy and sell, according to the old way, accustomed to winning, and in the manner of old grand merchants, proud of the old proven types of goods, without adapting to the needs of customers in the world market [...] it was also, however, to enjoy life in sports, wagering, gaming, country life, traveling, to end the week’s work on Friday evening and to go to the sports stadium [...] - but to do all this with a matter-of-fact feeling, grounded in the situation and geography of the island, of having been divinely chosen to be Lord of the Sea [...] not as a member of Europe, but as a power equal to all of Europe, indeed, a power which was a match for the entire world, equal to guiding the nations outside of Europe, of leading them and of being their political arbiter. And the same paradise meant for France: increasing financial wealth with few children, pensions after 20-30 years of work, great colonial empire, time and idle leisure for luxury, intellect, outward appearances, adventures full of sensuality with beautiful women.“

The terror which the German power of achievement set loose in these European upper classes, was captured by Max Scheler in the parable: “There [...] appeared on their every horizon [...] the image of a new, strange archangel, the face [...] as severe and iron-like as the old one of the myth, but otherwise quite different [...] He bore the stamp of a plain workman, with good, tough fists, he was a man who labored and kept working, on and on, according to the inner testimonial of his own convictions, not in order to outdo or for the sake of some sort of renown, and not for enjoyment apart from or after the work, nor in order to contemplate and admire the beauty of the world in that spare time following work, but quietly and slowly, immersed in his labor, yet with a terror-exciting steadiness, exactitude and punctuality when seen from the outside, and wholly lost within himself and his task, he worked, worked on and kept working - and this the world was least able to grasp - out of pure joy in boundless work in itself - without goal, without purpose, without end. What will become of us, what shall happen to us - felt the nations [...] How shall we exist, faced by these new masses? Shall we change ourselves, seeking to emulate him? No and again no! We cannot obey this new demand! But we do not want it and shall not do it!“

In 1895 these upper classes, beginning with Great Britain, formed a War Party against Germany which is still at work today.

“OUR TRUE FOREIGN POLICY(Sir Eyre Crowe, English Conservative Party): The Saturday Review of 24 August 1895: “First of all, we English have always made war hitherto upon our rivals in trade and commerce; and our chief rival in trade and commerce to-day is not France but Germany. In case of a war with Germany, we should stand to win much and lose nothing; whereas, in case of a war with France, no matter what the issue might be, we stand to lose heavily. (Sir P. Chalmers

Mitchell, Professor of Astronomy and Biology at Oxford and Captain in the British General Staff from 1916 to 1919 and had connections to Crowe) Of European nations, Germany is most alike to England. In racial characters, in religious and scientific thought, in sentiments and aptitudes, the Germans, by their resemblances to the English, are marked out as our natural rivals. In all parts of the earth, in every pursuit, in commerce, in manufacturing, in exploiting other races, the English and the Germans jostle each other. Germany is a growing nation; expanding far beyond her territorial limit, she is bound to secure new foothold or to perish in the attempt. [...] Were every German to be wiped out to-morrow, there is no English trade, no English pursuit that would not immediately expand. Were every Englishman to be wiped out tomorrow, the Germans would gain in proportion. Here is the first great racial struggle of the future: here are two growing nations pressing against each other, man to man all over the world. One or the other has to go; one or the other will go.“ “First, federate our colonies and prevent geographical isolation turning the Anglo-Saxon race against itself. Second, be ready to fight Germany, as *Germania est delenda* [Germany must be destroyed]; third, be ready to fight America when the time comes. Lastly, engage in no wasting tears against peoples from whom we have nothing; to fear.“

The Saturday Review of 11 September 1897(Sir Edward Grey, British Foreign Minister): “ENGLAND AND GERMANY Prince Bismarck has long recognised what at length the people of England are beginning to understand - that in Europe there are two great, irreconcilable, opposing forces, two great nations who would make the whole world their province, and who would levy from it the tribute of commerce. England, with her long history of successful aggression, with her marvellous conviction that in pursuing her own interests she is spreading light among nations dwelling in darkness, and Germany, bone of the same bone, blood of the same blood, with a lesser will-force, but, perhaps, with a keener intelligence, compete in every, corner of the globe. In the Transvaal, at the Cape, in Central Africa, in India and the East, in the islands of the Southern sea, and in the fair North-West, wherever - and where has it not ? - the flag has followed the Bible and trade has followed the flag, there the German bagman is struggling with the English pedlar. Is there a mine, to exploit, a railway to build, a native to convert from breadfruit to tinned meat, from temperance to trade gin, the German and the Englishman are struggling to be first. A million petty disputes build up the greatest cause of war the world has ever seen. If Germany were extinguished to-morrow, the day after to-morrow there is not an Englishman in the world who would not be the richer. Nations have fought for years over a city or a right of succession; must they not fight for two hundred million pounds of commerce?

The Saturday Review articles appeared anonymously between 1895 and 1897. But what sort of magazine was this? The German Brockhaus encyclopedia of 1908 mentions it as “imperialist 'magazine' published since 1855 with witty reviews of Engl.,

Fr. and German literature“ In accordance with its importance, it is found in many German libraries, and the annual series from 1855 are partially extant. There is not much that can be said about the readers, but they must surely have come from the educated upper class. A judgment concerning the contributors, among whom can be found many illustrious British names, is more easily made. Many of them published several times, a portion of them on a regular basis. Many of the articles appear anonymously, which gives an even greater weight to the list of names, since it seems to have been customary in England for high-ranking and wealthy persons to have others write for them. But in the period between 24 August 1895 and 11 September 1897, in which this series of articles appeared, there are renowned British names: G. Bernard Shaw, H. G. Wells, Winston S. Churchill, W. B. Yeats, Conan Doyle, Henry M. Stanley, Rudyard Kipling, and Algernon Charles Swinburne. Four of those named received Nobel prizes and one was very influential in the First World War and was the key figure in British politics in the Second World War. Not one of these authors and not any of the readers objected to the proposals in *The Saturday Review* for the destruction of Germany or dismissed them as insane ideas, not even after these ideas were repeatedly put forward. The global lay-out of the idea of destruction with the biological and historical recourse to Darwin's Theory of Evolution, the analogy of Rome = Great Britain and Carthage = Germany.

In 1892, Edward Grey became parliamentary Under-Secretary under Lord Rosebery, who took over the Foreign Office. In 1895 Rosebery is voted out and Grey loses his office. Grey writes that these years were “very important“ for his life. To these experiences clearly belongs also the world-view that England must oppose Germany and turn to France. In his memoirs, couched in a very vague diplomatic language, we read: “In light of after-events, the whole policy of these years from 1896 to 1904 may be criticized as having played into the hands of Germany.“ “We relied on German support i and we received it; but we never could be sure when some price for that support might not be extracted.“ The England of Grey wanted to remain the sole master of the world and not share the power with anyone, most certainly not Germany. This is the basic thought, which runs through Grey's memoirs, and his joy when the British policy of 1904 draws closer to France expresses itself effusively in comparison with his otherwise dry text: “The real cause for satisfaction was that the exasperating friction with France was to end, and that the menace of war with France had disappeared.

The gloomy clouds were gone, the sky was clear, and the sun shone warmly. Ill-will, dislike, hate, whether the object of them be a person or a nation, are a perpetual discomfort; they come between us and all that is beautiful and happy; they put out the sun. If the object be a nation with whom our interests are in contact, they poison the atmosphere of international affairs. This had been so between Great Britain and France. [...] That was all to be changed; it was to become positively pleasant, where we had seen before only what was repellent; to understand and to be understood

where before there had been misrepresentation and misconstruction; to have friends instead of enemies - this, when it happens, is one of the great pleasures of life."

Of course, the price for this was "perpetual discomfort," "poison," "misrepresentation," and "misconstruction" in the relationship to Germany, but that did apparently not let anything come between Grey and "all that is beautiful and happy." In Grey's eyes, France was no longer a match for England, whereas Germany was about to outperform England economically. In 1905, Grey took over the Foreign Office and subsequently surrounded himself with the gentlemen from the anti-German circle of the Foreign Office. Crowe, Mallet, Tyrell, and Bertie all reached key positions and collaborated closely with Grey. Carnock is the only one about whom I did not find anything. Bertie had already previously been ambassador in Paris and in future formed one of the pillars of the new British policy. According to Margaret Bovari, the ambassadors of the most important European nations were exchanged under Grey, but the Parisian embassy, with Sir F. Bertie, remained unchanged, and "it emerges from the private letters between him and Grey that close relations and an excellent accord must have prevailed between the two men." From 1905 to 1906, Louis Mallet was Private Secretary to Grey, and from 1906 to 1907, he was Senior Clerk in the Foreign Office. From 1907-1913, he was Under-Secretary of State for Foreign Affairs and diplomat in Constantinople between 1913 and 1914. Margaret Boveri sees the influence of Mallet upon Grey as having been "considerable" and numbers him "amongst the most zealous advocates of English-Russian friendship. Still more pronounced with him than this tendency is the anti-German attitude." William Tyrell was Senior Clerk in the Foreign Office from 1907 to 1918 and from 1907 to 1915 he was Private Secretary to Edward Grey.

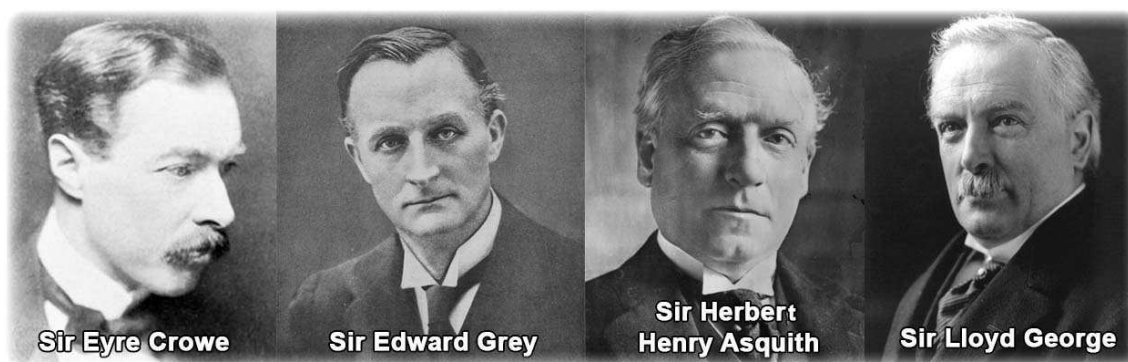


Figure 7.14: Sir Eyre Crowe: British Diplomat that believed Germany desired "hegemony" first "in Europe, and eventually in the world". Sir Edward Grey: Foreign Secretary from 1905 to 1916, an adherent of the "New Liberalism", views similar to that of Crowe. Sir Asquith: Liberal Prime Minister of the United Kingdom from 1908 to 1916. Sir Lloyd George: Prime Minister (1916–1922), compared himself with Asquith.

Eyre Crowe finally became Senior Clerk in the Foreign Office in 1906 and was Assistant Under-Secretary of State for Foreign Affairs from 1912 to 1920. His role in

the British policy toward Germany cannot be overestimated. For Hermann Lutz, expert in the investigatory committee of the Reichstag for the war-guilt question, Eyre Crowe is “the Evil Spirit of the Foreign Office.”, and Margaret Boveri confirms this: “Although we [...] must assess his direct influence upon the daily decisions in the Foreign Office as small [because of his relatively low position; due to his German mother he presumably climbed only slowly], his fixed stance was however surely of enormous effect upon the shaping of the atmosphere which prevailed in the Western Department and from which policy was made.” It should be briefly remarked - this will be developed later - that from a subordinate position, as expert on Germany, Crowe decisively influenced official policy several times. Edward Grey himself gives Crowe prominent mention in his memoirs: “It has been a great satisfaction since I left office to see great knowledge, ability and unsurpassed devotion to the public service recognized in the promotion of Sir Eyre Crowe to be head of the Foreign Office.” Under Grey, the anti-German circles which were behind the Saturday Review article of 1895, thereby ascended to key positions.

Grey knew portions of the pattern of thinking there and approved indirectly. Thus, Grey recorded a conversation of 28 April 1908 with Clemenceau and considered it to be so important that he included it as one of the few documents in his memoirs. There we read: “M. Clemenceau had some conversation with me at the Foreign Office this morning. He dwelt with great emphasis upon the certainty that we should have to intervene on the continent of Europe against any power which attained a position of domination there, just as we had had to do in the time of Napoleon. He said we ought to be prepared for this. [...] He felt this to be most important. The fate of Napoleon had been decided not at Trafalgar but at Waterloo. And so it would have to be again, in the case of any Power which attempted to dominate the continent.” Clemenceau is consciously making use of those modes of thought from the Saturday Review articles in order to drive England into war against Germany, and Grey responds in such a way that not only are these modes of thought familiar to him, but he is also influenced by them. This is also shown by a quotation from Grey, which is found in Margaret Boveri: “The Germans are not clear about the fact that England always has gotten into opposition to or has intentionally proceeded against any power which establishes a hegemony in Europe.”

From 1905 onward, the Foreign Office begins systematically to construct a front with Russia and France against Germany. This development is proven on the basis of the public documents from the German side after the lost war. Crowe, but not only he, worked systematically against Germany through numerous papers, but above all through his memorandum of January 1, 1907, in which he claimed that Germany was striving for world rule and wanted to secretly attack England. In a counter-expert opinion, Sanderson, Permanent Under-Secretary of State for Foreign Affairs from 1894 to 1906, dismissed the worst distortions in Crowe’s memorandum. Grey passed the paper on only to his like-minded comrades; otherwise it went nowhere.

7.12 Woodrow Wilson, a Zionist Puppet

Woodrow Wilson was the son of one of the founders of the Southern Presbyterian Church. Sigmund Freud and William C. Bullitt, an interesting coupling, in their book, *Thomas Woodrow Wilson, a Psychological Study*, claim that Wilson was a “laughed at mama’s boy,” a sensitive “bundle of nerves.” Bullitt (CFR), a Yale graduate, attended the Paris Peace Conference with Wilson where he advocated official recognition for the Bolsheviks. Wilson, while attending Princeton, edited the *Daily Princetonian*, and he was a speaker for the American Whig Society, founded in 1769 by James Madison, William Paterson, and Aaron Burr. After graduation from Princeton (1879), he attended law school at the University of Virginia, and then attended Johns Hopkins University for graduate work in political science and history. He wrote his doctoral dissertation on Congressional Government.

Fabian Socialist, James Ramsay MacDonald, later England’s Prime Minister (1924, 1929-1935), visited the United States as early as 1897 with his new wife, Margaret Gladstone, a feminist, social reformer, and daughter of John H. Gladstone. Her substantial inheritance enabled them to enjoy extensive travel. MacDonald felt that the US Constitution was obsolete and needed replacing. Wilson, in his first book, *Congressional Government: a Study in American Politics* (1901), also criticized what he called outdated principles. He promoted a centralized government with increased control over the citizen’s lives. MacDonald, Wilson and British-educated Edward M. House (Huis), Wilson’s controller shared similar views. Wilson’s classmate at Princeton was Cleveland H. Dodge, whose father, William E. Dodge, Jr., a wealthy industrialist, helped organize the YMCA in America. Cleveland H. Dodge succeeded his father as its national president. Dodge became a director at National City Bank, and a trustee of Princeton. He flattered Wilson by telling him that many Wall Street bankers viewed him as good presidential material. 1085 In 1890, to enhance his credibility for the potentiality of high public office, Dodge and his mother donated heavily to Princeton, apparently with the understanding that Wilson would secure a professorship there. Thereafter, Dodge and the other trustees selected Wilson as president of Princeton, a very coveted position. Wilson, after his selection, invited J. Pierpont Morgan, George W. Harvey, Walter H. Page, Grover Cleveland, Cyrus H. McCormick Jr., Thomas B. Reed, Speaker of the House, Samuel Clemens and others to his celebratory luncheon, on October 25, 1902. Dodge and Moses T. Pyne, a Princeton trustee and the director of four banks subsidized Wilson with \$5,000 a year during his tenure at Princeton.

Wilson publicly endorsed Morgan following the banker-orchestrated crash of 1907. He said, “All this trouble could be averted if we appointed a committee of six or seven public-spirited men like J. P. Morgan to handle the affairs of our country.” Rockefeller, Cleveland H. Dodge, J. Ogden Armour, James A. Stillman, George F. Baker, Jacob H. Schiff, Bernard Baruch, Henry Morgenthau, Sr., and Adolph S. Ochs,

publisher of *The New York Times*, also supported Wilson. After years of financially manipulating campaigns and elections in Texas, Edward M. House decided to exercise his skills nationally. In 1910, to prepare for World War I, he began “to look about for a proper candidate for the Democratic nomination for President.” Morgan cronies had encouraged Wilson to enter politics. With the financial support of Rockefeller, Schiff, Baruch, and others, he won the governorship of New Jersey.

In the spring of 1912, Wilson spent the weekend at Beechwood, Frank A. Vanderlip’s estate in Scarborough, on the Hudson River, along with William Rockefeller and others. Vanderlip and Rockefeller, in Wilson’s presence, elaborated on the role of American capital in the world. Cyrus H. McCormick Jr., another former Princeton classmate, was then president of McCormick Harvesting Machine Company. He donated \$12,500 to Wilson’s campaign through Dodge. Wilson returned it, a ploy to convince people that big corporations could not influence him. With encouragement from the bankers, Wilson ran for president in 1912. President William Howard Taft, though popular and usually acquiescent to the banker’s plans, opposed the Aldrich Plan. They were anxious to maneuver him out of the White House. Harvey continued to extol Wilson’s virtues during his gubernatorial term. People knew that Harvey was a Morgan agent so Wilson asked him to limit his editorial praises as it might jeopardize his presidential chances. Therefore, Harvey acted disenchanted with Wilson, and even supported the opposition at the 1912 Convention while Wilson pretended to oppose the bankers.

To split the Republican vote, the bankers persuaded Theodore Roosevelt to run on his new Bull Moose Party, in order to put Wilson, a Democrat, into the White House. Newspaper publisher Frank A. Munsey and George W. Perkins funded Roosevelt and Taft. Perkins was the vice-president of New York Life Insurance Company and the Morgan partner who negotiated the creation of International Harvester, International Mercantile Marine Company, the Northern Securities Company and the restructuring of Carnegie’s steel operation. He sat on the board of Carnegie’s company. Paul M. Warburg, a Republican, contributed substantial funds to Wilson’s campaign while his brother contributed to Taft’s campaign. The third party candidate assured Wilson’s triumph in the Electoral College. He took 41.8 percent of the popular vote and won 435 electoral votes from forty states. Wilson, exhibiting a characteristic psychopathic grandiose sense of self-worth, told his campaign manager, “... God ordained that I should be the next president of the United States.” Two-thirds of his financial support came from only seven people—all affiliated with Wall Street. Dodge, McCormick, Morgenthau, Abram I. Elkus, Frederick C. Penfield, William F. McCombs, and Charles R. Crane promoted him as a “man of peace.” Like most politicians, he concealed his affiliation with the banking cabal. He would appoint both Morgenthau and Elkus as Ambassadors to the Ottoman Empire, recently targeted by the Young Turks (cryptic Jews).

Colonel House, never legitimately employed, used his inheritance to influence Texas

politics. He helped elect five governors (1893-1911). In 1911 he supported Wilson for president and maneuvered the very decisive Texas delegation which ensured Wilson's nomination. House's long-term scheme all but guaranteed the presidential victories (1912, 1916), as well as the election of Franklin D. Roosevelt (1932, 1936, 1940, and 1944) and Harry S. Truman (1948). Most of the Jews in America were from Germany and were adamantly opposed to Zionism. However, by 1910, one million out of less than 15,000,000 worldwide, new Zionist Jews had arrived from Russia. They soon became an important group of voters. Rabbi Wise remarked, after the election, "We received warm and heartening help from Colonel House; close friend of the president ... House not only made our cause the object of his very special concern but served as liaison officer between the Wilson administration and the Zionist movement." During a thirty-day period, House wrote a novel in New Haven, the site of Yale University. The novel, from which Wilson developed his program, 1115 Philip Dru: Administrator, a title that might refer to the Protocols of the Elders of Zion, which state, "The Administrators whom we shall choose . . ." His book, published anonymously (1912), elaborated on plans for America's overthrow by establishing "socialism as dreamed by Karl Marx." House wrote, "... (It) cannot be entirely brought about by a comprehensive system of state ownership and by the leveling of wealth . . . (but not) without a spiritual leavening."

In August 1912, during the presidential campaign, Louis D. Brandeis and Wilson first met for a private three-hour conference in New Jersey to discuss economic issues. Afterwards, Brandeis supported Wilson and urged his friends to do likewise and Wilson began using Brandeis' term "regulated competition." The bankers installed House as Wilson's mentor when he entered the White House on March 4, 1913. The Schiffs, Warburgs, Kahns, Rockefellers and Morgans had complete confidence in House's abilities to properly manage Wilson. While the bankers sought the passage of the Federal Reserve Act, they pretended to oppose it to keep the public from suspecting that they were actually behind it. In addition to House, others greatly influenced Wilson-Brandeis, Felix Frankfurter, Walter Lippmann, Bernard Baruch, Sydney Hillman, and Florence Kelley. 1121 Allegedly, Brandeis was instrumental in developing the Federal Reserve Act and he decisively argued to break the deadlock on the issue. He convinced the Wilson administration to devise proposals for further legislation that would allow the Justice Department the authority to enforce antitrust laws. He helped create the Federal Trade Commission and was Wilson's Key economic adviser (1912-1916).

Two days after Wilson took office, William G. McAdoo (Pilgrims Society), a lawyer and businessman became Treasury Secretary. J. Pierpont Morgan and his associates previously befriended and helped McAdoo resolve his difficult financial problem, for which he was very grateful. 1122 Thereafter, they appointed him as the President of the Hudson and Manhattan Railroad Company, now known as the Port Authority Trans-Hudson. The bankers introduced him to Wilson in 1910 and McAdoo later

worked on his campaign. McAdoo married Wilson's daughter, Eleanor R. Wilson at the White House on May 7, 1914. He was the first chairman of the Federal Reserve Board and was part of the Morgan cabal for the rest of his financial and political career. Congress passed the Federal Reserve Act on December 23, 1913. On July 28, 1914, after assassins killed Franz Ferdinand and his wife in Sarajevo, the warmongers, now that the United States had a central bank with money to loan, began the Great War. On that same day, The Wall Street Journal reported the exportation of \$14,750,000 in gold, mainly to London. It was a new record for "a single day's consignment." Three other ships left at about the same time carrying \$25,450,000 in gold, the German ship Kronprinzessin Cecilie going to Bremen, the Carmania heading for Liverpool, and the steamship La Savoie headed for Le Havre.

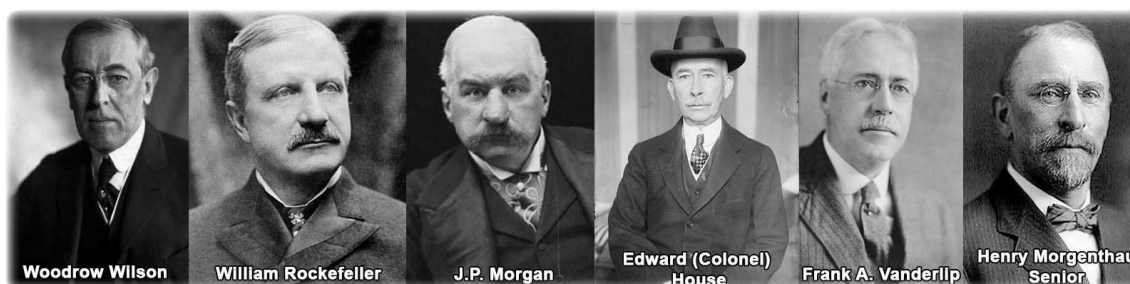


Figure 7.15: Woodrow Wilson: 28th President of the United States from 1913 to 1921. William Rockefeller: Co-founder of Standard Oil along with his older brother John Davison Rockefeller. J.P. Morgan: (April 17, 1837 – March 31, 1913) was an American financier and banker who dominated corporate finance and industrial consolidation, died at the age of 75, leaving his fortune and business to his son, John Pierpont Morgan, Jr. Edward House: powerful American diplomat, politician, and presidential advisor, commonly known by the courtesy title Colonel House. Frank A. Vanderlip: was an American banker and journalist. He was president of the National City Bank of New York (now Citibank) from 1909 to 1919, and was Assistant Secretary of the Treasury from 1897 to 1901. Henry Morgenthau Sr.: lawyer, businessman and United States ambassador, most famous as the American ambassador to the Ottoman Empire during the First World War.

The Austrian Ultimatum of July 23, 1914, to Serbia triggered this huge exportation, of gold in less than a week. Guaranty Trust Company sent \$10 million; National City Bank sent \$6.5 million; Lazard Frères sent \$2.5 million; and Goldman Sachs sent \$1.75. Skull and Bones members headed Guaranty Trust Company almost entirely. This same firm financially supported the Bolsheviks. 1129 The total sum exported out of New York, July 23, 1914 to July 29, 1914, was \$27,850,000 (Wall Street Journal, July 29, 1914). The Treasury regularly provided monthly data on all gold exports and imports in its yearly reports. They show that from the beginning of 1900 to the end of 1913, the United States exported an average of \$5,338,784 in gold each month, with a standard deviation of \$6,556,493. The United States, a debtor nation, now with a central bank and a system of national loans, ultimately gave the Allies \$25 billion dollars. Actually, one cannot call it a loan, as they never

repaid it. However, the New York bankers collected interest on it which was the whole point. Despite the fact that almost half of all US citizens were of German descent, because of official propaganda targeting Germany, US citizens would soon begin fighting Germans. In October 1915, J. P. Morgan issued a \$500 million bond for Britain and France. This joint Anglo-French loan was very suitable for the US population in denominations of \$100, \$500, and \$1,000 and put the United States into the position of an international moneylender, mostly to foreign countries. Between January 1, 1915 and April 5, 1917, New York bankers issued \$2.6 billion. The United States also joined Britain in accepting gold as the standard.

Wilson's worldviews included four main components, 1) the League of Nations as a global forum for the settlement of territorial disputes through arbitration, along with the power of enforcement; 2) free global trade, as later elucidated in his Fourteen Points, "equality of trade" and "removal ... of all economic barriers." Wilson, a friend to big corporations wanted an absence of war, and market expansion for US industries through a binding global treaty; 3) a regional integration of both political and economic levels, as noted in his "Pan-American Pact" proposal of 1914-15, a welding of North and South America together as a union. Both House and Wilson viewed the Pan-American Pact as a model for the political organization of Europe; 4) the US should assume global leadership to enforce peace and justice throughout the world. There was not a hint of any of these concepts in Wilson's campaign rhetoric. Like other politicians, he had promised to oppose imperialism and warfare. His indiscretions, useful knowledge for blackmail, his complicity in the establishment of the Federal Reserve, and his disdain for the Constitution, and the fact that the bankers, through Edward M. House, managed his perceptions, led to the bloodshed of World War I. The public elected him through the machinations of Roosevelt's third party charade and through the maneuverings of the international bankers.

The US also had further involvement with World War 1. The pressure to involve the American government started in 1909, long before the actual assassination of the Archduke. Norman Dodd, former director of the Committee to Investigate Tax Exempt Foundations of the U.S. House of Representatives, testified that the Committee was invited to study the minutes of the Carnegie Endowment for International Peace as part of the Committee's investigation. The Committee stated: "The trustees of the Foundation brought up a single question. If it is desirable to alter the life of an entire people, is there any means more efficient than war.... They discussed this question... for a year and came up with an answer: There are no known means more efficient than war, assuming the objective is altering the life of an entire people. That leads them to a question: How do we involve the United States in a war. This is in 1909."

So the decision was made to involve the United States in a war so that the "life of the entire people could be altered." This was the conclusion of a foundation supposedly committed to "peace." The method by which the United States was drawn into the

war started on October 25, 1911, when Winston Churchill was appointed the First Lord of the Admiralty in England. Winston Churchill is an interesting individual, as he later came to the conclusion that there was indeed a master conspiracy at work in the major events of the world, when he wrote the following in 1920: “From the days of Spartacus—Weishaupt to those of Karl Marx, to those of Trotsky (Russia)... this world-wide conspiracy for the overthrow of civilization... has been steadily growing.” The second key appointment made during the pre-war period was the appointment of Franklin Delano Roosevelt as Assistant Secretary of the Navy by President Woodrow Wilson.

Roosevelt is also on record as concluding that there was a conspiracy, at least in the United States. He once wrote to Colonel Edward Mandell House: “The real truth of the matter is, as you and I know, that a financial element in the larger centers has owned the government ever since the days of Andrew Jackson, and I am not wholly excepting the administration of W.W. (Woodrow Wilson.) The country is going through a repetition of Jackson’s fight with the Bank of the United States—only on a far bigger and broader basis.”

7.13 Assassination in Sarajevo

Mihailo Obrenović, the Prince of Serbia (1860-1868), supported the concept of a Balkan federation against the Ottoman Empire. On June 10 1868, assassins, probably the Karadževićs shot and killed him. Milan Obrenović succeeded him as the Prince of Serbia. In 1876, Obrenović declared war on Turkey and unified with Bosnia. The delegates of the Congress of Berlin, with the Treaty of Berlin, formally recognized Serbia’s independence but prohibited it from uniting with Bosnia and Raška and placed them under Austro-Hungarian occupation. In June 1881, Obrenović signed a secret agreement with Austria-Hungary, vowing that Serbia would not act against the interests of Austria-Hungary in Bosnia and Herzegovina, and would not make political agreements with other countries. In 1882, Serbia became a kingdom, Obrenović declared himself king. Meanwhile bankers in London and Paris were worried that, with the Ottoman Empire’s diminishing power, Russia would expand to the south. By 1878, Britain and France had already targeted Egypt and Palestine for colonization.

In the 1880s and 1890s, Germany and Austria-Hungary allied with Russia, Serbia, and Italy. By the early 1900s, Russia and Serbia had issues as the Young Turks had enacted reforms that would weaken Austrian positions in Bosnia and Herzegovina. On October 6, 1908, Austria-Hungary annexed Bosnia and Herzegovina, which Serbia and Russia opposed. German support for Austria-Hungary, and financial aid to Constantinople from Vienna convinced Russia, Serbia, and the Ottoman Empire to consent to the annexation, and resolve the crisis in Bosnia by amending the Treaty of

Berlin of April 1809. After the Bosnian Crisis, Vienna's pro-war party viewed a war with Serbia as unavoidable and pushed for a preventative war. House, representing President Woodrow Wilson, arrived in Europe in January 1914, where he remained until the end of July. In mid-June, he had what he considered a very pleasant visit with Kaiser Wilhelm II, in Potsdam, the residence of the Prussian kings until 1918. Based on claims from certain entities in Europe, he believed that the German leader threatened Europe's peace, but he soon discovered that the Kaiser had no intentions of starting a war. In fact, he was the only European politician who was open to mediation. Leaders in Paris and London did not want to discuss peace but were primed to go to war.

By June 1914, Germany and England had settled their differences regarding Mesopotamia, and the Baghdad Railroad. The two countries were getting along better than they had in the previous eighteen years. This Anglo-German alliance would likely prevent Britain from joining France and Russia, if they decided to go to war. Germany and England had no reason to fight each other. Wilhelm did everything he could to prevent war and for his efforts, the victors ultimately made him the scapegoat, and accused him of the crimes that they had committed. Winston Churchill, always looking for a battle, waited for the right justification, even if he had to maneuver the circumstances. He did not wait long as the conspirators had a plan, followed by huge reparations—the Treaty of Versailles and the sequel, a second world revolution. Upon receiving orders from Paris telling him to be ready for a full-scale war, the future French Marshal, Hubert Lyautey, said, "They are completely insane; a war between Europeans is a civil war. It is the most colossal folly the civilized world has ever committed!"

Franz Ferdinand was the oldest son of Archduke Karl Ludwig of Austria, the younger brother of Maximilian and Franz Joseph. If he came to power, he planned to drastically revise the constitution of the whole Hapsburg Empire by creating a "United States of Austria," and federalizing the government. He believed in giving autonomy to ethnic groups within the Empire and advocated listening to their grievances, particularly the Czechs in Bohemia and the Slavic peoples in Croatia and Bosnia. If he controlled the Hapsburg Empire, he would remove the Hungarian Prime Minister Kálmán Tisza (1875-1890), who was married to a Jewess, Ilona Degenfeld-Schomburg, and who, through his decisions, accommodated the Jews. Franz Ferdinand would alter the election laws that allowed Tisza, part of the landed gentry, and his base to maintain power. The masses attributed the national misery to his policies which triggered widespread anti-Semitism. Franz would allow equal rights and permit agricultural workers, the non-property owners to vote. This would allow the 3,000,000 Croats within the Hungarian borders to have a voice against their oppressors. Officials did not invite Croat delegates to the Austro-Hungarian compromise of March 30, 1867, which reestablished the sovereignty of the Kingdom of Hungary and separated it from the Austrian Empire. After 1867, Tisza formed a coalition of the

nobility, business interests, and small landowners into the new Liberal Party. István Tisza, Kalman's son was Prime Minister of the Kingdom of Hungary (1903-1905). In 1895, in Prague, Ferdinand met the former Countess Sophie Chotek from an old Czech family. Her family failed to meet the eligibility standards for marrying into one of the reigning European families. Despite this, and amid family pressure, they married on July 1, 1900. Emperor Franz Joseph reluctantly agreed to the marriage but compelled his nephew to renounce all possibilities to the Hapsburg throne, for himself, his wife, and their future children.

Archduke Ferdinand, while reserving the right of succession to the throne, despite his marriage, systematically increased Austria's power, while eliminating German influence. State officials within the German districts gradually promoted the integration of languages. The Czechs, traditionally hostile to the Germans, viewed Vienna as "their" biggest city. Because of the Archduke's marriage, the royal family favored the Czech language. Evidently, the Archduke was determined to institute a Catholic Slav State in Central Europe to function as a fortification against Orthodox Russia. During other times in Habsburg history, officials exploited religion to attain political objectives, a disastrous policy to German interests. Ultimately, this proved a detriment to the House of Habsburg, which lost the throne, and to the Catholic Church, which lost the state. The monarchy's mingling of religion and politics, to quench Germanism, instead, ignited the Pan-German Movement in Austria.



In 1912, leading freemasons met in Switzerland, a neutral country where people devise international schemes. They purportedly decided to assassinate Ferdinand in order to initiate worldwide warfare. Archduke Ferdinand and his wife, Duchess Sophie, arrived in Sarajevo on June 28, 1914 to observe military maneuvers in his official capacity as commander-in-chief of the Austro-Hungarian army. The couple's car, part of a four-car procession, was traveling on the quay alongside the Miljach River toward town hall, their first destination. Hardly had they begun, when a terrorist threw a bomb at the archduke. It bounced off the back of the car and exploded under the vehicle behind them, injuring two officers. The alarmed couple continued traveling to the town hall. Upon their arrival, the archduke indignantly reprimanded the mayor. Then the motorcade left to visit the hospital where one of the wounded officers was receiving medical attention. The mayor then joined

the procession sitting in the lead car. The driver turned on the wrong street and the driver of the archduke's car followed him. General Oskar Potiorek, the military governor of Bosnia, corrected the driver who backed up to return to the correct route. When the driver stopped, Gavrilo Princip, a 19-year-old Serbian, took careful aim, and fired two shots into the open car, a Graef and Stift luxury automobile. One bullet hit Ferdinand in the neck, while the other bullet struck Sophie in the stomach. She immediately collapsed against her husband, he whispered, "Sophie, live for our children." They both died within a few moments on June 28, 1914.

Allegedly, the assassination was retaliation for the annexation of Bosnia and Herzegovina in 1908, which the Serbs had already claimed. Sarajevo, the capital of the Austro-Hungarian province of Bosnia and Herzegovina, was a quiet Balkan town in Bosnia, previously the seat of a province of the Ottoman Empire. There were mosques rising above the meandering streets of the marketplace. The Austro-Hungarian Empire had administered the area since 1878. Nedjelko Cabrinovic, a freemason, and Trifko Grabež, militants associated with the Pan Serbian Black Hand threw the initial bomb that failed to explode under the vehicle transporting the royal couple. The notes taken during the military trial of the assassins seem to corroborate freemasonry involvement. On October 12, 1914, Cabrinovic, of the Narodna Odbrana, part of the Young Bosnia faction, admitted that freemasons, Major Vojislav Tankosic and Milan Ciganovic, had influenced his decision to participate. He said that freemasonry tenets permitted people to kill. He said, "Ciganovic told me that the freemasons had condemned the Archduke Franz Ferdinand to death more than a year before." Chief of Serbian Military Intelligence, Dragutin Dimitrijević Apis, from Belgrade, directed Princip and the other assassins, all members of the Black Hand Society, and all of whom, were under twenty. This terrorist brotherhood, created by army officers, used a skull and bones insignia and had a constitution. Dimitrijević, a leader of the Black Hand, had sent the three men to kill the Archduke and his wife, furnishing the culprits with a revolver, two bombs and sufficient cyanide to commit suicide afterwards, to prevent them from revealing the identity of the organizers. All three men suffered from terminal tuberculosis.

On July 5, 1914, Wilhelm II received a letter from Emperor Franz Josef explaining Austria's objections against Serbia, the southern Slavic state. Franz Josef feared that Serbia's actions would destroy the Austrian-Hungarian Empire, which might also affect the German Empire. Franz Josef, through his letter to a man he had a friendly relationship with, was assessing Wilhelm's attitude about the murders. According to Dr. Harry Elmer Barnes, their "dynastic fortunes" were also "closely linked." The Kaiser quickly met with his advisors and wrote back on the same day, "Austria may judge what is to be done to clear up her relation to Serbia; whatever Austria's decision may turn out to be, Austria can with certainty upon it that Germany will stand behind her as an ally and a friend." Kaiser Wilhelm thought it inconceivable that the assassination would lead to a European war. He thought that the czar was

unprepared for a war, and would not oppose “the proper punishment of Serbia.” He also believed that England would remain neutral. On July 9, 1914, Colonel House wrote a “brush-off” letter to the Kaiser. His last sentence read, “I left Germany happy at the thought that Your Majesty would use its high influence in favor of peace.” Wilson, in a letter was “elated” by House’s success with the Kaiser in Germany. On July 31, 1914, House wrote to Wilson, before returning home. He said, “If my project could have been advanced further Germany could have exerted pressure on Austria and the cause of peace might have been safe.” Had they followed his proposals, they could have negotiated before the murders in Sarajevo. The Kaiser, in his post-war exile said, “House’s visit in Berlin during the spring of 1914 almost prevented the war.”

German and Austria-Hungarian citizens viewed the assassination as a local police matter that they could settle peacefully, without diplomatic clashes. However, the politicians had other ideas. They made unreasonable demands, flung accusations, and told incendiary lies. Serbian politicians failed to meet the demands, known as the July Ultimatum, so Austria-Hungarian politicians declared war on Serbia on July 28, 1914, on the grounds that it had a role in the assassinations. Russia declared war on Germany on July 29, 1914. Max M. Warburg, Albert Ballin, Arthur Zimmermann, and Chancellor Theobald von Bethmann-Hollweg advised Kaiser Wilhelm to support Austria-Hungary by declaring war on Russia, which he did on August 1, 1914. Britain entered the war on August 4, 1914 theoretically to protect Belgian neutrality. Austria-Hungarian politicians declared war against Russia on August 6, 1914. Citizens never declare war; they just fight and die in them!

By the fall of 1914, US business interests recognized that they could gain windfall profits from the European war. President Wilson said the United States would “remain neutral in fact as well as in name.” However, now that the United States had the Federal Reserve, he loaned \$500 million to the Triple Entente in October 1914. US bankers eventually loaned the Triple Entente \$2.3 billion. Loans originating in the United States to the Triple Alliance totaled \$27 million. On April 15, 1915, Sir Gilbert Parker, a Member of Parliament, addressed the Pilgrims Society of London. He confidently assured them that the United States would enter the war on Britain’s side.

Colonel House, for eight years, was the power behind Wilson and was the key figure between 1914 and 1918. In the Intimate Papers of Colonel House, he wrote, “There were few citizens of the United States who could claim any knowledge of European affairs of state or who had any interests in them.” House would deliver two million young men and billions of dollars to the Allies. Wilson was indifferent to and had absolutely no experience or interest in European problems. The Allies lusted for war and refused to negotiate, despite the deaths it would cause. House, whose loyalties were always with those who controlled Britain, knew exactly who had started the war. On April 15, 1915, he wrote, “I never commit myself. But here I can say what

I think; I do not believe the Kaiser wanted the war.” The so-called “Great War” was the first global war. Although it began in Europe, it quickly spread throughout the world. The hostilities ensnared several countries within a month while others joined during the next four years. Honduras declared war against Germany on July 19, 1918 and Romania entered the war, for the second time, on November 10, 1918.

More details about the events leading up to World War I in the following chapters.

7.14 The Archduke Franz Ferdinand

Archduke Franz Ferdinand, who became Heir-Presumptive to the Austrian throne after the death of his father, Karl Ludwig, in 1896, has remained, both living and dead, one of the most enigmatic of political personages. Even Austrians themselves held the most contradictory views as to the supposed purposes and influence of this sphinx. By many he was regarded as the chief of the Austrian militarists, eager for a “preventive war“ against Italy or Serbia. Others, however, believed that he had little active influence on Austrian policy. Still others even thought the Heir to the Throne was almost a pacifist. There was the same wide divergence of opinion as to his views on domestic politics. He was commonly believed to hate the Magyars and to favor the Serbs. He was credited with having in mind a regeneration of the Monarchy by giving to the Slavic nationalities an equal political recognition with that enjoyed by the Germans in Austria and by the Magyars in Hungary, that is, he was thought to favor a federalistic “triple“ organization of the Monarchy known as “Trialism“ in place of the existing “Dualism.“ By fanatical Serbs, however, he was blindly hated as being a powerful and determined enemy and oppressor, as a man who might well be assassinated in the interests of a Greater Serbia. In fact at the trial of the Sarajevo assassins in October, 1914, Chabrinovitch, who threw the bomb, frankly declared, “The Heir-Presumptive was a man of action, I knew that at the Ballplatz there existed a clique, the so-called war-party, which wanted to conquer Serbia.

At its head stood the Heir-Presumptive. I believed that I should take vengeance on them all in taking vengeance on him.“ And Princip, who fired the fatal shots, defiantly asserted, “I am not at all sorry that I cleared an obstacle out of our path. He was a German and an enemy of the South Slavs.“¹ By Russians likewise he was regarded as an enemy, of whom the Tsar was fortunately rid by the crime of Sarajevo. “Not only in the press, but also in society, one meets almost nothing but unfriendly judgments concerning the murdered Archduke, with the suggestion that Russia has lost in him an embittered enemy,“ reported the German Ambassador at St. Petersburg. The German Kaiser, on the other hand, in one of those marginal notes which unrestrainedly expressed his inmost thoughts and first impressions, wrote in comment on this report, “The Archduke was Russia’s best friend. He wanted to revive the League of the Three Emperors.“



Figure 7.16: Archduke Franz Ferdinand with his family.

Franz Ferdinand of Austria-Este, born on December 18, 1863, was the eldest son of Karl Ludwig, brother of Emperor Francis Joseph. His consumptive mother, a daughter of the late Bourbon King of the Two Sicilies, Ferdinand II, died while he was a child, but he was affectionately cared for by a Portuguese stepmother. In his youth he had not been seriously thought of as a possible successor to the throne, until the tragic death of Crown Prince Rudolph at Meyerling in 1889 left Francis Joseph without a direct male heir. Franz Ferdinand had not therefore at first been given any special training in politics, but, like Austrian Archdukes generally, had been placed in the army for a military career.

Since the Archduke had a family to provide for, he spent a considerable part of each year on his estate at Konopischt, where he established a model farm, which, like Wallenstein, he managed very profitably. This determination to live may actually have contributed toward the more vigorous health which he enjoyed in his last years. But he never outgrew his tendency toward aloofness from society and from the public. He had, in fact, very few intimate friends. He did not try to make them. But the few friends whom he did admit to his intimacy, who saw him sitting on the floor playing with his children, like his secretaries or like Emperor William, were affectionately devoted to him.

Franz Ferdinand and the Army

Franz Ferdinand's chief interests in life, aside from his hobbies as a hunter and collector and gentleman farmer, were the army, the navy and his wife and children. In 1906, with the appointment of Major Brosch as his personal adjutant, the Archduke

began to exercise a more direct influence on the army. Brosch was an extremely intelligent and able officer, anxious to increase his own influence and also that of the Archduke in military matters. After long opposition he was able to bring it about that the Archduke was given a military chancery (*Militarkanzlei*) of his own, similar to that of the Emperor. Henceforth all the important military documents, as well as the reports of the military attaches, were made out in duplicate so that Franz Ferdinand received a copy at the same moment that the Emperor received his, and the nephew was kept as fully informed as his uncle. In fact he soon came to take a more active part in military reforms and reorganization than the Emperor himself.

Franz Ferdinand regarded the Austro-Hungarian army as a potentially important unifying political instrument for counteracting the disintegrating elements in the Dual Monarchy, as well as for defending it in case of foreign war. He wanted one language of command—German—to be the tongue of at least all the officers, though those who commanded non-German regiments should also be masters of the tongue spoken by the rank and file under their command. It was one of his main aims in life to strengthen and increase the army. It was this aim that lay at the bottom of his hatred of the Magyar politicians who refused to vote the military credits asked for, and who insisted that Magyar should be the language of command in the Hungarian half of the army.

The most important step in Franz Ferdinand's energetic efforts for improvement of the army was his insistence in 1906 upon the appointment of a new Chief-of-Staff. Beck, the officer who held this position at the time, was generally recognized by experts as totally unfit for the place. He was a shrivelled-up old man belonging to the same generation as the aged Emperor. His days of usefulness were long outlived, and yet the kindly heart of Francis Joseph had hated to dismiss him. "One might see him any day going for a walk in Vienna, looking like a good-natured little monkey, a living picture of military inefficiency." Beck was, however, an honest and upright officer and a thoroughly likable, easy-going personality, and enjoyed a certain popularity. He and the corps of officers whom he had carefully selected represented the chivalry, the dignity, and the esprit de corps of the best old Vienna society. They were regarded by Francis Joseph as one of the main supports of his ancestral throne. "Efficiency" had not been born to disturb their quiet routine; their ideal was "the development of Austria's defensive force gradually along the line of natural evolution."

Conrad's appointment as Chief-of-Staff, urged by the Heir to the Throne and acquiesced in by the Emperor, never, however, really commended itself to Francis Joseph. The aged Monarch, who had taken the greatest pride in the old army at whose head he had fought so many years, now found himself importuned by Conrad to make sweeping changes and reforms. With impulsive self-confidence Conrad urged that the army maneuvers be speeded up to approximate war conditions as closely as possible, and that an early opportunity be seized for "preventive wars" against Italy and

Serbia. At Christmas, 1906, scarcely a month after Conrad's appointment, the old Emperor remarked ruefully: "Conrad is a restless organizer! He is lacking in experience; one sees this from everything he puts his hand to! And moreover his hand does not look to me like a lucky one;" The Emperor's distrust of the new regime tended, as years went on, to estrange him from the army with which he had grown up. It was one of the things which added loneliness and sadness to the last years of the loneliest and saddest of the Hapsburgs. Conrad's policy of conducting the great annual maneuvers, "under conditions like actual war" without carefully prepared plans, with the aim of developing initiative and self-reliance among his officers, often had the most distressing results. All emphasis was placed on a hasty offensive; the soldiers were totally exhausted by the forced marches; they often arrived at the objective completely worn out and in greatest confusion, too tired and hungry to have ears and eyes for anything, even for their King and Emperor.

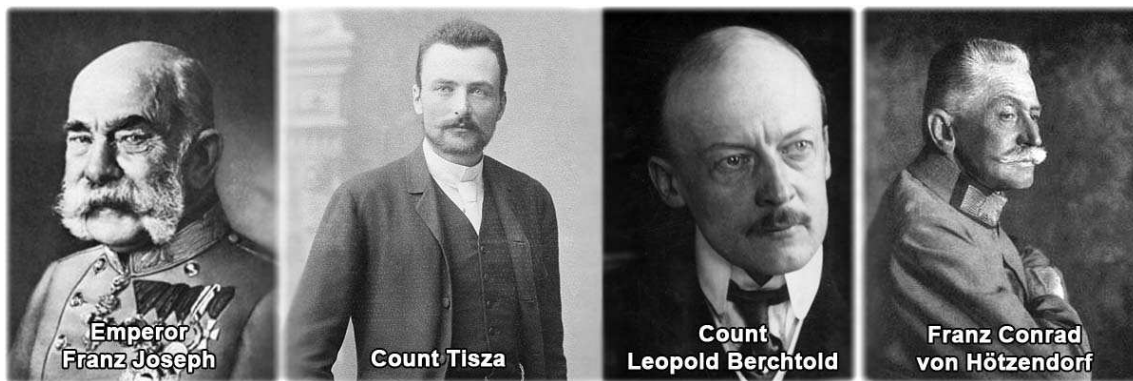


Figure 7.17: Franz Joseph I: was Emperor of Austria, and King of Hungary, Croatia and Bohemia from 2 December 1848 until his death on 21 November 1916. Count Tisza: was a Hungarian politician, prime minister, political scientist and a Member of Parliament since 1887. Count Berchtold: was an Austro-Hungarian politician, diplomat and statesman who served as Imperial Foreign Minister at the outbreak of World War I. Franz Conrad: was an Austrian Field Marshal and Chief of the General Staff of the armed forces of the Austro-Hungarian Army and Navy 1906–1917. He was the Empire's leading military advisor.

The fact that it was Franz Ferdinand who selected Conrad, secured his appointment, and remained intimately associated with him, was one of the reasons for the lack of cordiality between the Emperor and the Heir to the Throne. It was also one of the reasons that it was commonly believed, especially among Austria's enemies, that Franz Ferdinand held the same militaristic views which Conrad so freely proclaimed in memorials, interviews and coffeehouses. It is true that the Heir remained Conrad's staunchest supporter, except for occasional bursts of irritation, in spite of all the criticism and jealous opposition directed against the new Chief-of-Staff. When Conrad was forced to resign in November, 1911, because of his conflicts with Aehrenthal and Schonaich on foreign and military matters, it was Franz Ferdinand who secured his re-appointment the following year.

In conversation with Conrad, “the Archduke emphasized that their guiding star must be cooperation between Germany, Russia and Austria-Hungary, primarily out of regard for monarchical interests, and added, ‘Possibly it may come to some action against Serbia, merely to chastise her, but under no conditions must a square kilometer be annexed! . . . War with Russia must be avoided, because France is stirring it up, **especially the French Freemasons and anti-monarchists, who want to bring about a revolution by which monarchs will be cast down from their thrones.**’ He called attention to a letter of the German Emperor which represented the same views ; hence his determination: ‘No war!’“¹⁸ One sees that both the Archduke and the German Emperor were altogether opposed to war with Russia and inclined toward the old policy of the League of the Three Emperors for protection against France and the safeguarding of monarchical interests.

Toward Italy Franz Ferdinand always had a strong antipathy and deep distrust, based partly on political hatred for the country which had seized his family lands in Modena and Este, partly from bigoted religious dislike for the state which had dispossessed the Pope and seemed to be ruled by Freemasons and anti-clericals, and partly on a shrewd suspicion of the duplicity of Italian diplomacy. Nevertheless, he refused to support Conrad in his repeated efforts to let loose a preventive war against Italy in 1907 and again in 1911, when Italy was involved in war with Turkey.

Franz Ferdinand and the Navy

There was another subject on which Franz Ferdinand and Conrad did not see eye to eye. This was the Austrian navy. At the close of the nineteenth century the Austrian navy was almost negligible. It was Franz Ferdinand who, by his great energy and interest, virtually created the new navy, hoping it would be a counterweight to that of Italy in the Adriatic and Mediterranean. Before his day the view had prevailed that Austrian interests were purely continental; that any conflict with a foreign power would ultimately be decided by land armies; that the army therefore was the branch on which money should be spent, not the navy; a navy was merely a luxury. The Dual Monarchy, it had been thought, did not possess sufficient resources to maintain a proper army and at the same time to create a navy which could ever face that of Italy, to say nothing of opposing the great naval forces of France and England in the Mediterranean. Conrad adhered to this older way of thinking. With his endemic suspicion of Italy, he naturally would have been glad to see the Austrian navy developed, but only if this could be done without detriment to the interests of the army. When, therefore, the legislatures drew the purse strings tight, and one was faced with the alternative of choosing between the absolutely necessary demands of the army, as he saw them, and the laudable desire of creating a navy, he used all his influence in favor of the former. With equal jealousy he opposed recruiting for the navy at the expense of the army.

Emperor Francis Joseph had still less understanding for, or interest in, the navy. In his last years he did, to be sure, visit the ship-yards and witness naval evolutions, but he did it in a perfunctory way, merely to do his duty as a sovereign. He would stand on the bridge by the hour, almost never taking the marine glasses from his eyes. He gave an appearance of following the evolutions with intelligent interest. But it was remarked by those close to him that he never asked an intelligent question on naval matters, never showed any enthusiasm for the fleet, and never wore the naval uniform; in fact, he never even possessed one, though he had a large and very expensive wardrobe of military uniforms. The mighty battleship of the twentieth century, with its complicated mechanism of steel, steam and electricity, was a thing strange and new to him. He and Bismarck belonged to the older generation who felt at home in a general's uniform and knew what armies were good for. Emperor William and Franz Ferdinand were of the new age, who believed that "the future lies on the water." Interest in naval matters was in fact one of the common bonds which tended to draw the German Emperor and the Austrian Heir together. In spite of this opposition, or lack of enthusiasm, from Conrad and the Emperor, Franz Ferdinand had succeeded by 1914 in raising the Austrian navy to a respectable size; though scarcely half as strong as that of Italy, it gave a good account of itself during the War and showed that the spirit of Admiral Tegetthoff was not dead.

Franz Ferdinand's Political Views

In his views on foreign affairs Franz Ferdinand was at one with his uncle in regarding the Dual Alliance with Germany as the corner stone of Austrian policy. This conviction was strengthened by his strong personal regard for William II, whose great tact in the matter of the Archduke's wife had won his heart. With Rumania Franz Ferdinand sought to strengthen the ties of loyalty and alliance. He and his wife were charmed with the visit they paid to King Carol and Carmen Sylva in July, 1909. They adored the simplicity of life of the Rumanian royal family at their summer castle at Sinaia, which was so different from the stiff ceremonial and stifling court atmosphere at Vienna. His heart was touched at the genuineness and friendliness with which the Queen of Rumania entertained his Countess, took her to ride, and served her tea at a rustic farm house. He long remembered it as one of the happiest visits of his life. Italy, however, the Archduke regarded with deep distrust, but not to the point of thinking it wise to unmask her suspected disloyalty to the Triple Alliance by a preventive war. On the contrary, he wanted to remain at peace with Italy and maintain as firm relations as possible with her.

With Russia Franz Ferdinand wanted to be on terms of friendly understanding. Autocratic himself by nature, he had admired the autocratic government of Russia before the Russo-Japanese War and the Russian Revolution of 1905 had begun to shake the Tsar's throne. But later he was disillusioned as to Nicholas II's stability.

This may have been one of the reasons he sought more close personal relations with Emperor William and King Carol. The French lie frankly disliked. He never forgot the humiliation imposed upon Austria by Napoleon I, and he regarded Napoleon III as responsible for Austria's downfall in the nineteenth century. Great Britain, on the other hand, he held in respect, and there had even been rumors at one time that he might marry Princess Mary. Such are the views on foreign affairs ascribed to Franz Ferdinand by men who knew him well. There is no reason to doubt their substantial accuracy.

Of Franz Ferdinand's views on the internal nationality problems of the Hapsburg Empire it is less possible to speak with certainty. It was the conviction of those who stood close to him, like Major Brosch,²⁰ and his private-secretary, Nikitsch-Boulles,²⁷ that if the Archduke had come to the Throne, he would have come to the rescue of the oppressed nationalities and attempted a federal organization of the Monarchy, substituting "Trianism" for the existing "Dualism." This was also the commonly expressed opinion in the Austrian and German obituary notices of the Archduke.

Though in many respects conservative, as one might expect from his Roman Catholic traditions, there is no doubt that Franz Ferdinand possessed qualities of character which indicate that he was quite the kind of man to undertake a reorganization of the Monarchy. He had no sympathy with preserving an institution simply because it had long existed. On the contrary, he looked to the future rather than to the past, and was inclined to reform in accordance with modern conditions rather than to conserve that which was old. Possessed of restless energy and an iron will, he had no patience with the traditional ceremonial of the Vienna Court or the antiquated methods of the old Austrian administrative machine which was managed in large part by old men who belonged to Francis Joseph's generation rather than to the twentieth century. His influence in substituting Conrad for the aged Beck as Austria's Chief of Staff, and in building up the army and navy, was typical of his reforming tendencies. Wherever he had authority, he showed his executive ability in modernizing and improving the arrangements which he found in existence.

Francis Joseph was a Monarch by the Grace of God in the old sense. He still ruled or wanted to rule in patriarchal fashion. One of his greatest faults was his insistence on dealing himself with all matters of minutest detail. His mind was so occupied with these minor matters that he had no breadth of view for the wider interests of the Monarchy. As was natural in his old age, he was inclined to live in the past rather than to look to the future. He was extremely conservative and hesitated to make any changes in the red tape of the old Hapsburg machine, even when it was pointed out to him what advantages could be secured by modern methods. The contrast in attitude between the uncle and nephew is seen in an incident of 1911 concerning the administration of some Hapsburg family property left by the Empress Maria Theresa. This was still being administered under provisions a century and a half old, which

were no longer adapted to modern conditions. The Archduke looked into the question carefully and ventured to hand the Emperor a long memorandum in which he pointed out how the administration of this family property needed reorganization.

He therefore begged the Monarch to examine the question with a view to economic reforms corresponding to the twentieth century. The Emperor left the letter unanswered for weeks. After his attention had been called to it several times, he finally replied in characteristic fashion: "I have fully considered the question in its various aspects and come to the conclusion that as the responsible guardian of this family property, I cannot bring myself to permit an experiment which would so destroy a long tried administrative system which has worked without criticism for so many years for the advantage of our property." This is a good example of Emperor Francis Joseph's opposition to innovation, and of his nephew's readiness for energetic administrative and political reforms.

Franz Ferdinand was very keenly aware, much more so than the Emperor, of the violent discontent among the subject nationalities of the Empire. He had one characteristic which is of great value in a ruler—he was ready and anxious to know the facts, even if they were unpalatable. Though he had a very violent temper, it was far more likely to be vented upon any one whom he suspected of trying to deceive him, than on one who told him disagreeable truths. He took pains to read opposition newspapers, with the result that he was well informed of the public feeling on the part of the Czechs, Transylvanians, Croats, and Serbs within the Dual Monarchy, and realized the danger which they constituted for the future unless something was done to satisfy them.

Further indication of Franz Ferdinand's intention of making constitutional reforms in the direction of curbing the power of the Hungarian magnates and extending political rights to the minor nationalities is seen in various draft proposals which have been published from his papers.³⁰ One of the most recent of these is the draft Manifesto which he had prepared for publication in case the old Emperor's periodical bronchial trouble should sometime suddenly cause his death and open the way for a new regime. Though expressed in somewhat vague and general terms, it indicates that the Heir to the Throne was a true friend to the Croats and Bosnian Serbs and that he intended important constitutional reforms in the interests of all the minor nationalities before taking the oath to the Hungarian Constitution.

Count Czernin, who was more intimately acquainted with Franz Ferdinand's ideas than most men, says: "The Archduke was a firm partisan of the Great-Austria program. His idea was to convert the Monarchy into numerous more or less independent National States, having in Vienna a common central organization for all important and absolutely necessary affairs—in other words, to substitute Federalism for Dualism. . . . However, it had many opponents who strongly advised against dissecting the State in order to erect in its place something new and 'presumably better,' and the Emperor Francis Joseph was far too conservative and far too old to agree to his

nephew's plans.

Two projects closely connected with the federalization idea had been much discussed. One of them is suggested in Conrad's letter to the Archduke of December 14, 1912: "The unification of the South Slav race is one of those nation-moving phenomena which cannot be denied nor artificially prevented. The only point is whether this unification shall take place within the control of the [Dual] Monarchy—that is at the expense of Serbia's independence—or whether it shall be accomplished under the aegis of Serbia at the cost of the Monarchy. This cost for us would consist in the loss of our South Slav lands and thereby of nearly all our coast. This loss in territory and prestige would depress the Monarchy into a Small State."

Franz Ferdinand's Marriage

One of the most fateful influences on the Archduke's life was his marriage. In the early 'nineties it was rumored at Vienna that he was paying attention to the Archduchess Marie Christine, eldest daughter of the Archduke Frederick and the Archduchess Isabella. He paid such frequent visits to them in Pressburg, sometimes twice a week, that the parents began to flatter themselves that their daughter would one day be Empress. But in reality Franz Ferdinand had fallen deeply in love with one of the ladies-in-waiting in their household—Countess Sophie Chotek. She was a handsome, proud, tall woman with flashing eyes and an eager step. She belonged to an ancient but impoverished Czech family. For nearly a year their love ran on in secret and unsuspected. When absent from one another they exchanged letters weekly through one of the Archduke's trusted officers. But then came a catastrophe. After a tennis party at Pressburg Franz Ferdinand changed his clothes, but forgot his watch. A servant brought it to the Archduchess Isabella. She opened the locket, expecting perhaps to find a photograph of her daughter—and found instead that of her lady-in-waiting. One can imagine the feelings of a disappointed mother! Countess Sophie was instantly dismissed in disgrace and had to leave the house that very night.

The tongues of the gossips at the Austrian capital began to wag vigorously. But Franz Ferdinand, with his usual determination and obstinacy, declared that he would marry her. All his Hapsburg relatives objected. She was not a princess and did not belong to a ruling family. She was only a countess and therefore debarred from an "eligible" (ebenbiirtige) marriage with an Archduke. To the old Emperor, Francis Joseph, the announcement of his nephew's determination came as a terrible blow. It was a disgrace unworthy of the family. It seemed like the last drop in his cup of bitterness and family sorrows. His brother, Maximilian, had been shot against a wall in Mexico, and Maximilian's wife had gone insane with grief. His own and only son, Rudolph, had died by violence under the most suspicious circumstances—by suicide or assassination. His wife, the Empress Elizabeth, was assassinated by an Italian anarchist in 1900. His wife's insane nephew, Louis of Bavaria, escaping from

his guardian, strangled his pursuer and together the two were drowned in the Starnbergersee. His younger nephew, Otto, Franz Ferdinand's brother, living a riotous life and weakened by the disease which he had contracted, caused frequent shocks to the old Emperor's sense of dignity and decency. And now his own heir insisted on defying European traditions and Spanish etiquette by marrying a mere impoverished countess with a possible taint of insanity in her blood. "Was I not to be spared even this?" the Emperor was heard to murmur.

For months Francis Joseph remained absolutely opposed to the marriage. But when he saw that this only increased the obstinate determination of his nephew, and that Franz Ferdinand would sooner give up the right to the throne than the hand of the woman he loved, the old formalist sadly gave his final consent to a compromise. The marriage might take place, but it was to be only a morganatic alliance. On June 28, 1900, the marriage declaration was solemnly registered in the small council room of the Vienna Hofburg in the presence of the Emperor, the Archdukes, and the leading government officials.

After the marriage Countess Chotek was raised in rank with the title of Duchess of Hohenberg through the graciousness of Francis Joseph. Yet notwithstanding this elevation in rank, she was still regarded as inferior in position to the youngest Archduchess. Her lot was far from happy. "Greatness is dearly bought," she is said to have confessed to an intimate friend a year before her death. As Franz Ferdinand found that his wife was slighted and rebuffed at Vienna, he was all the more grateful for the more generous attitude which Emperor William displayed towards her. This explains in part the increasingly close relations which developed in the years before the War between the German Kaiser and the Archduke.

The Konopischt Meeting: Legend and Fact

The meeting at Konopischt, according to the official announcement in the Austrian Press, was a purely personal affair, "in order that the Kaiser might see the Archduke's wonderful roses in full bloom." Horticulture and landscape gardening were in fact one of the Archduke's most passionate hobbies. Having bought the Konopischt estate in 1886, he had spent years of thought, and sums of money which shocked his stewards, in laying out one of the finest parks in Europe. A sugar-factory, a brewery and peasants' houses had been removed, an artificial lake had been created, and rare and beautiful plants had been set out, so that from every window in the castle only the most pleasing prospect met the eye. Here at Konopischt Franz Ferdinand knew every tree and every bush.

According to the London Times correspondent, Mr. H. Wickham Steed, who based his account upon an anonymous informant "whose position and antecedents entitle his statements to careful examination," the German Emperor had been deliberately courting the good-will of Franz Ferdinand by attentions to his wife for political

purposes, which found their expression in the "Pact of Konopischt." (Many months later Mr. Steed is said to have admitted in private conversation that he no longer believed in this fantastic story. Nevertheless he repeats it in abbreviated form in his interesting but unveracious work, *Through Thirty Years*)

Mr. Steed would have us believe that "the Kaiser opened to the Archduke Franz Ferdinand a magnificent horizon, and spread out before him a grandiose plan which promised presently to place his sons, Maximilian and Ernest, at the head of two vast realms in Eastern and Central Europe." Russia was to be provoked to a war for which Germany and Austria were ready; France was to be reduced to impotence by a few vigorous strokes; and the abstention of England was considered certain. The result of the war was to be the transformation of Europe. The ancient kingdom of Poland, with Lithuania and the Ukraine, was to be reconstituted, stretching from the Baltic to the Black Sea. This was to be the inheritance of Franz Ferdinand; after his death it was to pass to his eldest son. For his younger son was reserved, under his father's direction, a new realm comprising Bohemia, Hungary, and the Yugoslav lands, including Serbia, Dahnatia, and Salonica. Franz Ferdinand, according to this story, saw great thrones prepared for his sons, and Sophie Chotek saw herself the mother of Kings. Emperor William, on his part, was to give up to the new Polish state a part of Posen, and to indemnify himself by bringing into the German Empire a new state comprised of German Austria and Trieste and ruled by Franz Ferdinand's nephew, the Archduke Charles Francis Joseph. Germany would thus acquire a coveted outlet upon the Adriatic, and would be enlarged by the addition of another state equal in importance to Bavaria. Between the enlarged German Empire, the reconstituted kingdom of Poland, and the new Bohemian-Hungarian-Yugoslav realm, a close and perpetual military and economic alliance was to be formed. This alliance would become the arbiter of Europe, and would command the Balkans and the route to the East.

Such, according to Mr. Wickham Steed, were the terms of the agreement. Knowledge of it, he thinks, came to the ears of the Austrian Imperial family, and herein lies the explanation of the shabby way in which Franz Ferdinand and his wife were unceremoniously hurried to their graves after being murdered at Sarajevo. He darkly hints that the Austrian Court itself was guilty of complicity in the murder. He then goes on to exaggerate or distort in sensational newspaper fashion a number of other circumstances calculated to leave the reader with the impression that the assassination of the Archduke was brought about through the complicity of Austrian officials and that Serbia was in no way responsible.

"General Potiorek, who was sitting in the archducal car, escaped injury. Neither he nor any other military or civil dignitaries were punished for their failure to protect the visitors. General Potiorek remained Governor and presently commanded the Bosnian army through the first campaign against Serbia. After the defeat of his troops he was deprived of his command, was reported to have lost his reason, and

was placed in a lunatic asylum. . . . When the Emperor Francis Joseph visited Sarajevo in June, 1910, the number of police available exceeded a thousand; probably double that number of secret agents were employed; yet when the Heir to the Throne visited the city the police were warned off! No evidence proving the complicity of the Serbian Government in the plot to assassinate the Archduke has ever been adduced. . . . It would certainly not be beyond the power of the Austro- Hungarian secret service agents to work up a plot at Belgrade or at Sarajevo . . . to 'remove' obnoxious personages or to provide a pretext for war."

After describing at length the indignity of the funeral arrangements made for the murdered couple which "were hardly less astonishing than had been the circumstances of the assassination," Mr. Steed adds as a further incriminating circumstance the fact that it was at first announced that the German Emperor would attend the funeral, but "on the 2nd of July it was announced in Berlin that owing to a slight indisposition, the German Emperor had abandoned his journey to Vienna. He nevertheless gave audiences as usual on that day." He implies that the German Emperor and the other sovereigns were instructed from Vienna not to attend the funeral and that this is a further indication that the Archduke's death was contrived by Austrian officials because of his having plotted at Konopischt a partition of the Hapsburg lands to provide crowns for his sons.

But as a matter of fact the failure of the Kaiser to attend the funeral was not due to any hint from the authorities in Vienna who wanted to deprive the Archduke and his wife of due honors even after death. He abandoned his intention of going to Vienna because a warning had come from the German consul at Sarajevo that the Serbs might make an attack on his life also, and because his Chancellor declined to assume the responsibility of allowing the Emperor to risk his life by going to Vienna.

Fortunately for the cause of truth, documents have recently been published which give precise and trustworthy accounts of what really took place at Konopischt and which will lead all serious students to consign Mr. Steed's amazing theory to the limbo of propagandist war myths. One of these documents is the official report sent to the German Foreign Office the day after the interview by Baron von Treutler, the Minister in attendance upon William II. The main topic of conversation at Konopischt, however, like that between William II and Francis Joseph at Vienna three months previously,⁴⁸ dealt with internal Austrian politics—Tisza's treatment of the Rumanians in Transylvania and its dangerous effect on public feeling in the Kingdom of Rumania. In view of these precise contemporary documents, one may therefore confidently relegate to the realm of legend all the fantastic tales of Mr. Wickham Steed and the French writers, that William II and Franz Ferdinand were planning a rearrangement of the map of Europe, or plotting a European war which was to be provoked by the Archduke's maneuvers near the Serbian frontier at Sarajevo. The Magyar oppression of the Transylvanian Rumanians, and the consequent indignation that was being stirred up among King Carol's subjects, involving as it

did the danger that Rumania might cease to be loyal to her secret treaties with the Triple Alliance Powers, was a sufficiently serious question, aside from the roses and personal friendship, to account for the meeting at Konopischt. In this connection it is significant that the Rumanian question, and its relation to Germany and Austrian policy, fills a large place in the documents recently published by Conrad von H6tzendorf and by the German Government.

Perhaps after all, however, the most important result of the meeting at Konopischt was the effect that it had on the Kaiser's psychology. On his impetuous and emotional nature the murder made all the more vivid impression inasmuch as it had struck down a friend at whose home he had been visiting so intimately only a few days previously. The pistol shots at Sarajevo followed so closely upon the roses at Konopischt that they intensified all the more the horror with which he regarded all tyrannicide. Whereas heretofore he had been restraining Austria from rash action against Serbia, now he instantly envisaged Serbia as a den of murderers, and unwisely allowed Count Berchtold complete freedom to take any steps against Serbia which should be deemed advisable at Vienna.

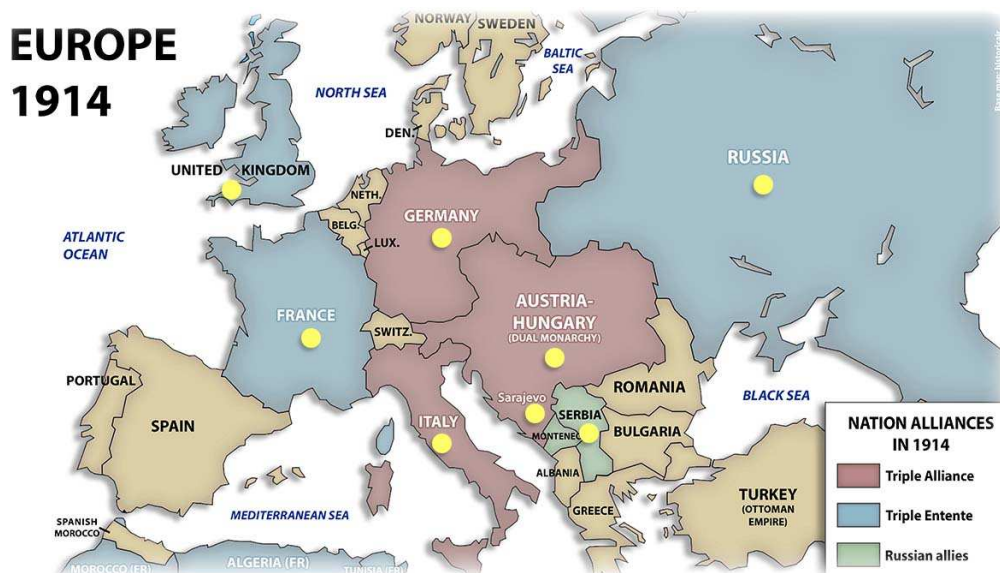
The Trip to Sarajevo

The Archduke's fatal trip to Bosnia and Sarajevo in June, 1914, was decided upon many months beforehand. On September 16, 1913, during the Austrian army maneuvers in Bohemia he spoke to Conrad of it. On September 29 Conrad discussed it in Vienna with General Potiorek, Governor of Bosnia, who said it was the Archduke's intention to visit Bosnia as Heir to the Throne, to attend the maneuvers of the XVth and XVIth Army Corps, and to take advantage of the occasion to bring his wife with him. This conversation indicates the three-fold purpose of the visit and explains the somewhat unusual details in connection with it.

From the political point of view it was highly desirable that a member of the imperial family should show himself in the recently annexed provinces. Among the impressionable simple peasant populations of Europe, who before the War had a deep-rooted respect for royalty and a traditional feeling of loyalty to a personal ruler, nothing was better calculated to stimulate and strengthen this feeling of personal loyalty than such official visits of princes. They flattered local pride. The simple peasant liked the pageantry of princes. He liked to see his ruler and find in him a flesh and blood human being like himself, who walks and rides about and eats three good meals a day. Merely to see him or hear him speak was to renew the human bond of common understanding and interests. So throughout history, from Henri Quatre and Frederick the Great in the past to the Prince of Wales in the present, it has been a common practice for popular princes and rulers to make royal progresses, which tend to strengthen the bonds between ruler and ruled.

The main object of the trip, however, was that the Archduke might attend the ma-

neuveurs of the XVth and XVIth Army Corps, which were regularly stationed in Bosnia. As Inspector-in-Chief of the Army he had in recent years regularly represented the Emperor at such maneuvers. The Bosnian maneuvers of 1914 are commonly represented by Austrophobe writers as “planned as a kind of rehearsal for military operations against Serbia.” Mr. Jovanovitch, the Serbian Minister in Vienna, says: “The plan was to hold the maneuvers in the district between Sarajevo and the Romanija and Han Pisesak [to the east of Sarajevo]— thus just against the Serbian frontier. With maneuvers so planned the ‘enemy’ was naturally Serbia. . . . The maneuvers were to be held in Bosnia on the Drin just opposite to Serbia.” There is no truth in these assertions. All the provisions for a campaign against Serbia were taken care of in an altogether different way. namely by Baron Conrad’s “Mobilization B[alkan] plan. This included not merely the two Corps regularly stationed in Bosnia, but the use of live more Corps from the rest of Austria-Hungary comprising altogether about half the total army; it contemplated of course a direct offensive against ‘the Drin, which forms the boundary between Bosnia and Serbia! This plan had been worked out in all its details by Conrad and his General Staff, and, like the General Staff mobilization plans of all countries, was always in readiness. But the Bosnian maneuvers which the Archduke was to inspect comprised merely two Army Corps and were merely part of the routine training to which parts of the army were regularly subjected. They had no connection with any concrete war preparations, but simply had as their main object the practicing of considerable forces moving in a relatively difficult and varied terrain.



So far as the Bosnian maneuvers can be said to have had any practical immediate objective in view at all, they were designed to acquaint the officers, not with the terrain for a war with Serbia, but rather with that for a campaign for the protection of Albania or for the defense of Bosnia against troops landing on the Adriatic Coast. As the Archduke’s trip was primarily a military tour of inspection, the details of

it were worked out by his Militdrkanzlei in conjunction with Baron Conrad and General Potiorek. M. Bilinski, who as Joint Finance Minister had charge of the civil administration of Bosnia, was not consulted. M. Bilinski insists in his memoirs 63 that he was in no way responsible, since he and his officials had been systematically disregarded in regard to the preparations for the Archduke's journey. He even says he did not know "the program of the Archduke's trip to Bosnia" until he read it in the *Neue Freie Presse* about eleven o'clock on the fatal Sunday morning, before taking his carriage to go to church. Bilinski's denial of any prior knowledge of the Archduke's intended entry into Sarajevo can hardly be true, because the *Neue Freie Presse* does not contain on June 28 any "program of the Archduke's trip to Bosnia". Moreover, three weeks earlier, on June 4, it had already printed an outline of the Archduke's trip, including the proposed visit to Sarajevo, which he can hardly have failed to see.

The Archduke appears finally to have undertaken the trip more from a sense of duty than from the desire, as usually stated, to have an opportunity to have his wife received with royal honors by his side. As already noted they travelled to Sarajevo by different routes. In the last weeks he had some doubts about going at all, because of his health and the heat. He discussed the point with the Emperor, who said, "Do as you wish." 68a His private secretary has noted several remarks which indicate that Franz Ferdinand was the reverse of enthusiastic about the trip. On June 23 the special railway carriage regularly reserved for him had a hot-box, so that he and his wife had to travel in an ordinary first class compartment after leaving their three children at Chlumetz. Franz Ferdinand remarked sarcastically, "Well, the journey is beginning in a right promising fashion;" 69 A little later, when told that the train by which he and his wife intended to leave Sarajevo on June 29 would have to start at 5 A. M. instead of 6 A. M. as originally planned, he exclaimed, "Tell Colonel Bardolff that if he continues daily to make the Bosnian trip still more disgusting with new difficulties and unpleasantnesses he can hold the maneuvers alone, and I will not go down there at all." The secretary adds that the idea "that the Archduke himself wanted the trip to Bosnia in order to provide a triumphal journey is a pure invention."

He was greeted with enthusiasm at the railway stations on the way from the Adriatic to Sarajevo, and joined his wife on the afternoon of June 25 at the pleasant little resort of Ilidze, a dozen miles from Sarajevo, where they were to stay. The maneuvers passed off very satisfactorily in spite of heavy rain, and the Archduke complimented General Potiorek on the spirit and training of the troops. On Friday afternoon, June 26, after returning from the first day's maneuvers, Franz Ferdinand and his wife motored in to Sarajevo to do some shopping in the bazaars. The Mayor of the town had already issued a proclamation expressing the loyalty of the population to Francis Joseph and their pleasure that he had sent his Heir to visit Bosnia; he urged the people to decorate the stores and houses with flags and flowers, and this was done ;

everywhere his picture was in the windows.

On this afternoon Franz Ferdinand was in uniform and was continually recognized and acclaimed with loyal shouts of "Zivio." The crowd was so dense that the officers accompanying him had some difficulty in making way for him from one shop to another.⁷² Had there been really a "bevy of assassins" waiting to do away with him, here was ample opportunity. But the visit passed off without any incident, and the Archducal pair returned to Ilidze, much pleased with the town and the way they had been received. On Sunday morning the Archduke telegraphed to his children at Chlumetz that everything was going well with "Papi" and "Mami," and that they were looking forward to seeing them again on Tuesday. These were the last words he ever wrote.

7.15 The Assassination Plot

The immediate occasion of the World War was the murder of the Austrian Archduke at Sarajevo. Had it not occurred, there would have been neither an Austro-Serbian War, nor a World War, in the summer of 1914. In spite of the increasing tension between the Triple Alliance and the Triple Entente, it is probable that European diplomacy would have succeeded for months, perhaps for years, in averting a conflict which all statesmen foresaw as unspeakably terrible, and for which the Franco-Russian forces planned to be better prepared in 1917 than in 1914. The murder of the Archduke ignited material which would not otherwise have taken fire as it did, or perhaps not at all. It is, therefore, of importance to trace the origins of the plot to which he fell a victim and to determine the responsibility for the deed which was to have such awful and world-racking consequences.

The Narvodna Obdrana

In the 'sixties and 'seventies of the nineteenth century many Serbian revolutionaries gathered in Switzerland and came under the influence of Russians like Bakunin, Kropotkin, and Herzen. They adopted a revolutionary program which was to be brought about by anarchist deeds of violence and terrorism. They were responsible for the Zajecar revolt against King Milan in Serbia in 1853. Their tendency toward revolution by violence and assassination has continued to exert an influence over a certain group of Serbs ever since. But not all the young Serbians studying in Switzerland adopted these views completely. Among the latter was M. Nikola Pashitch. He believed in the gradual building up of the moral and material forces of Serbia as a means for the eventual liberation and union of all Serbs in a powerful state, after the manner in which Italy had accomplished her unification in the generation immediately preceding. Serbia should be "the Piedmont of the Balkans." With this aim in view, M. Pashitch founded in Serbia in 1881 the Radical Party, which under his

venerable leadership long preserved its original name, though in character it is today the very opposite of radical.

The program of the Radical Party, as stated in the first issue of its organ, *Samouprava*, on January 8, 1881, was: "The people's welfare and freedom at home, and the country's independence and unification with the other parts of Serbdom abroad." A special section was devoted to the importance of organizing and training the Serbian army; but until the time should come for the army to fulfil these tasks, the program provided, under the heading "Foreign Policy," that "there must be organized, in the field of intellectual development, a way of helping the divided and unliberated parts of Serbdom, as well as of keeping alive the sense of our national unity in the Serb provinces which, being far away, are exposed to the influence of foreign elements." In other words, discontent must be kept alive in the Serb districts of the Turkish and Hapsburg Empires until the future war of liberation should join them to a Greater Serbia.

These two political ideals—individual acts of assassination practiced by immature half-baked students and by military cliques on the one hand, and national unification by a well-prepared movement and eventual war with Turkey and Austria as advocated by the Radical Party-dominated Serb political leaders until the triumph of the latter in the World War. M. Pashitch and the Radicals soon became the implacable enemies of King Milan, on account of the brutal and bloody severity with which he had taken vengeance on the Zajecar rebels, his disgraceful neglect of Serbia's national interests, and his scandalous private life, much of which was spent in questionable society in Vienna. Later the same hostile attitude was assumed toward his successor, King Alexander, especially after the latter's marriage to the notorious woman who became Queen Draga. Being childless, Queen Draga was suspected by many of intending to secure the succession to the throne for one of her brothers. Fear and disgust gradually united many Radicals and revolutionary army officers against the existing regime.

On the night of June 11, 1903, these patriotic assassins suddenly forced their way into the palace, murdered the King and Queen cowering in hiding, shot down the Queen's brothers in cold blood, and killed several Ministers. One of the chief leaders in organizing this brutal palace revolution was a young army captain, Dragutin Dimitrijevič, who received incidentally three bullets which he carried in his body the rest of his days. Another—the man who ordered the murder of the Queen's brothers—was a young lieutenant, Voja Tankosič. These two were the later leaders of the "Black Hand," and, as another "patriotic duty," helped to prepare the Sarajevo plot against the Austrian Archduke.

In 1908, on the day Austria proclaimed her annexation of Bosnia and Herzegovina, Dr. Milovan Milovanovič, then Serbian Minister of Foreign Affairs, called together in the evening several ministers and notables, including Pashitch, Ljuba Stojanovič, Professor Ljuba Jovanovič, the Burgomaster of Belgrade, and others, to consider what action to take in the face of the Austrian "provocation." It was decided that

the Burgomaster should summon next morning at the Town Hall a larger group of representative Serbians which included the historian, Stanojevitch.³⁶ In the course of this meeting next day, there was founded the Narodna Odbrana (National Defense). This association was to enrol and train volunteers and strengthen Serbia in other ways for an armed struggle to prevent Austria from carrying out her annexation program.

At its foundation, the Narodna Odbrana included political leaders of the Radical Party, as well as military officers like Dimitrijevitich, Tankositich, and General Bozo Jankovitich. It also included Zivojin Dashitch, Director of the Government Printing Office, in which Chabrinovitich was employed just before setting out to murder Franz Ferdinand; and Milan Pribichevitich, whose brother, Svetozar, was one of Austria's most bitter opponents in the Croatian Landtag, and who is said to have received from Sarajevo on the day of the assassination of the Archduke and his wife, a telegram, with apparent reference to the crime, "Both horses well disposed of."

The organization and the activity of the Narodna Odbrana began immediately. Its Central Committee, sitting at Belgrade, directed the work of the District Committees which were established in the chief towns and divided into sections for cultural work, physical training, collection of money, and in some cases relations with neighboring lands. The Narodna Odbrana affiliated with itself and aided financially the existing patriotic associations like the Sokols, Riflemen's Clubs and Horsemen's Clubs. It began its task of enrolling comitadjis and training them in bomb-throwing, the blowing up of railways and bridges, and similar activities to be carried on in a guerilla war against Austria. It collected funds and stirred the people to hatred against Austria by an active propaganda of fervid nationalism. This activity was not limited to Serbian subjects. Bosnian emigres in Serbia were similarly enrolled, trained for treasonable activity upon their return to Bosnia, and provided with funds.

Princip, the Archduke's murderer, was, according to his own admissions at the trial, enrolled in the Narodna Odbrana in 1912, given money, and trained as a comitadji. Within Bosnia itself similar committees and "confidential men" were recruited to form a net-work of spies and serve as a "tunnel," or "underground railway," for conveying propagandist literature, weapons, and conspirators across the frontier from Serbia into Bosnia. After the settlement of the Annexation Crisis in March, 1909, when Serbia, deserted by Russia, had to promise to cease her subversive agitation and to maintain in the future friendly relations with the Hapsburg Monarchy, the Narodna Odbrana made a show of transforming itself from an aggressive and subversive organization into a society which emphasized more laudable "cultural" aims, such as education, physical training, and the fostering of national ideals.

There was undoubtedly some change in the character of the Narodna Odbrana after 1909 in the direction here indicated, it never became so completely innocent and "cultural" as is often asserted. Nor did it cease its propagandist work in the Hapsburg territories. It is nevertheless clear that the Narodna Odbrana secretly continued its

work of maintaining “tunnels“ and smuggling revolutionary literature from Belgrade into Bosnia. It kept in touch with the “confidential men“ who were later used by the “Black Hand“ and who actually assisted the Archduke’s murderers on their journey. And it inspired and assisted Bosnian emigrants who came to Belgrade. It thus helped to develop the revolutionary movement in Bosnia and to prepare the ground for the Sarajevo crime. The original membership of the Narodna Odbrana and the measures which the Radical Government took to give it the appearance of a “cultural“ organization show that M. Pashitch and his colleagues were perfectly acquainted with its work of propaganda, espionage, and the recruiting of “confidential men“ on Austrian soil.

The Black Hand

By 1911 the old divergence of views between the Radical political leaders and the more restless and reckless military officers began to show itself again. The Radicals, in view of Russia’s attitude and the existing diplomatic situation in Europe, believed that Serbians must preserve correct and peaceful relations with Austria-Hungary and confine their work for the present to strengthening the State for the future struggle which would realize their ultimate aim—the creation of a Greater Serbia. This, as we have seen, was now the ostensible policy of the Narodna Odbrana. ’ But some 40 of the more hot-headed and zealous military clique which had carried out the palace revolution of 1903 were impatient of the more moderate Radical policy. They wanted “deeds.“ They therefore revived their old organization of 1903 in a new secret association known in its statutes as Ujedinjenje Hi Smrt (Union or Death), but commonly referred to as the “Black Hand.“

The Serbian Government, wishing to make it appear that the “Black Hand“ was a revolutionary organization exclusively within Serbia aiming to overthrow the power of the Radical Party and even the reigning dynasty, deleted certain passages which referred to the subversive and terrorist activity of the Society outside Serbia. But M. Bogitchevitch, from information supplied by two surviving members of the “Black Hand,“ has been able to establish the complete text of its Rules and By-Laws.⁵¹ He has also been able to establish the identity of a large number of its members and the secret numbers by which they were known, showing that they included many Serbian civilian officials, as well as military officers. It is from his text of the Rules that the following quotations are made.

The aim of the “Black Hand“ was (Art. 1) : “The realization of the national ideal: the union of all Serbs.“ “Art. 2. This organization prefers terrorist action to intellectual propaganda, and for this reason must be kept absolutely secret from non-members.“ To accomplish its aim, it brings influence to bear on Government circles and on the various social classes of the Kingdom of Serbia, which is regarded as “Piedmont.“ Then follow the clauses which were deleted in 1918, but which show clearly its

terrorist activity in the Hapsburg lands:

Art. 4. (b) It organizes revolutionary activity in all the lands inhabited by Serbs.

(c) Beyond the frontiers of Serbia, it fights with all means those who oppose this idea.

(d) It maintains friendly relations with all States, peoples, organizations, and private individuals who are friendly toward Serbia and the Serb element.

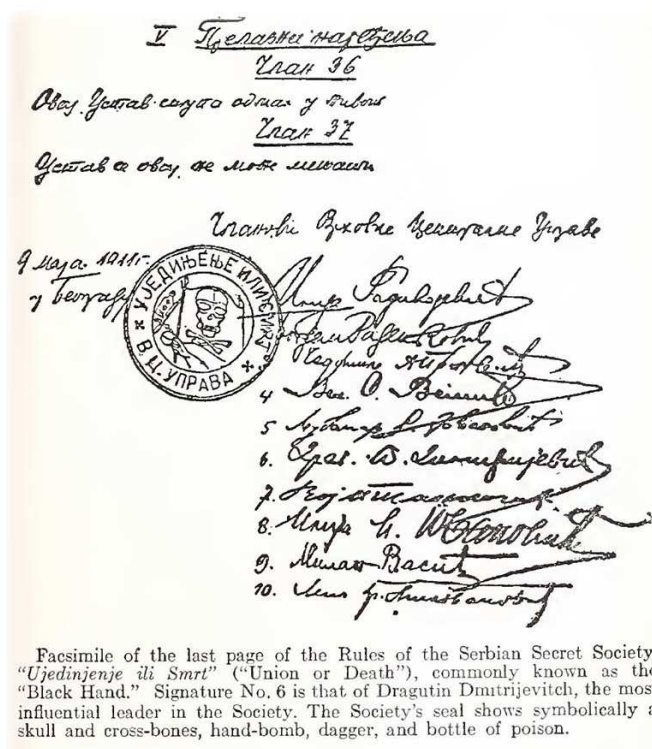
(e) It lends help and support in every way to all peoples and all organizations struggling for national liberation and unity. . . .

Art. 7. The Central Committee in Belgrade includes, besides the members of the Kingdom of Serbia, one delegate for each of the Serb lands abroad [Pokrajina]: (1) Bosnia and Herzegovina, (2) Montenegro, (3) Old Serbia and Macedonia, (4) Croatia, Slavonia and Syrraia, (5) the Voivodina, (6) the Coast Lands [Primorje, i.e. Dalraatia]. . . .

To enlarge the society and yet secure absolute secrecy, obedience, and devotion among its members, it was provided (Arts. 23-33) that it was the duty of each new member to enrol new members and pledge his own life for those whom he introduced. Members were not generally known to each other personally, but were designated by secret numbers. Only the Central Committee at Belgrade was to know their names. "When the Central Committee at Belgrade has pronounced penalty of death, the only matter of importance is that the execution shall take place without fail. The method of execution employed is a matter of indifference." The initiation of a new member took place in a darkened room, lighted only by a wax candle, before a small table covered with a black cloth on which lay a crucifix, a dagger and a revolver. The candidate took an oath "by the Sun that warms me, by the Earth that nourishes me, before God, by the blood of my ancestors, on my honor and on my life, that I will from this moment till my death be faithful to the laws of this organization, and that I will always be ready to make any sacrifice for it."

The inspirer and leader of this singular association was Colonel Dragutin Dimitrijevitich, head of the espionage department of the Serbian General Staff. On the last page of the statutes, dated "Belgrade, May 9, 1911," his name appears on the membership list as "No. 6." His chief aide was Major Voja Tankositch, "No. 7." He also had taken a leading part in the royal murders of 1903. He had organized later a comitadji school, in which he trained Bosnian emigres who came to Belgrade and on whom he exerted a large influence between 1908 and 1914.

Another member of the "Black Hand," more mysterious and enigmatic, was Milan Ciganovitich, "No. 412." Coming originally as an emigre from Bosnia to Belgrade, he served under Tankositch as a comitadji in the Balkan War against Turkey. In 1914 he was enjoying a sinecure as a subordinate official in the Serbian State Railways. He is believed by many to have joined the "Black Hand" in order to keep M. Pashitch



informed of its doings/' 4 Tankositch and Ciganovitch were the two men who directly helped prepare the assassination plot in Belgrade, giving the three youths who were to murder Franz Ferdinand bombs, Browning pistols, and poison to be swallowed as soon as their deed was accomplished.

Among the other members of the "Black Hand" identified by M. Bogitchevitch were Dushan Obtrkitch, "No. 166," an intimate friend of M. Ljuba Jovanovitch; Michel Giv'kovitch, "No. 442," Secretary of the Serbian Court of Cassation; Demetrius Novakovitch, "No. 471," Secretary of the University of Belgrade; Dr. Milan Gavrilovitch, "No. 406," Secretary at the Ministry of Foreign Affairs and afterwards editor of the Politika; M. A. Jovanovitch, "No. 401," Secretary of the Railway Department; Bogoljub Vutchitchevitch, "No. 407," Commissioner of Police ; and Stanoje Simitch, "No. 467," an employee at the Ministry of Foreign Affairs. 55 These names indicate that the "Black Hand" was not so exclusively a military organization as it has often been represented. Nor was it so divorced from, and opposed by, the Narodna Odbrana, as is often stated. While it is true, as pointed out above, that the Narodna Odbrana professed to work for Greater Serbia by "cultural" preparation, and the "Black Hand," more impatient, preferred terrorist action by assassination, the two Societies had the same ultimate goal and even had many members in common.

Milan Vasitch, who was one of the ten members of the Supreme Central Committee of the "Black Hand" at Belgrade, was at the same time mentioned by the Archduke's murderers as "Secretary of the Narodna Odbrana," and as having provided them with funds and revolutionary literature. The two organizations also made use of the

same “confidential men” in Bosnia and the same “tunnels” of communication. Bado Malobabitch, for instance, who was one of the Austrian Serbs condemned for treason at Agram, and became a “confidential man” for the Narodna Odbrana in 1911, was introduced to Col. Dimitrijevitich in 1913 by Todorovitch, the frontier guard at Lozhnica, and thereupon became one of the chief spies for the “Black Hand” and the Intelligence Department of the Serbian General Staff. 57 So close was the connection between the two Societies that the members of the Carnegie Commission of Inquiry on the Balkan Wars failed to distinguish between them./’8 The three youths who planned to murder the Archduke sought to give the impression at their trial that their relations in Belgrade had been rather with the Narodna Odbrana than the “Black Hand.” They declared that they knew of the latter only by hearsay or what they had read in the newspapers; but they admitted that they were aware that Tankositch and Ciganovitch were on bad terms with the Narodna Odbrana, and were perhaps providing the bombs and Browning pistols “because they were members of another society.”

The Revolutionary Movement in Bosnia

For more than half a century before the World War, there had been an increasing antagonism between the Austro-Hungarian ruling authorities and the subject nationalities within the Dual Empire. This arose partly from the new feeling of nationality, which was an ever stronger force in the course of the nineteenth century, and partly from the oppressive rule of the Hapsburg Government and its disregard of the aspirations of its Slav and Rumanian subjects. This antagonism was particularly sharp in Bosnia and Herzegovina after the Austrian occupation of these provinces in 1878, and especially after their annexation in 1908.

In Bosnia and Herzegovina, according to the census of 1910, the population consisted, according to religion, which was the most vital factor, of Greek Orthodox, Mohammedans, and Roman Catholics, approximately in the proportion of 4, 3, and 2: 825,000 Greek Orthodox, mainly Serbs; 612,000 Mohammedans, mainly Serbs and Turks; and 442,000 Roman Catholics, mainly Croats; altogether, with Jews and a sprinkling of Protestants and gypsies, nearly 1,900,000. Generally speaking, the Greek Orthodox sympathized with the Serbians in the neighboring kingdom; the Roman Catholics were divided between loyalty to Austria and their higher cultural connections with the West on the one hand, and, on the other, their nationalistic desires for a national Serb-Croat union, either as a selfgoverning unit in a federalized “trilateralistic” Hapsburg state, or as part of a “Greater Serbia, or of an independent Jugoslav Federation ; the Mohammedans were generally loyal to the Hapsburg Monarchy.

These four political tendencies were represented respectively by the four main political parties: (1) Srbska Rijec (Serbian Party led by G. Tevtanovitch and Sola)

and the Narodna Strcuika (Nationalist Party), both in bitter opposition to Austrian rule; (2) the loyalist Serb minority led by Dr. Dimovich; and the loyalist Croats, formerly a part of the Starcevitch Party, but in 1914 having an anti-Serb tendency and known as the Frankovacka Stranka after their leader, a Hungarian Jew, Dr. Frank; (3) the Starcevicanjka Stranka, founded half a century earlier by the Croatian patriot Starcevitch; (4) the loyal Mohammedan Party. In 1914, however, the Bosnian parties and movements just mentioned represented what M. Jevtitch calls the "older generation."

In contrast to this older generation was an altogether different "new generation." This arose in Bosnia in the early years of the twentieth century. It was known as Mlada Bosna (Young Bosnia). It was impatient with the politicians, the bourgeoisie, and all legal forms of opposition. It repudiated all notions of "trialism" as a solution of Serbo-Croat national aspirations. It was recruited from the youth of the "small and insignificant classes"—peasants, journeymen, school teachers, and sons of priests and young students. Its members were impatient and "desperate." They had begun to feed upon Russian revolutionary and anarchistic literature, especially the writings of Herzen and Kropotkin. They developed the "cult of the individual deed," that is, they believed that terrorist acts of assassination were the best means of putting a speedy end to the temporizing methods of Bosnian politicians and of throwing off all Austrian control to prepare the way for a new "Jugoslav" nationalism. Deeds of revolutionary terrorism served two great purposes: they created panic among the ruling authorities; and they uplifted the national spirit of the masses.

Among Bosnian youths, whose mental balance had been unsteadied by a mixture of anarchism, socialism, and nationalism, it was not unnatural that the force of mental suggestion, in an act of political assassination like that of Zherajitch (Bogdan Zherajitch was revered by the anarchists for the assassination of General Vareschanin, a military governor of Bosnia), should exercise a strong psychological influence. The man most influential in developing the revolutionary movement in Bosnia and in inspiring the Bosnian students who carried out the plot against the Archduke was Vladimir Gatchinovitch. In the spring of 1909, during the Annexation Crisis, he went to Belgrade, where he came in contact with the leaders of the newly organized Narodna Odbrana and also with the more violent spirits who favored "direct action" and later organized the "Black Hand." He remained in Serbia for a couple of years and came under the influence of Skerlitch, an active propagandist of anti-Austrian revolutionary ideas.

Gatchinovitch attended the University of Vienna; but he spent more time in organizing a revolutionary movement among the Slav students than in study. Here also he wrote his famous eulogy on the murderer Zherajitch, which, as Mr. Seton-Watson well says, "by its strange' perverted idealism and high-falutin style gives a clear insight into the revolutionary movement which is now commencing." In 1912 Gatchinovitch was again in Belgrade, probably in connection with the printing of his

pamphlet. Finding the Narodna Odbrana too mild, he joined the newly organized "Black Hand." His name appears as "No. 217" in the list of members published by the Serbian Government at the Salonica Trial. He is said to have received funds from both societies, and also a "scholarship" from the propagandist department of the Serbian Ministry of Foreign Affairs. This enabled him to go to Lausanne for further study. Here he came into direct touch with various Russian revolutionists, including Trotsky, who wrote an introduction, signed "L. T." to a selection of Gatchinovitch's French articles. (One does not know what he talked about with Trotsky. But as will be seen in later chapters of this book, the anarchists in the Balkans having a link to Trotsky implies also a link to the big banks at Wallstreet, especially Jacob Schiff/Kuhn-Loeb and Rockefeller. This also implies connections to other financiers like Rothschild and Warburg. The plot to overthrow the monarchies had strong financial backing and was supported by the "big capitalists" in the United States and Europe.)

Meanwhile Gatchinovitch had also found time to travel in Bosnia and organize the radical youth of Mlada Bosna into secret revolutionary "circles" known as Kruzhoc, "small groups of trustworthy persons, who do not know each other, but are in touch with one another through intermediaries." ⁷³ This method of organization was also characteristic of the "Black Hand," from which Gatchinovitch got the idea. It gave the "Black Hand" a network of affiliated groups spread throughout Bosnia and the other Serb districts of Austria-Hungary.

The revolutionary ferment among the Bosnian youth, which arose from exasperation at Austrian oppression, from a desire for Serbo-Croat national unity, and from the influence of Russian anarchistic writings and Serbian propaganda, manifested itself also in the widespread practice of young Bosnians migrating back and forth between Serbia and their own country. These "emigres" liked to escape from the stifling atmosphere of Hapsburg control and roam about in the freer and more congenial air of Belgrade. Here they were well received, and it was easy for them quickly to secure a certificate of education. Princip, for instance with the personal approval of A. I. Ljuba Jovanovitch the Serbian Minister of Education, passed off three years' work in less than two years, in spite of the fact that meanwhile he was spending much of his time in political discussions and in travelling back and forth. This practice of "emigration" is well illustrated by the case of the three youths who carried out the plot to assassinate Franz Ferdinand.

Gavrilo Princip was born at Grahovo, in Western Bosnia in the wild mountains near the Dalmatian border. Though at first diligent in school, his periods of application to study were frequently interrupted by excursions into political propaganda, so that he was often suspended, and finally came to Sarajevo, where he stayed for a month. In May, 1912, he went to Belgrade, ostensibly to study; but when asked at the trial why he went there, he replied, "That is my affair." As this was just about the time that Gatchinovitch was organizing the Kruzhoc at Sarajevo and impressing upon the

youth there the need of revolutionary agitation, it is probable that Princip's journey to Belgrade was inspired by him. At any rate, Princip quickly came into touch with the "Black Hand" comitadjis in the Belgrade coffee-houses, and, according to his own declaration, was taken into the Narodna Odbrana by its secretary, Major Vasitch, who was also a leading member of the "Black Hand." When the Balkan War broke out, he went to the Turkish frontier to receive military training with comitadjis under Major Tankositch, another leading "Black Hand" terrorist and agitator.

But being only sixteen years old, with a small weak body, he was sent home by Tankositch. He had, however, become filled with the "Black Hand" ideas of terrorist action by political assassination, and spent the next fifteen months in plotting with Gatchinovitch and Hitch, and in journeys between Belgrade and Hadzhici, a village half a dozen miles west of Sarajevo. At this village he passed the winter of 1913-14, and then returned to Belgrade in February, 1914. Nedjelko Chabrinovitch, who later threw the bomb at the Austrian Archduke, left school because he made no progress and quarreled with his father. He turned from one trade to another, and finally took up type-setting. After quarrelling with various employers, he went to Belgrade, where he found work in a shop which printed anarchist literature, and where he himself drank in anarchist views. Later in Belgrade 1912 he was in touch with Princip, though at this time they held somewhat different political views. Here also he came into contact with the Narodna Odbrana. Desiring travelling money to enable him to return to Sarajevo, he was advised by a friend to apply to this Serbian society which often secretly helped Bosnian emigres. He did so, and the same Major Vasitch, who was also an active "Black Hand" member and who had befriended Princip gave him fifteen dinars, a quantity of Narodna Odbrana literature, and the advice, "Be always a good Serb." In October, 1913 he told a friend of his intention to assassinate the Archduke Franz Ferdinand. The friend aided him to go again to Belgrade, where he was given employment in the Serbian Government Printing Office by its Director, Zhivojin Dachitch, one of the founders of the Narodna Odbrana.

The third member of the student trio who conspired at Belgrade to go to Sarajevo to murder Franz Ferdinand was Trifko Grabez. He was expelled from the Tuzla high school for slapping a teacher in the face during the fall of 1912, and went home for six months to his father's house at Pale, a dozen miles to the east of Sarajevo. Then he went to Belgrade to finish his studies, and managed to pass the fifth, sixth and seventh classes at Easter, 1914. Here he met Princip and other emigres, and became fired with Serbian nationalism and an eagerness to participate in political assassination.

When the newspaper clipping arrived with the announcement of the Archduke's intended visit to Bosnia, this visit was at once seized upon by the three youths as offering an excellent occasion for carrying out an assassination which had already been discussed. Princip wrote to Hitch at Sarajevo that he had determined to do the deed, and would come bringing weapons. In any case, the inspiration for the plot

sprang from the group of Bosnian revolutionaries—Gatchinovitch, Princip, Hitch, and others—all of whom had been in Belgrade and in close touch with “Black Hand” members. The idea of murdering the Archduke had certainly been discussed before his trip to Bosnia was announced.

Preparation of the Plot in Belgrade

In March, 1914, the Zagreb newspaper *Srbobran* published the announcement that the Austrian army would hold summer manoeuvres in Bosnia and that the Archduke Franz Ferdinand would be in command. This news at first greatly alarmed the little revolutionary group in the Sarajevo *Kruzhoc*, because it was well known that the Archduke was friendly to the Roman Catholic Croats and was believed to favor some form of “trialism.” They feared that his visit would strengthen the Croatian bourgeoisie and political leaders who were ready to accept political concessions from the Hapsburgs, and that it would deal a blow at Yugoslav aspirations for national unity and independence. The Archduke’s presence and the army manoeuvres would seem to be a demonstration of Hapsburg strength which might weaken the Orthodox Serb elements and the irredentist movement for a Greater Serbia. But the alarm of *Kruzhoc* members was only momentary. They at once saw that here was the opportunity for the best possible political assassination of the kind which Gatchinovitch had long been preaching.

When Chabrinovitch received the news clipping from Sarajevo, he showed it to Princip at the coffee-house where they were in the habit of meeting. In the evening they went to walk in the park to discuss it, and Princip invited Chabrinovitch to join him in murdering the Archduke. Chabrinovitch, according to his statement at the trial, had not hitherto thought of an attempt on Franz Ferdinand. He would have preferred to assassinate General Potiorek, as the personification of the Austrian system of oppression. But he now fell in with Princip’s proposal. 105 Princip, however, claimed that he had had the idea of assassinating Franz Ferdinand even before Chabrinovitch received the clipping. “By myself alone I had already previously formed the decision to do the deed. When I was in Sarajevo earlier I had already determined upon it.”

Among the Serbian *comitadjis* who frequented the coffee-houses with the Bosnian emigres was Milan Ciganovitch, a Bosnian by birth, who had come to Belgrade some years before. He had been trained as a *comitadji* by Major Tankositch and fought under him during the Balkan Wars. He had joined the “Black Hand” as “No. 412,” and in 1914 enjoyed a subordinate position on the Serbian State Railways. He had often talked with Princip about the oppressive conditions in Bosnia before this time, fully approved the idea of murdering Franz Ferdinand, and offered to provide the weapons and other means. A little later he took Grabez to his room, and showed him a chest full of bombs which he had either secured from the Serbian arsenal or saved from the Balkan Wars. But since bombs were somewhat uncertain, only

exploding after a few seconds, it was agreed that the murderers ought also to be provided with revolvers.' To secure these, Ciganovitch turned to his fellow members in the "Black Hand"—to Major Tankositch, who got from Dimitrijevitich the money with which to buy them.

Ciganovitch also told the youths of the "tunnel," or underground railway, by which Serbian officials would help them over the frontier and put them in touch with "confidential men" on the Bosnian side. At the suggestion of Tankositch, who wanted to make sure that there would be no failure, Ciganovitch also gave the students revolver practice in a shooting park near Belgrade. So far during the preparations it was Ciganovitch with whom the students dealt chiefly. But Ciganovitch evidently was acting with the approval of Major Tankositch and Col. Dimitrijevitich, who were leading members of the Supreme Central Committee of the "Black Hand."

In order to avoid suspicion more easily and escape arrest, the three assassins finally left Belgrade for Sarajevo some three weeks before the Archduke's arrival in Bosnia. Before their departure, Ciganovitch provided them with six bombs from his room, four Browning pistols and ammunition, 150 dinars in cash, and some cyanide of potassium with which they were to commit suicide immediately after killing the Archduke, in order to lessen the possibility of any confessions or statements which might incriminate the Serbian officers in Belgrade who had helped to prepare the plot. They were also provided with a map of Bosnia showing the roads which they were to follow and the Austrian gendarmerie stations which they were carefully to avoid. Meanwhile at Sarajevo, Danilo Hitch, who had been in correspondence with Princip, soon recruited a number of local men who would be armed with the extra weapons which the three assassins from Belgrade would bring with them.

From Belgrade to Sarajevo

From Belgrade to Shabats, the three assassins went up the Save by boat. They carried a note from Ciganovitch to the frontier commander at Shabats, Major Popovitch, and were to say to him that they were being sent by Major Tankositch. But they were carefully warned not to make themselves known to the civilian authorities, lest they should be arrested and sent back. Arriving at Shabats, they easily found Major Popovitch at a coffee-house, and told him that they were journeying secretly to Bosnia. He seemed to be already well acquainted with their mission. He conducted the three students to the guard-house and secured an order for them for buying half-fare tickets on the railway for the next stage of their journey from Shabats to Lozhnica, where they were to cross the frontier. He filled out for them a false pass, making it appear that one of them was a Serbian exciseman and the other two his colleagues. With the half-fare railway tickets, they went by train to Lozhnica and delivered to the frontier captain the card from Major Popovitch. He immediately telephoned to the excisemen's watch-house directly on the border, but could get no

connection. He therefore told the youths to return in the morning. Next day it was arranged that Chabrinovitch should take the false pass and go on to Zvornik, where he was helped over the frontier by a Serbian exciseman and later driven across Bosnia to Tuzla. Meanwhile Princip and Grabez, with the bombs and revolvers, were driven back a few miles to a watch-house near Ljeshnica, where they were met by prearrangement by another Serbian exciseman who smuggled them over the Drin by way of the Bosnian Islands. There he handed them over to a peasant in whose hut they spent the night. Next day they were passed on to another peasant, who conducted them safely along by-paths in Bosnia toward Priboj until they were met by Veljko Chubriloitch.

Veljko Chubriloitch was an Orthodox Serb school master at Priboj and the “confidential man” of the Narodna Odbrana for this region. He had made trips to Serbia, had become a member of the Narodna Odbrana, and then chairman of the Priboj Sokol, one of the apparently harmless and “cultural” Serb organizations which were a medium, however, for active Serbian propaganda. He was in touch with Narodna Odbrana officials in Serbia and other “confidential men” in Bosnia and with local peasants who appeared to be in the habit of smuggling letters and information across the frontier. He now took Princip and Grabez to the house of another peasant, Jacob Kerovitch, and arranged that the latter’s son should drive the two conspirators and their weapons on to Tuzla, where they would find another “confidential man,” the cinema director, Mishko Jovanovitch. After this, the three youths then went on safely by train from Tuzla to Sarajevo. Princip at once sought out Hitch, took lodgings with him, and told him of the weapons at Tuzla. Grabez went to his home in Pale. All three lived as quietly and inconspicuously as possible until the time for the deed. Thus, the “tunnel,” often mentioned by Ciganovitch, which Serbian officials had long prepared, had worked to perfection.

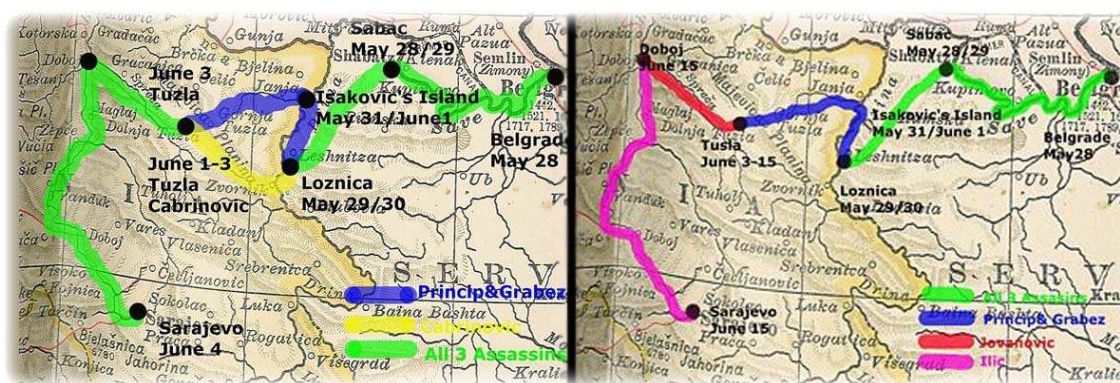


Figure 7.18: Left: Route of the assassins. Right: Route of the weapons.

Early on the morning of the day Franz Ferdinand and his wife were to make their formal visit to Sarajevo, Princip and Chabrinovitch met Hitch at the back of the Vlainitch pastry shop and received again from him some of the weapons they had brought from Belgrade—Princip took one of the Browning revolvers, Chabrinovitch

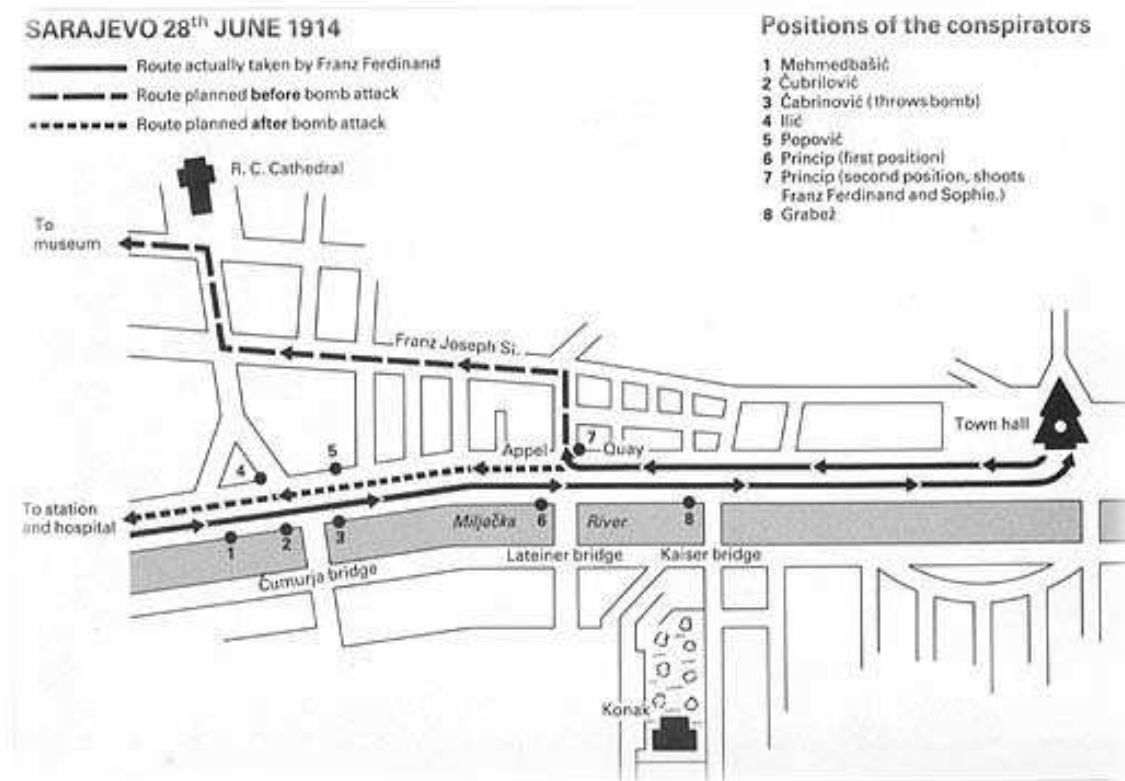
a bomb, and Grabezh both a revolver and a bomb. Then they dispersed to take their stand at various places, as agreed upon, along the route which the Archduke was to pass.

The Assassination, June 28, 1914

Sarajevo, for some five hundred years, had been the capital of Bosnia and is still its principal city. It is crowded into a narrow valley at the foot of high hills. Through its center runs a little river, the Miljachka, half dry in summer. In the older parts of the city toward the cathedral the streets are crooked and narrow. But the Appel Quay, now known as the Stepanovitch Quay, is a fairly wide straight avenue lined with houses on one side, and with a low wall on the other, where the Quay follows the Miljachka. It leads towards the Town Hall, and is connected by several bridges with the other side of the town, where one of the principal mosques and the Governor's residence or Konak are situated. Along the Appel Quay, which was the route the Archduke and his wife were to follow, Hitch had placed the various murderers to whom he had distributed the bombs and revolvers a few hours before the assassination. Mehmedbashitch, Vaso Chubrilovitch and Chabrinovitch were on the river side near the Cumurja Bridge. Hitch and Popovitch were across the street, near the Austro-Hungarian Bank. Further along the Quay Princip at first stood near the Latin Bridge; after Chabrinovitch's attempt, while the Archduke was at the Town Hall, he crossed over the Quay to the corner of the narrow winding Franz Josef Street, now King Peter Street, where the actual assassination finally took place. Further on toward the Town Hall Grabezh was walking up and down, looking for a good place where he would not be interfered with by the police or bystanders.

On Vidov-Dan, Sunday, June 28, 1914, the day opened with glorious summer weather. The streets, at the request of the Mayor, had been beflagged in the Archduke's honor. His portrait stood in many windows. Considerable crowds were abroad in the streets to see him pass. No effort was made to keep them back, by forming a line of soldiers, as had been done in 1910 when Francis Joseph visited the city. Several of the loyal newspapers welcomed the Archduke's presence, but the leading Serb newspaper, *Narod*, contented itself with the bare announcement of his visit, and devoted the rest of its issue to a patriotic account of the significance of Vidov-Dan, an account of the Battle of Kossovo, and a picture of King Peter of Serbia framed in the national Serbian colors.

Franz Ferdinand and his party reached Sarajevo from Ilidze about 10 A. M. After reviewing local troops, they started in autos toward the Town Hall for the formal reception in accordance with the announced program. The Heir to the Throne was in full uniform, wearing all his decorations. His wife, in a white gown and large hat, sat beside him. On the seat facing them was General Potiorek, the military Governor of Bosnia, who pointed out the objects of interest as they drove along. In front of



them, in another car, the Mayor and Chief of Police led the way. Then followed two other autos bearing various persons belonging to the Archduke's suite or General Potiorek's staff.

Just as they were approaching the Cumurja Bridge and Potiorek was calling the Archduke's attention to some new barracks, Chabrinovitch knocked off the cap of his bomb against a post, stepped forward, and hurled it at the Archduke's car. The chauffeur, observing him, put on speed, so that the missile fell onto the folded hood of the uncovered car and bounced off; or, according to another account, Franz Ferdinand, with extraordinary coolness, seized it and threw it back of him into the road. There it exploded with a heavy detonation, partly wrecking the following auto and seriously wounding Lieut. -Col. Merizzi and several bystanders. Chabrinovitch sprang over the wall into the river-bed, which was nearly dry at this season of the year, and tried to escape; but police agents quickly seized him and marched him off for examination. Meanwhile the fourth auto, uninjured except for a broken windshield, passed the wrecked car and closed up quickly to that of the Archduke, none of whose occupants had been hurt, except for a scratch on the Archduke's face, probably caused by the flying cap of the bomb. The Archduke ordered all the cars to stop, in order to learn what damage had been done. Having seen that the wounded men were dispatched to a hospital, he remarked with characteristic coolness and courage: "Come on. The fellow is insane. Gentlemen, let us proceed with our program."

So the party drove on to the Town Hall, at first rapidly, and then, at the Archduke's order, more slowly so that the people could see him better. The Archduke's wife met a deputation of Mohammedan women, while the Archduke was to receive the city officials. The Mayor, who had written out his speech of welcome, started to read it, as if nothing had happened. But it hardly suited the occasion. It dilated upon the loyalty of the Bosnian people and the overwhelming joy with which they welcomed the Heir to the Throne. Franz Ferdinand, by nature quick-tempered and outspoken, roughly interrupted the Mayor, saying: "Enough of that. What! I make you a visit, and you receive me with bombs." Nevertheless, he allowed the Mayor to finish his address. This terminated the formalities at the Town Hall.



The question then arose whether the party should still follow the prearranged program which provided for a drive through the narrow Franz Josef Street in the crowded part of the city and a visit to the Museum ; or whether, in view of another possible attack, they should drive straight to the Governor's residence on the other side of the river for luncheon. The Archduke insisted that he wanted to visit the hospital to inquire after the officer who had been wounded by Chabrinovitch's bomb. General Potiorek and the Chief of Police thought it very unlikely that any second attempt at murder would be made on the same day. But as a punishment for the first, and for the sake of safety, it was decided that the autos should not follow the prearranged route through the narrow Franz Josef Street, but should reach the hospital and Museum by driving rapidly straight along the Appel Quay. Therefore the Archduke and his wife and the others entered the cars in the same order as before, except that Count Harrach stood on the left running-board of the Archduke's car, as a protection from any attack from the Miljachka side of the Quay. On reaching the Franz Josef Street the Mayor's car in the lead turned to the right into it, according to the origi-

nal program. The Archduke's chauffeur started to follow it, but Potiorek called out. "That's the wrong way! Drive straight down the Appel Quay!" The chauffeur put on the brakes in order to back up. It happened that it was precisely at this corner, where the car paused for a fatal moment, that Princip was now standing, having crossed over from his original position on the river side of the Quay. These chance occurrences gave him the best possible opportunity. He stepped forward and fired two shots point blank. One pierced the Archduke's neck so that blood spurted from his mouth. The other shot, aimed perhaps at Potiorek, entered the abdomen of Sophie Chotek. The car turned and sped over the Latin Bridge to the Konak. The Archduke's last words to his wife were: "Sophie, Sophie, do not die. Live for our children." But death overtook them both within a few minutes. It was about 11 :30 A. M., St. Vitus's Day, Sunday, June 28. 1914.



7.16 The Responsibility for the Assassination

The preceding chapters on Balkan Problems, Franz Ferdinand, and the Assassination Plot have given a brief narrative of the events and an account of the conditions which contributed to the fatal tragedy at Sarajevo. They will also have indicated to some extent the responsibility for it. But they left aside several much-disputed questions which can now be best dealt with separately, before one attempts to draw any final conclusions concerning the relative responsibility for the crime which was the immediate occasion of the World War. Chief among these disputed points are the motives of the assassins, the lack of Austrian police protection, the part played by Dimitrijevič and the "Black Hand," M. Pashitch's cognizance of the plot and failure to prevent it, and the alleged Serbian warning to Austria.

Motives of the Assassins

In the first place, there was a personal motive—a feeling of discontent with their own lives, of the desire to be martyrs and heroes after the fashion of Bogdan Zherajitch, who fired five shots at the Governor of Bosnia and then committed suicide at Sarajevo. Both Princip and Chabrinovitch had been unhappy at home, and received little or no financial support from their parents. Chabrinovitch had quarrelled often with his father and with his fellow Socialists at Sarajevo. Both youths had early left school but had not become established in any occupation. They drifted to Belgrade where they came under the influence of anarchist and terrorist propaganda, and heard the coffee-house talk about Austria's oppression and Serbia's future role as the "Piedmont" which would bring liberation to the Bosnian Serbs.

Princip declared, after being at Belgrade but before hearing of the Archduke's coming visit to Bosnia: "I often used to go out to the grave of Zherajitch. I often passed whole nights there, pondering over our conditions and our miserable situation and over him [Zherajitch], and then I determined upon the assassination. On his grave I made an oath to myself to carry out an assassination at some time or other." Later, in prison, he told Dr. Pappenheim that, "in Sarajevo he used to dream every night that he was a political murderer, struggling with gendarmes and policemen; that he had read much about the Russian revolution, about the fightings; and that this idea had taken hold of him."



Chabrinovitch also stated: "I too went to the grave of the late Zherajitch, when I came to Sarajevo. There I fixed upon the firm determination to die as he had done. I knew moreover that I had not long to live. I was continually occupied with the idea of suicide, because I was indifferent to everything." His psychopathic thirst for notoriety is suggested by the fact that he had his photograph taken an hour or so before he threw the bomb and attempted suicide, and also by his boast a moment after his attempt on the Archduke, "Yes, I am a Serb, a hero." 9 Both youths were clearly psychopathic, maladjusted by personal suffering, discontent and failure, and easily open to suggestive influences toward murder by the example of "heroes".

A second motive was to take vengeance on Austria for the oppressive regime in Bosnia, arouse opposition to it, and prepare the way for a revolution which should put an end to it. "What moved me primarily," declared Chabrinovitch, "was revenge for the oppression which the Serbs in Bosnia and Herzegovina had had to suffer, especially the 'Exceptional Laws' which last year continued for two full months. ... I regarded revenge as the holy duty of a moral civilized man, and therefore I planned to take vengeance. ... I knew that there existed at the Ballplatz [the Austro-Hungarian Foreign Office] a clique, the socalled war-party, which wanted to conquer Serbia. At its head stood the Heir to the Throne. I believed that I should take vengeance on them all in taking vengeance on him. ... I hated him because he was an enemy of Serbia. . . . All 'the injustices of which I read in the newspapers—all this had collected in me until it burst forth on St. Vitus's Day."

Princip likewise, on being asked if he was sorry that he had killed the Archduke replied: "No, I am not sorry. I have cleared an evil out of the way. He [Franz Ferdinand] is a German and an enemy of the South Slavs. He treated them badly. . . . Every day a high treason trial. Every day it went worse with our people. They are impoverished. I have seen how our people fall more and more into decay. I am a peasant's son, and so I can convince myself of the misery of our people. I killed him and I am not sorry. I knew that he was an enemy of the Slavs..."

A third motive was to kindle further opposition and hatred toward the Hapsburg rule, cause a revolution among the Serbs in Bosnia and Herzegovina, and so prepare the way for tearing these two provinces away from the Dual Monarchy and uniting them with Serbia in some kind of a national South Slav state. This accords also with his later "Confessions" in prison: "The ideal of the young people was the unity of the South Slav peoples, Serbs, Croats, and Slovenes, but not under Austria. In a kind of state, republic or something of that sort. Thought that if Austria were thrown into difficulties then a revolution would come. But for such a revolution one must prepare the ground, work up feeling. Nothing happened. By assassination this spirit might be prepared."

The austrian "Negligence"

Most Yugoslav sympathizers, and most critics of Austria who follow the fantastic insinuations of Mr. H. Wickham Steed, like to represent the assassination of the Archduke as virtually inevitable, both because of the Austrian oppression, the widespread nationalist movement in Bosnia, and the "bevy of assassins" lying in wait for him, and also because of the "criminal negligence" of the Austrian authorities in not taking adequate precautions to protect him.

After the crime, in the recriminations of Austrian officials as to the responsibility for not averting it, and in the boasts of Yugoslav survivors at having participated (or intended to participate) in a glorious deed which has ultimately resulted in the

creation of a Yugoslav state, it is easy to collect many expressions of opinion which seem to bear out these views. Thus, Mr. Wickham Steed quotes the Archbishop of Sarajevo as saying that "the Archduke could not have escaped, because he would have had to pass through 'a regular avenue of bomb-throwers'. Mr. Seton-Watson also quotes this, and unhesitatingly accepts all the stories which have been told to him of heroes who would have assassinated the Archduke had not Princip done so. He even speaks of "a whole bevy of assassins on the streets of the capital."

At the same time, both these writers blame the Austrian authorities for their lack of police protection. Says Mr. Steed: "When the Emperor Francis Joseph visited Sarajevo in June, 1910, more than one thousand uniformed police and probably double the number of 'plain clothes men' were employed to protect him. In June, 1914, when the Heir Presumptive went there the police were warned off." Similarly Mr. Seton-Watson: "Every street [at the Emperor's visit in 1910] along which he passed was

lined with a double cordon of troops, and the town swarmed with special police and detectives from headquarters in Vienna and Budapest"; but in 1914 the police "showed itself strangely remiss or inefficient." "The contrast between 1910 and 1914 amply justifies us in speaking of criminal negligence on the part of those Austro-Hungarian authorities with whom the care of the Archduke lay." But to assert that the assassins were so numerous that the Archduke could not have escaped, and at the same time to blame the police for negligence in not saving him, is illogical. As a matter of fact, neither was the danger to him from residents in Bosnia so great, nor the conduct of the Austrian authorities so strangely negligent, as these writers would have us believe.

On the Archduke's journey up through Bosnia from the Adriatic to Ilidze, and at the maneuvers, he was received with demonstrations of loyalty and there were no signs of danger. Soon after his arrival at Ilidze he and his wife motored in to Sarajevo, visited some of the shops, and were everywhere recognized and acclaimed. So great was the crowd about them that a passage had to be cleared for them. Here would have been an excellent opportunity for assassins. On the fatal Sunday morning it is noteworthy that only those conspirators who had just come from Belgrade had the courage of their convictions.

If it had not been for the first three, and for the excellent chance opportunity afforded by the mistake of the Archduke's chauffeur in turning into the Francis Josef Street and stopping just at the point where Princip happened to be standing, it is altogether probable that there would have been 'no assassination.

Mr. Pashitch, the Narodna Odbrana and the Black Hand

Some indication has already been given in the preceding chapter of the activity of the Narodna Odbrana and the "Black Hand," and of the probable cognizance of a plot on the part of Mr. Pashitch and some members of his Cabinet.

The Serbian Government may be regarded as responsible for the activities of the Narodna Odbrana. This society was publicly organized by prominent Serbians, including some members of the Serbian Cabinet of 1908. Its central committee sat in the Serbian capital and its president was General Jankovitch. Its statutes were published and its activities, alleged to be "cultural," were publicly approved by members of the Serbian Government, with which it remained on intimate and friendly terms. It was organized originally to prepare forcible means for preventing Austria from carrying through her policy of annexing Bosnia and Herzegovina. But after the crisis of March, 1909 when Russia failed to back up Serbian hopes, and Serbia was forced to make to Austria her promise to live on good and neighborly terms, the Narodna Odbrana ostensibly changed its aims from the use of force against Austria to the "cultural work" of stimulating national feeling within the Kingdom of Serbia.

As a matter of fact, it continued a secret subversive work of propaganda in Bosnia: smuggling in nationalist Serb literature and recruiting "confidential men who should organize ostensibly harmless local societies for education, physical training, and the anti-alcohol movement but who in reality were to rouse Serbian nationalism and prepare the ground for the eventual unification with Serbia of the Serb populations in the Dual Monarchy. It had also given assistance and encouragement to Bosnian youths who came to Belgrade to study or to plot assassinations and revolution against the Hapsburg authorities. Though the Narodna Odbrana probably had no knowledge officially of the plot to assassinate Franz Ferdinand, its network of "confidential men" and its "tunnel" for secret communications between Serbia and Bosnia were certainly used by "Black Hand" officials and by the three youths who went from Belgrade to Sarajevo to commit the crime. This interlocking activity between the two Serbian societies which otherwise had somewhat different ostensible aims and were not altogether friendly, was facilitated by the fact that the Secretary of the Narodna Odbrana, Milan Vasitch and other members of it were also members of the "Black Hand." Thus the Serbian Government may be regarded as responsible for an organization whose secret agents in Bosnia were preparing the way for the disruption of Austria-Hungary and were actually made use of to assist the Archduke's assassins on their journey to Sarajevo. Austria was therefore justified in her demand in the ultimatum to Serbia that the Narodna Odbrana be dissolved.

The relations of the Serbian Government to the "Black Hand" were quite different. This secret society had "budded itself off" from the Narodna Odbrana, in the words of one of the witnesses at the trial of the Sarajevo assassins,³⁶ being formed in 1911. The clique of military officers, who had murdered King Alexander and Queen

Draga in 1903 had become impatient at the ostensibly "cultural" activities of the Narodna Odbrana and at the policy of the Pashitch Radical Party of postponing the final struggle with Austria until Serbia had liberated Serbians under Turkish rule, greatly consolidated her internal resources and strength, and made more certain of the support of Russia and France. The "Black Hand" was a very secret terrorist organization; its members were designated by numbers instead of by their names; and its curiously medieval statutes were never published until the famous Salonica Trial of 1917.

At first the relations between the Serbian Government and the "Black Hand" leaders were tolerably harmonious. This Society included Dimitrijevitich, who was advanced in June, 1913, to the position of Chief of the Intelligence Department of the Serbian General Staff, Major Tankositich, who was one of the most famous comitadji leaders, and a large number of other officers. It was regarded primarily as a group of military men, but it also included a considerable number of civilian officials, among whom were at least three employees in the Serbian Ministry of Foreign Affairs.

There was an internal party conflict between Pashitch's Radical Party and the "Black Hand" military officers. It is often cited as proof that Dimitrijevitich and the Sarajevo assassins were in no way in league with the Serbian Government and would have tried to conceal all knowledge of the assassination plot from it. This is probably true. There are several indications at the trial of the assassins that they were warned by their Serbian military friends to avoid letting the Serbian civilian authorities get wind of what was on foot. So it may be regarded as perfectly certain that Mr. Pashitch and his Cabinet had nothing to do with the originating of the assassination. It was hatched behind their backs. They probably had no knowledge of it until the preparations were nearly complete and the youths were about ready to go from Belgrade to Sarajevo.

We have, on the contrary, the clear and explicit statements of the Minister of Education, Mr. Ljuba Jovanovitich, that at the end of May or beginning of June, Mr. Pashitch knew that certain persons were preparing to go to Sarajevo to murder the Archduke; that he told some of his Cabinet of it; and that orders were given to the frontier authorities to stop the assassins, but the orders were not carried out because the frontier authorities were members of the "Black Hand" organization, and reported afterwards that the orders had arrived too late and the youths had already crossed over. We have already given our reasons for believing these statements of the Minister of Education to be true.

The Serbian Neglect to arrest the Accomplices

Important is the fact that it affords one explanation of two of the most serious charges which have been brought against Mr. Pashitch : his failure to give any definite warning to the Austrian authorities after he was aware that the assassins

had gone to Sarajevo, and his remissness after the murder in failing to search for and arrest the accomplices in Belgrade.

In fact Serbian police officials appear to have actually aided one of them, Ciganovitch, conveniently to disappear from sight. To have attempted to arrest Ciganovitch, who was a member of the "Black Hand," and to have exposed the part taken by such prominent members of it as Dimitrijevitich and Tankositich, would have still further accentuated the political conflict and have strengthened the antagonism which had already caused the temporary downfall of the Cabinet. Mr. Pashitch apparently did not dare to take action against the leaders of such a powerful organization, and therefore adopted a purely passive attitude hoping that Austria and Europe would not learn the truth.

Precisely when and how Mr. Pashitch learned of the plot has not been revealed from Serbian sources. One commonly accepted theory is that he was secretly informed of it by Milan Ciganovitch, who is believed to have played a double role as a kind of agent provocateur, both conspiring with the "Black Hand" leaders, and at the same time being employed by Mr. Pashitch to spy upon them and keep him informed in the interests of the Serbian Government and the Radical Party. Ciganovitch was freely declared by all three of the Sarajevo plotters, both at their arrest and at their trial, to have taken a most active part in their preparations in Belgrade. He was a Bosnian Serb, who came as an emigre to Belgrade in 1908, was trained as a comitadji by Tankositich, and then given employment as a small official on the Serbian State Railways. In 1911 he was enrolled in the "Black Hand" as "No. 412," and fought as a comitadji under Tankositich in the Balkan Wars. In the preparation of the plot he served as the agent of Tankositich. He secured for Princip and his companions in Belgrade the bombs and revolvers which were to be used against the Archduke. He gave them the cyanide of potassium with which to poison themselves after the crime, and thus prevent revelations concerning Ciganovitch himself and his Serbian accomplices.

Upon orders from Tankositich, Ciganovitch took the youths to a shooting park near Belgrade and gave them practice in the use of the revolvers. At the end of May, when they were ready to start, he supplied them with cards of introduction to "Black Hand" agents and "confidential men" who would help them forward on their journey to Sarajevo. The reasons for believing that Ciganovitch informed Pashitch do not lie in any direct evidence prior to the assassination, but in the apparent collusion between them afterwards—in the action of the Serbian authorities in attempting to conceal Ciganovitch and have him conveniently disappear from sight, and in the evidence which Ciganovitch gave in 1917 to aid the Radical Party in convicting Dimitrijevitich and in breaking the power of the "Black Hand."

Within a couple of days after the assassination, when rumors began to reach Belgrade of the confessions made by Chabrinovitch and Princip, both Tankositich and Pashitch appear to have tried to suppress all information about the Belgrade accomplices. On

the evening of June 29 three comitadjis “came to Mr. Svetolik Savitch, owner of the newspaper Balkan, and told him in the name of Major Tankositch that under no circumstances was he to publish anything in his newspaper about any of the connections and relations of the assassin Chabrinovitch with their acquaintances here [in Belgrade]. Above everything he was not to write anything which might in any way compromise Serbians; otherwise it would fare badly with him.” This kind of intimidation—fear of violence and vengeance from comitadjis like Tankositch—was frequently mentioned by “confidential men” in Bosnia as one of their motives for assisting the assassins. It suggests an additional reason why Mr. Pashitch did not care or dare to make any move to arrest this popular and powerful “Black Hand” leader, until finally forced by the Austrian ultimatum to detain him for a few days.

If the Serbian Government had at once taken energetic action to arrest the Belgrade accomplices, and given genuine evidence of its often asserted desire to live on good neighborly terms with Austria, this would have mitigated Germany’s indignation at the assassination, made her less ready to follow Austria’s fatal path, and increased the chances of friendly mediation. In failing to do this, and in assuming the passive and negative attitude of waiting to see what definite incriminating evidence and charges Austria might be able to bring forward, Mr. Pashitch incurred a further serious responsibility for what befell. The Serbian Government was informed on July 6 by its Minister in Vienna that the Austrian evidence from Sarajevo indicated the Belgrade origin of the plot and implicated Ciganovitch.“ In spite of this, it not only made no move to apprehend the accomplices in Belgrade, but it apparently actually facilitated the disappearance of Ciganovitch, the chief accomplice, in order that it might not have to hand him over to the Austrian authorities.

The Austrian authorities, having learned from the confessions of the assassins some of the facts about the Belgrade accomplices, demanded in the ultimatum of July 23 (Point 7) that Serbia “proceed without delay to the arrest of Major Voja Tankositch and of the individual named Milan Ciganovitch, a Serbian State employee.” The Serbian Government replied a couple of days later that it had arrested Tankositch as requested, but “as regards Milan Ciganovitch, who is a subject of the Austro-Hungarian Monarchy and who up to June 15 [N. S. 28, that is, the day of the assassination] was employed (on probation) by the railway administration, he has not yet been able to be found (and therefore a writ of arrest has been issued against him).” It is certainly a curious fact that the Serbian Government pretended to cease to have any knowledge of Ciganovitch precisely from the moment of the assassination. In view of the other facts given above, one may doubt the sincerity of their asserted ignorance of his whereabouts and their inability to find him. This doubt is increased by the fact that the Minister of Education, speaking of the period just after the assassination and before the Austrian ultimatum, when the Serbian authorities might have arrested Ciganovitch but did not do so, indicates clearly that his colleagues were informed about this accomplice.

7.17 The Legend of the Potsdam Council

Henry Morgenthau, US ambassador, jew and father of Morgenthau Jr (U.S. Secretary of the Treasury during the administration of Franklin D. Roosevelt) , published a book called “Morgenthau’s Story“ in 1918. In this book he depicts the story of how the German Kaiser made plans for World War 1. This story was also cited at the Versailles Peace Conference to put further blame on Germany and the Kaiser. The most interesting and picturesque account of the alleged “Crown Council“ at Potsdam on July 5, as well as the one which had received widest currency, is that given by Mr. Morgenthau, in the volume just quoted, in a chapter entitled, “Wangenheim Tells the American Ambassador How the Kaiser Started the War:“

“I shall always keep in my mind the figure of this German diplomat, in those exciting days before the Marne. . . The good fortune of the German armies so excited him that he was sometimes led into indiscretions, and his exuberance one day caused him to tell me certain facts which, I think, will always have great historical value. . . .

The Kaiser, he told me, had summoned him to Berlin for an imperial conference. This meeting took place at Potsdam on July 5th. The Kaiser presided and nearly all the important ambassadors attended. Wangenheim himself was summoned to give assurance about Turkey and enlighten his associates generally on the situation in Constantinople, which was then regarded as almost the pivotal point in the impending war. In telling me who attended this conference Wangenheim used no names, though he specifically said that among them were—the facts are so important that I quote his exact words in the German which he used—“die Hdauptcr des Generalstabs und der Marine“— (the heads of the general staff and of the navy) by which I have assumed that he meant Von Moltke and Von Tirpitz. The great bankers, railroad directors, and the captains of German industry, all of whom were as necessary to German war preparations as the army itself, also attended.

Wangenheim now told me that the Kaiser solemnly put the question to each man in turn: “Arc you ready for war?“ All replied “yes“ except the financiers. They said that they must have two weeks to sell their foreign securities and to make loans. At that time few people had looked upon the Sarajevo tragedy as something that would inevitably lead to war. This conference, Wangenheim told me, took all precautions that no such suspicion should be aroused. It decided to give the bankers time to readjust their finances for the coming war, and then the several members went quietly back to their work or started on vacations. The Kaiser went to Norway on his yacht, Von Bethmann-Hollweg left for a rest, and Wangenheim returned to Constantinople.

In telling me about this conference Wangenheim, of course, admitted that Germany had precipitated the war. I think that he was rather proud of the whole

performance, proud that Germany had gone about the matter in so methodical and far-seeing a way, and especially proud that he himself had been invited to participate in so epoch making a gathering. I have often wondered why he revealed to me so momentous a secret, and I think that perhaps the real reason was his excessive vanity—his desire to show me how close he stood to the inner counsels of his emperor and the part that he had played in bringing on this conflict. Whatever the motive, this indiscretion certainly had the effect of showing me who were really the guilty parties in this monstrous crime. The several blue, red, and yellow books which flooded Europe during the few months following the outbreak, and the hundreds of documents which were issued by German propagandists attempting to establish Germany's innocence, have never made the slightest impression on me. For my conclusions as to the responsibility are not based on suspicions or belief or the study of circumstantial data.

I do not have to reason or argue about the matter. I know. The conspiracy that has caused this greatest of human tragedies was hatched by the Kaiser and his imperial crew at this Potsdam conference of July 5, 1914. One of the chief participants, flushed with his triumph at the apparent success of the plot, told me the details with his own mouth. Whenever I hear people arguing about the responsibility for this war or read the clumsy and lying excuses put forth by Germany, I simply recall the burly figure of Wangenheim as he appeared that August afternoon, puffing away at a huge black cigar, and giving me his account of this historic meeting. Why waste any time discussing the matter after that?

But at the end, this is nothing more than fabricated and mis-interpreted propaganda. Without going further into detail: The story from Morgenthau was labeled untrue in the 1920s when more information about this time became available.

7.18 The Preparation of the Austrian Ultimatum

The assassination of Franz Ferdinand and his wife shook Berchtold out of his undecided hesitating attitude of the past. It determined him to use the crime as a good excuse for clearing up the unsatisfactory situation with Serbia and for putting an end once and for all to danger to the Dual Monarchy from the Greater Serbia propaganda and the Russian intrigues against Austrian influence in the Balkans. For months and years past there had been a growing conviction among certain groups at Vienna that the political situation was becoming dangerous and intolerable for Austria in the Balkans. Serbia, as a result of the Balkan Wars, had grown greatly in territory, population, and pretensions. The Greater Serbia movement was gathering strength and received support from the growing nationalist movement among all the South Slavs living under Hapsburg rule. In the spring of 1914 there were rumors that Serbia and Montenegro were to be fused together. This would give Serbia an

outlet on the Adriatic and threaten the existence of the struggling infant Albanian State, and so endanger the arrangements by which Austria had sought to protect herself against the Slav danger on her southern borders.

Also Russian armaments, military railway construction, and trial mobilizations were proceeding apace. France was loaning Russia millions of francs for these purposes, while at the same time increasing her own military establishment. The ever-latent irritation between Italy and Austria, arising from Italian irredentist aspirations for Trieste and the Trentino and from Austro-Italian jealousy and rivalry in the Balkans, had again become recently acute because of an Austrian decree excluding persons of Italian birth from holding municipal office at Trieste. Even Germany was felt to betray an irritating disregard for her Austrian ally's Balkan interests and dangers; the best way to make Germany respect Austria as a worthy ally—as *biindnisfahig*—would be to adopt a more vigorous policy, show that she was capable of decisive action, and prove that she was really an asset and not a liability in the Triple Alliance.

Thus, even before Sarajevo, there was a general feeling on the part of many officials at Vienna that something must be done to prevent the decaying Hapsburg structure from crumbling to pieces, either from its own internal weaknesses and hesitating indecisions, or from being violently thrown down before long by its enemies. The news of the Archduke's assassination enormously strengthened this feeling. If Austria accepted this blow to her dynasty without actively resenting it and taking vigorous measures to put an end to the Greater Serbian danger once and for all, her prestige in the Balkans and in Europe would be gone forever.

Austria's existence as a Great Power was at stake. As Conrad, the Chief of Staff and head of the militarist party at Vienna, has put it:

Two alternatives stood sharply out against one another: either the preservation of Austria-Hungary as a conglomerate of various nationalities which should stand together as a whole toward the outside and find their common well-being under a single ruler; or the rise of separate independent national states which would seize upon the Austro-Hungarian territories inhabited by their co-nationals and so bring about the destruction of the Monarchy. The conflict between these two alternatives, long foreseen, had reached an acute stage through Serbia's procedure; its decision could no longer be postponed. For this reason, and not as vengeance for the assassination, Austria-Hungary must draw the sword against Serbia.... The Sarajevo assassination had torn down the house of cards erected by diplomacy in which Austria-Hungary had thought herself safe. The Monarchy had been seized by the throat, and had to choose between allowing itself to be strangled, and making a last effort to prevent its destruction.

So Conrad, convinced that Austria must make war on Serbia as an act of self-preservation, urged Berchtold to approve immediate mobilization against Serbia.

But Berchtold replied that there were difficulties: public opinion must be prepared; the grounds for war must first be established as a result of the investigation at Sarajevo; Francis Joseph was opposed to any immediate action; and Count Stephan Tisza, Minister-President of Hungary, was opposed to any war at all against Serbia, fearing that Russia would attack Austria and that Germany and Rumania would leave her in the lurch. Conrad was forced to admit that it was unsafe to make war on Serbia until they had made sure that Germany would protect Austria's rear from a Russian attack. Berchtold had, however, like Conrad, become convinced of the necessity of a local war against Serbia.

During the following days he proceeded to scheme to secure Germany's support, to build up a case against Serbia, and to overcome the two chief domestic obstacles to an immediate local war against Serbia—the hesitation of Francis Joseph and the opposition of Count Tisza.

Emperor Francis Joseph

Emperor Francis Joseph at the time of the Sarajevo assassination had hardly recovered from the illness of the preceding winter, which many observers had thought might prove fatal to the aged monarch. All the wars which he had waged in the past had resulted in defeat, or loss of territory, or generally both. He was not enthusiastic for Conrad as Chief of Staff, nor optimistic about the changes which had been made in the Austrian army. There is little doubt that he wanted to end his days in peace. But now, with the news of Hartwig's Pan-Slav intrigues at Belgrade, the Greater Serbia propaganda, and this final tragedy to his family, he had begun to fear that the Serbian situation might at last become intolerable. "I see a very dark future," he said to the German Ambassador on July 2; "what is particularly disquieting to me is the Russian practice mobilization which is planned for the fall, just at the time when we are shifting our recruit contingents. Hartwig is master at Belgrade, and Pashitch does nothing without consulting him." "Every one is dying around me," he added mournfully, referring to the sudden death of the Italian Chief of Staff, General Pollio, who was one of the few loyal adherents of the Triple Alliance in Italy. But though very sad and pessimistic, Francis Joseph evidently had no immediate expectation of even a local war with Serbia, for he spoke of his plans for the summer and the prospects for the stag-hunts.

Three days later, on July 5, when Conrad urged mobilization measures, Francis Joseph refused to approve them. "No, that is impossible," he said, pointing out the danger of an attack from Russia and the doubtfulness of German support; before the Konopischt meeting he had asked Franz Ferdinand to get from Emperor William an unconditional declaration that Austria could count on Germany, but William II had avoided committing himself. We have no satisfactory accounts of the interviews which took place between him and his Minister of Foreign Affairs, but Berchtold

seems not to have met with great difficulty in persuading his sovereign to approve the measures placed before him. Tisza, however, was a more difficult person.

Tisza's Peace Program

Count Stephan Tisza, the famous son of a famous father, was perhaps the ablest and most striking political figure at this time in the whole Dual Monarchy. With close-cropped hair, square dark face, and flowing Hungarian cloak, he was like a little giant among the Magyar nobles, when he led the majority party as his father had done before him. He saw clearly the dangers ahead on all sides, and had the ability to reason coolly concerning them. He knew

exactly what he wanted, and having become Hungarian Minister-President in June, 1913, he was in an official position to compel attention to his views. He had already worked out, in the spring of 1914, as will be explained in detail, a diplomatic "politique de longue main," which was to win Bulgaria to the side of Germany and Austria and secure peace in the Balkans for a few years at least.

This peace program had been adopted with some changes by Berchtold, and made the basis for a long memorandum to Berlin—just before the news from Sarajevo made him suddenly change to Conrad's war program. Tisza, however, was not the kind of man to allow his matured judgments to be overturned in a moment, even by such a crime. On June 29, the day after the assassination, he hastened to Vienna to express his country's sympathy to Francis Joseph, but with no idea that the Monarchy's policy was to be altered because of what had occurred. After condoling with the Emperor, Tisza visited the Ballplatz, little suspecting the sudden change in the attitude of the Minister of Foreign Affairs. But here at the Foreign Office he learned with painful surprise of Berchtold's "intention of making the horrible crime of Sarajevo the occasion for the final reckoning with Serbia."

Tisza thereupon told Berchtold frankly that the provoking of such a war with Serbia would be "a fatal mistake," it would pillory Austrians "before the whole world as disturbers of the peace, besides beginning a great war under the most unfavorable circumstances." But he apparently made little impression on Berchtold. In his conflict with Berchtold, Tisza wanted to play German influence in favor of his own diplomatic peace program against Berchtold's new and reckless war program. But Berchtold proceeded to take this very arrow out of Tisza's quiver, and use it, against Tisza himself.

The Balkan Wars and the Peace of Bucharest have created for Austria-Hungary an intolerable situation. Until this is improved there can be no real lasting peace. On the other hand, the general exhaustion and dismay have been too great to allow any advantageous military action in the immediate future. As to Russia, Tisza did not believe that she intended to make war immediately. Her aggressive attitude

and saber-rattling was meant to impress the Balkan States and was encouraging the nationalist movement in Rumania and Serbia. It might even win Ferdinand of Bulgaria to the Tsar's side.

The Triple Entente would not attack Germany, however, Tisza believed, until Russia had won over Bulgaria and so threatened Austria with a war on three fronts. The crux of the European situation lay, therefore, in the Balkans and particularly in attaching Bulgaria to the Central Powers. This was of just as much vital interest to Germany as to Austria. Therefore the Dual Monarchy should strive to oppose Russia's Balkan policy by a wellconsidered harmonious German-Austrian policy. The best way to win Bulgaria, Tisza believed, was to hold out to Ferdinand the prospect of acquiring Macedonia. This could not be accomplished at once. Bulgaria would need several years to recover strength and heal the wounds of war. Meanwhile the Central Powers must assure Bulgaria protection against attack from Turkey or Greece. Rumanian public feeling was very strong against Hungary, but an effort must be made to keep King Carol firm in his alliance and assure him that Rumania was in no danger of an attack from Bulgaria. Germany and Austria must henceforth cooperate together to effect a favorable grouping of the Balkan States; Rumania and Greece must be wooed away from Serbia, and reconciled with Bulgaria on the basis of an enlargement of Bulgaria at Serbia's expense. Such, in outline, was the policy which Tisza thought ought to be urged upon Germany, so that the two Central Powers would support one another at Sofia, Bucharest, and Constantinople. And in closing, he again says with emphasis: "In the Balkans we must first preserve the peace and prepare a favorable development. There is no time to be lost."

Tisza's program apparently met with the approval of Francis Joseph and Berchtold, who had Baron Flotow, the Foreign Office specialist on Balkan affairs, draw up a much longer memoir developing Tisza's ideas in more detail. Flotow's memorandum, somewhat amplified by Matscheko and Pogascher, was put before Berchtold about the middle of June. Whether it was shown to Franz Ferdinand during the visit which Berchtold paid to Konopischt the day after Emperor William's interview with the Heir to the Throne is not clear. At any rate it was decided that it should be worked out in greater detail and laid before the Berlin authorities as a memorandum for guidance of the two allies in Balkan affairs. Accordingly, an elaborate draft to this effect was completed by June 24. Berchtold then went over the draft, and gave it the final gentle form, which he hoped would prove unobjectionable and persuasive to the Berlin Foreign Office.

Beginning with an analysis of the results of the Balkan Wars, Berchtold pointed out the dangers to Germany and Austria of the existing situation. Omitting for obvious reasons all Austria's own responsibilities for the bad situation, Berchtold emphasized the dangerously aggressive intrigues of Russia and France. After detailing all the intrigues by which Russia and France were seeking to build up this new Balkan League, aimed at the territorial dismemberment of the Dual Monarchy, Berchtold

dealt as tactfully as possible with the Rumanian problem, pointing out Austria's embarrassments and hinting that Germany might use pressure to make Rumania see the error of her ways. As the best method of thwarting Russia's projected Balkan League and compelling Rumania to return to the fold of the Triple Alliance, Berchtold then urged Tisza's program for an alliance with Bulgaria, adding that Turkey also might be included in it eventually.

While France aims to weaken the Dual Monarchy with the hope of promoting her plans for revanche, the intentions of Russia are much more comprehensive. If one considers the development of Russia during the last two centuries, the steady extension of her territory, the enormous increase of her population, exceeding so much that of all the other European Great Powers, and the vast progress of her economic resources and military strength, as well as the fact that this great Empire is as good as cut off from the sea by its geographical position and treaty obligations, one sees why Russia's policy has necessarily always had an inherently aggressive character. ... For these reasons the Austrian Foreign Office is convinced that it is for the common interests of Austria no less than of Germany to oppose a timely and energetic counter-action to the development which is being pushed by Russian intrigues, and which perhaps at a later time could never be undone." In this form the memorandum was complete and ready for transmission to Berlin. It was to "open Germany's eyes" to the need of supporting Austria more energetically in this diplomatic wooing of Bulgaria.

Then on Sunday afternoon, June 28, came the terrible telephone message that Franz Ferdinand and his wife had been murdered at Sarajevo. The news appears to have had a stimulating effect upon the ordinarily rather indolent and undecided mind of Count Berchtold. Many historians, and several Viennese with whom the present writer has talked, speak of Berchtold as a minister who allowed himself to be managed by others, especially by the Magyar Serb-haters in the Austrian Foreign Office, like Hoyos, Forgach, Macchio, and by Baron Conrad, the Austrian Chief of Staff. The Foreign Minister has been regarded as a mere "rubber stamp," approving what others urged upon him. While this view may be more or less true for the period before Sarajevo, it does not appear equally so for the crisis of July, 1914. The contemporary evidence seems to show that however much Berchtold may have been guided by his subordinates at the Ballplatz, and by the militarists, he took a very active and sinister part in the events which led directly to the World War. Hitherto he had vacillated between the two opposing groups of opinion represented respectively by Conrad and by Tisza. But now, after Sarajevo, he decided to use this crime as the final justification for clearing up, once and for all, Austrian relations with Serbia.

Berthold's Appeal for German Support

Berchtold was now finally converted to Conrad's desire for immediate war against Serbia. But owing to Francis Joseph's hesitation and Tisza's opposition he could not adopt it at once. Moreover, he realized that it would be madness to embark on any such hare-brained action without first getting from Berlin an assurance of German support. Germany during the last few years had been constantly restraining Austria from aggressive action in the Balkans which might involve the Triple Alliance in conflict with the Triple Entente. Two days after Sarajevo, when even serious people in Vienna "were expressing frequently the hope that Austria had now the excuse for coming to a final reckoning with the Serbians," the German Ambassador, Tschirschky, used every opportunity to warn calmly but very energetically and earnestly against any overhasty steps.

He pointed out above all else that Austria must be clear as to exactly what she wanted, and remember that she did not stand alone in the world; she must consider her allies and the entire European situation, and especially the attitude which Italy and Rumania would take in regard to Serbia. On July 2, Berchtold set forth to him all the dangers from the Greater Serbia propaganda. News had just come that twelve assassins were on the way to assassinate Emperor William. It was as much to Germany's, as to Austria's, interest to put an end to the Belgrade plottings. Tschirschky admitted this, but observed confidentially to the Austrian Minister that the reason Berlin had not given more definite promises of support in the past was that Austria "had talked much theoretically but had never formulated a fixed and definite plan of action" ; only when such a plan was formulated, could Berlin promise full and complete support ; and he again warned Berchtold of the danger of alienating Rumania and Italy. Similarly from Berlin came expressions of sympathy, but they were accompanied with advice to be cautious. The Austrian Ambassador in Berlin telegraphed:

Zimmermann [German Under-Secretary of State for Foreign Affairs] assured me that he would consider decisive action on the part of Austria, with whom the whole civilized world today was in sympathy, quite comprehensible, but still he would recommend the greatest caution, and advise that no humiliating demands be made upon Serbia.

In view of this attitude of caution and moderation on the part of Francis Joseph, Tisza, and Germany, Berchtold feared that an immediate mobilization against Serbia might result in Austria being left without German backing and the consequences might be disastrous. He saw that he must first gain an assurance of support from Berlin for whatever policy he should ultimately adopt. To secure this he decided to send Count Hoyos on a special mission to Berlin. Berchtold intended to have two strings to his bow. He would not openly abandon Tisza's peace program for winning over Bulgaria to the side of Austria and Germany, to which Berlin would

probably assent; but at the same time he would do all he could to bring Germany as far as he could in the direction of approving energetic and immediate military action against Serbia. For this purpose he would exploit to the utmost the horror of Sarajevo; he would emphasize the fact that the threads of conspiracy certainly led to Belgrade, that the crime was merely the culmination of the series of intolerable Serbian outrages which must now at last be forcibly dealt with.

The Potsdam Conversations, July 5 and 6

This royal letter, together with Berchtold's completed memorandum and postscript, were dispatched to Berlin by Berchtold's confidential Foreign Office Secretary, Alexander Hoyos, and then presented to the Kaiser by the Austrian Ambassador, Count Szogyeny, at Potsdam on Sunday, July 5. According to Szogyeny's report of what took place:

After I had brought it to the knowledge of Emperor William that I had an autograph letter to deliver, I received Their Majesties' invitation to lunch today at noon in the New Palace. I gave His Majesty the letter and the accompanying memorandum. He read both documents in my presence with the greatest attention. At first he assured me that he had expected an earnest action on our part against Serbia, but at the same time he must confess that the statements of Our Majesty raised the prospect of a serious European complication, and he therefore, wished to give no definite answer until he had consulted with the Chancellor. After luncheon, when I again emphasized the seriousness of the situation, His Majesty authorized me to report that in this case also we could reckon on Germany's full support. He must, as he said before, first hear what the Imperial Chancellor had to say, but he did not doubt at all that Bethmann-Hollweg would agree with him completely.

Russia, furthermore, he thought, as things stand today, was in no way ready for war and would certainly ponder very seriously before appealing to arms. But she would stir up the other Powers of the Triple Entente against us and blow upon fire in the Balkans. His Majesty said he understood how hard Francis Joseph, with his well-known love of peace, would find it to invade Serbia; but if we had really decided that military action against Serbia was necessary, he would be sorry if we left unused the present moment which was so favorable for us.

What were Emperor William's feelings at the time of this interview? His emotional nature had been deeply shocked at the horrible news of the assassination of Franz Ferdinand and his wife, whom he had just been visiting at Konopischt. While yachting on the preceding Sunday afternoon at Kiel he espied a little launch steaming at full speed as if to board his boat. He made a peremptory gesture to her to keep off. But, instead, Admiral Miiller, who was at the helm, made a sign that he had something to communicate. Holding up to view a piece of paper, he folded it into his cigarette case, and tossed it carefully on board. A sailor picked it up and handed it

to the Emperor. William II opened the case, took out the paper, and turned pale as he read the fatal news from Sarajevo. He at once gave orders to tack about and give up the regatta. He intended to go to Vienna to attend the Archduke's funeral and show his respect to the aged Francis Joseph in his latest bereavement. But when it was reported to him that a dozen Serb assassins were on their way from Belgrade to Vienna to bring about his own assassination, he allowed himself to be persuaded by his Chancellor to abandon his visit.

Before Sarajevo Emperor William had been inclined to think that Austria was unnecessarily nervous about Serbia, and ought to try to come to some friendly understanding with her. In the spring of 1914, when Austria was greatly alarmed at rumors that Serbia, instigated by Russia, might attempt some union with Montenegro, the Kaiser appeared to be pro-Serbian rather than pro-Austrian. Austria's efforts during the Balkan Wars to exclude Serbia from access to the Adriatic he regarded as "nonsense"; her new effort to prevent Serbia from reaching the Adriatic by union with Montenegro he pronounced "Unbelievable! This union is absolutely not to be prevented. And if Vienna attempts it, she will commit a great stupidity, and stir up the danger of a war with the Slavs, which would leave us quite cold." He agreed with Tisza, who calmly accepted the union as imminent, rather than with Berchtold and Franz Joseph who were declaring it unacceptable. He telegraphed from Corfu to Bethmann on April 5:

It is absolutely necessary that the people in Vienna should face the possibility [of union of Serbia and Montenegro] seriously, and be clear in their minds whether under all circumstances they would stand by the position taken by the Emperor and Count Berchtold, or whether they adopt Tisza's view.

While the German Kaiser had hitherto generally inclined to protect Serbia from dangerously excessive demands by Austria and hoped for a peaceful settlement of their difficulties, now, after the murder of one of his best friends, whom he had just been visiting, by assassins who had admittedly come from Belgrade, his indignation against the Serbians was thoroughly roused. His marginal notes excoriate them as "murderers," "regicides," and "bandits." He sincerely felt that the monarchical principle was in danger; that the spirit which led them to murder their own king and queen in 1903 still dominated the country; that all monarchs, Nicholas II most of all, ought to support, instead of opposing, any action on Austria's part which aimed at the suppression of the unscrupulous agitation which had been going on for years among Serbians and which, as he was now informed by Berchtold, threatened the very existence of his Austrian ally, and had made his own personal friend its victim. With his natural impetuosity he wanted Austria to take action in regard to the Serbians as quickly as possible, while the whole civilized world, still under the vivid impression of the terrible assassination, sympathized with her.

What this action of Austria's was to be, the Kaiser did not know definitely on July 5, and did not care to advise. But neither he nor Bethmann thought it at all

probable on that day that the Austro-Serbian dispute would lead to a European war. Accordingly, on Sunday afternoon or early Monday, before taking the auto from Potsdam for Kiel on July 6 at 9: 15 A.M., the Kaiser had brief interviews with representatives of the army and navy. He informed each of his conversation with the Austrian Ambassador. He told them privately to inform their chiefs who were absent on vacation, but added that they need not cut short their vacations to return to Berlin, and that no orders for military preparations need be given, as he did not expect any serious warlike complications.

Thus, on July 6, Bethmann telegraphed to the German ambassador in Vienna:

Finally, concerning Serbia, His Majesty naturally can not take, any stand in the questions between Austria and Serbia, for they are beyond his competence, but Francis Joseph may be sure that His Majesty, in accordance with his treaty obligations and old friendship, will stand true by Austria's side.

Szogyeny however, the Austrian diplomat who talked to the Kaiser about the situation, was under the impression to not inform Italy about what was happening. Like most Austrian officials, he now wanted war with Serbia, and by this statement encouraged Berchtold not to inform Italy beforehand, for fear that Rome would let the cat out of the bag at Belgrade, or at least that Italy would make demands for territorial compensation which Austria had no intention of giving. But this policy of deceiving Italy, or of delaying to inform her, was so completely contrary to the German attitude just before and after July 5, that one is forced to doubt the accuracy of the Austrian Ambassador's assertion. Germany's whole effort in recent years had been to keep Italy loyal and to restrain Austria from doing things in the Balkans which would unduly offend her, and make her likely to abandon completely her treaty obligations in the Triple Alliance. On July 3 Tschirschky had expressed to Berchtold Germany's unvarying attitude, by reminding him of "Italy, which, in view of her relations as an ally, ought to be consulted before the adoption of any military action." Berchtold had replied: "If we should put this question before the Cabinet at Rome, they would probably demand Valona as compensation, but we cannot concede this."

By Szogyeny's own words at the end of his despatch, that Bethmann "warned us most energetically against any plans which might endanger our relations with Italy." Nothing would be more calculated to do this, as the event proved, than the presenting Italy with a *fait accompli* of which she had been told nothing by her ally Austria.

Conclusions as to Germany's Attitude on July 5 and 6

If one compares the two accounts of Germany's attitude as stated by Bethmann and by Szogyeny, he will find that they are somewhat different in substance and spirit. Bethmann devotes four-fifths of his attention to the innovation in German

policy involved in the Austrian diplomatic project of winning Bulgaria to the Triple Alliance. He only touches briefly, at the end of his telegram, on the question of Austro-Serbian relations, and then only to repeat a principle which he and Kiderlen had stated at one of the crises in the Balkan Wars—Germany will continue to act as a loyal ally, but must leave with Austria the decision as to what her vital interests require. Szogyeny, on the other hand, is mainly interested in Berchtold's projected military action against Serbia, of which he had been made acquainted by Count Hoyos. His telegrams represent both the Kaiser and Bethmann as believing "an immediate action by Austria against Serbia as the most radical and best solution" and "the present moment as more favorable than a later one". He also states that Bethmann is "in complete agreement" that neither Italy nor Rumania should be informed beforehand, which was untrue.

The Kaiser and his advisers, influenced by the Sarajevo assassination and confronted with Berchtold's appeal for support, made their decision. Toward Bulgaria they agreed to adopt a new policy ; and in regard to Serbia, they stated, according to Szogyeny: "Austria must judge what is to be done to clear up her relation to Serbia; whatever Austria's decision may turn out to be, Austria can count with certainty upon it, that Germany will stand behind her as an ally and friend." They gave Austria a free hand and made the grave mistake of putting the situation outside of their control into the hands of a man as reckless and unscrupulous as Berchtold. The Kaiser and his advisers on July 5 and 6 were not criminals plotting the World War; they were simpletons putting "a noose about their necks" (As the Kaiser himself noted frantically on July 30, after hearing of Grey's warning, Russian mobilization measures, and Berchtold's persistent disregard of all proposed peaceful solutions: in addition to encirclement by the Entente, "the stupidity and clumsiness of our ally has been made a hangman's noose for us") and handing the other end of the rope to a stupid and clumsy adventurer who now felt free to go as far as he liked. In so doing they were incurring a grave responsibility for what happened later. (As will in later chapters be seen, this is similar to the US giving the "clean slate" to Britain, which in turn gives the "clean slate" to Poland before World War 2).

Bertold's Efforts to Convert Tisza

Having been informed by Szogyeny that Germany assented to the second part of his double-faced appeal, i.e., that Germany would stand firm as an ally in whatever Austria should decide to undertake against Serbia, Berchtold no longer pretended to advocate the first part, i.e., the peace program of Tisza. On the surface he still advocated Tisza's programm at first but he clearly stated against Serbia: peace "will only be possible when Serbia ... is eliminated as a political factor in the Balkans. After the last frightful events in Bosnia, you (The Austrian Emperor) too will be convinced that a friendly settlement of the antagonism which divides Austria from

Serbia is no longer to be thought of, and that the peace policy of all European monarchs is threatened so long as this source of criminal agitation in Belgrade lives on unpunished.“

Berchtold could not properly or constitutionally send such an important message on foreign policy, suggesting, as it did, a modification of what had already been agreed upon, without informing the Hungarian Premier. He therefore sent a copy to Tisza; but Tisza, on reading it, was not at all pleased with it. He feared it would make Berlin “shy off“ from approving the peaceful diplomatic program. He suspected the truth, that Berchtold was scheming to get the backing of Germany for military action against Serbia rather than for the agreed-upon “politique de longue main.“ He therefore telegraphed at once to Berchtold urging the omission of the words printed in italics above. 58 But at the very moment he was sending this telegram, Szogyeny was already putting the unmodified text of the letter into Emperor William’s hands at Potsdam. Berchtold had sent it off without waiting to hear from Tisza.

The best lever with which to pry Tisza from his firm stand, as Berchtold, Hoyos and Forgach believed, was to represent to Tisza that Berlin wanted immediate and energetic action against Serbia; to make it appear that if Austria did not take advantage of the present favorable opportunity, Germany would more than ever regard Austria as *bundnisunfähig*, i.e., as a weak, hesitating, decrepit state of little value to Germany as an ally; and that consequently Berlin would disregard Austria’s interests and treat her even more cavalierly in the future than in the past. In this purpose they were assisted by, or perhaps it would be more correct to say, they made use of, Tschirschky, the German Ambassador in Vienna.

On July 4, at Forgach’s suggestion, Berchtold sent to Francis Joseph and Tisza a rumor, gathered by one of the press agents in the Foreign Office, that “Tschirschky is reported to have declared, with the evident intention that it should be reported in the Ministry of Foreign Affairs, that Germany would support the Dual Monarchy through thick and thin, whatever should be decided against Serbia. . . . The sooner Austria attacked the better. Yesterday would have been better than today; today would be better than tomorrow. Even if the German press, which is wholly anti-Serbian today, should preach again in favor of peace, Vienna should not allow herself to be in doubt that the [German] Emperor and Empire would stick unconditionally to Austria- Hungary. One Great Power cannot speak more clearly to another than this.“ Of course, this was nothing more than a rumor in the end to influence Tisza.

After further intense discussion between Berthold and Tisza, the latter was inclined to agree with Berthold that military action is probably unavoidable. Yet, he did not let himself be bluffed by Berchtold’s “rumor“:

He [Tisza] agreed with Berchtold that the situation had changed somewhat in the last few days as a result of the investigation [at Sarajevo] and the attitude of the Serbian press, and emphasized that he also regarded the possibility of warlike action

against Serbia as nearer than he had believed just after the crime at Sarajevo. But he would never agree to a surprise attack on Serbia without preliminary diplomatic action... Unquestionably demands must be made on Serbia, but no ultimatum must be sent until Serbia had failed to comply with these demands. These demands, to be sure, must be severe, but not such as could not be complied with. If Serbia accepted them, we should be able to point to a notable diplomatic success, and have increased our prestige in the Balkans. If the demands were not complied with, he too would favor military action, but must still emphasize that we aim at the diminution, but not the complete annihilation, of Serbia, both because this would never be permitted by Russia without a life-and-death struggle, and because he, as Hungarian Premier, could never consent to have the Dual Monarchy annex any part of Serbia.

Refusing to be shaken by Berchtold's assertion that Germany was in favor of immediate military action, Tisza declared further:

It is not Germany's affair to decide whether we should attack Serbia now or not. He personally was of the opinion that it was not unconditionally necessary to make war at the present moment, and that in view of the excited state of public opinion in Rumania we should have to reckon with a Rumanian attack, and in any case should have to maintain considerable forces in Transylvania to intimidate the Rumanians. At present, when Germany had happily prepared the way for the adhesion of Bulgaria, there was opened a promising prospect for successful diplomatic action in the Balkans; by joining with Bulgaria and Turkey, and by securing their adhesion to the Triple Alliance, we could out-balance Rumania and Serbia, and so compel Rumania to return to the Triple Alliance. **As to Europe, one must bear in mind that the strength of France, in comparison with that of Germany, was steadily decreasing on account of her lower birth-rate,** and that Germany therefore in the future would have more troops available for use against Russia...

Berchtold answered in reply that the last few years had shown that, though diplomatic victories had raised the prestige of the Monarchy temporarily, they had only increased the existing tension in Austro-Serbian relations. After a long discussion through the morning and afternoon, in which all the ministers except Tisza expressed views in virtual agreement with Berchtold, and in which Conrad set forth secret military plans which he asked not to be recorded in the minutes, no complete agreement was reached. Tisza was willing that specific demands should be made upon Serbia, but insisted that they should not deliberately be made so hard that Serbia could not comply with them, and that they should not be in the form of an ultimatum. He also insisted that he should see them before they were sent, so that he should not be faced with another *fait accompli*. All the other ministers, however, agreed with Berchtold against Tisza, "that a purely diplomatic victory, even if it ended with a striking humiliation of Serbia, would be worthless, and that consequently the demands presented to Serbia must be so far-reaching that their rejection would be a foregone conclusion, and so the way would be prepared for a radical solution through

a military attack.“ As to military preparations, Tisza made his view prevail to the extent that the others consented that there should be no mobilization (As seen in a previous chapter: mobilization means war) until after specific demands and an ultimatum had been successively presented and rejected.

Tisza presented an additional peaceful solution to the Emperor. This possible peaceful solution urged by Tisza was not at all what Berchtold wanted. Shortly after Tisza had left Vienna, he again tried to apply the German lever, by alleging in a letter to Tisza on July 8:

Tschirschky has just left me, after informing me that he has received a telegram from Berlin in which his Imperial Master directed him to declare here most emphatically that Berlin expects Austria to act against Serbia, and that it would not be understood in Germany if we should let this opportunity go by without striking a blow. . . . From further things the Ambassador said, I could see that in Germany any yielding on our part toward Serbia would be interpreted as a confession of weakness, which would not fail to react on our position in the Triple Alliance and on Germany's future policy.

However by July 9, Berchtold had secured the approval of Francis Joseph and Tisza to the idea that some demands should be presented to Serbia, but not in the form of an ultimatum, the terms of which were to be deliberately framed to make acceptance impossible. Nevertheless, he secretly proceeded with this second purpose. On July 11 he told Tschirschky that he had summoned Tisza to Vienna for a conference on July 14, when he hoped the document would be finally drafted:

So far as he [Berchtold] could say today, the chief demands on Serbia would be to request that the King should officially and publicly make a declaration, and publish it as an army order, that Serbia abandons the policy of a Greater Serbia; secondly, the institution of an Austro- Hungarian Government agency which should watch over the strict observance of this declaration. The time-limit for the answer to the note would be as short as possible, perhaps 48 hours. If the answer was not regarded in Vienna as satisfactory, mobilization would take place at once.

The course of action which became clearer everyday was the bringing about a localized preventive war against Serbia.

On July 14 Berchtold finally succeeded in persuading Tisza to give up his opposition to an ultimatum with a short time-limit. But he had to yield to Tisza's unalterable demand that before the ultimatum was presented, a full Ministerial Council should adopt the formal resolution that “Austria, aside from slight regulations of boundary, seeks no acquisition of territory as a result of the war with Serbia”—a resolution calculated both to safeguard what Tisza regarded as the special interests of Hungary, and to prevent Italian claims to compensation and intervention on the part of the Powers. It was also decided that the ultimatum should not be presented until it was

certain that Poincare had left Russia. For otherwise Berchtold feared that “to take such a step at the moment when the President of the French Republic was being feted as the guest of the Tsar might conceivably be interpreted as a political affront, which we wish to avoid.” Moreover, he feared it would be unwise to threaten Belgrade while “the peace-loving, hesitating Tsar and the cautious Sazonov were subject to the immediate influence of the two instigators, Poincare and Izvolski”; then Russia, under the influence of the “champagne- mood“ of the warm Franco-Russian toasts and the chauvinism of the French President, Izvolski, and the Grand Duke Nicholas, would be more likely to intervene with military action.

At this point, the policy of Austria-Hungary’s ministers was largely dominated by fear. With peace, they might get a civil war and the empire would dissolve and as time dragged on, Russia would become stronger and more aggressive towards its Balkan Policy.

Austrian Efforts to deceive Europe

During these days while the ultimatum was being drafted and Berchtold was waiting for the Poincare visit to Russia to run its course, he made every effort to preserve the greatest secrecy as to its contents. He alleged that he was waiting for the final results of the Sarajevo investigation before making demands on Serbia. In order to allay all suspicions everywhere as to his real purpose, Berchtold arranged that the Austrian Chief of Staff and Minister of War should leave Vienna as if on vacation, and all Austro-Hungarian officials adopted a more pacific and conciliatory tone in their utterances.

The officials made the impression that no immediate danger would come to Serbia. At Belgrade Baron Giesl assured a Hungarian journalist on July 11 that at the conclusion of the Sarajevo inquiry “we shall take eventual steps in the most conciliatory fashion and within the bounds of international diplomatic proprieties.” And a week later he told his English colleague that “personally he was not in favor of pressing Serbia too hard since he was convinced that the Serbian Government was ready to take whatever measures can reasonably be demanded of them, and that he did not view the situation in a pessimistic light.” But in reality Giesl’s view was quite different. At the end of a long secret jeremiad against Serbia, he reported his conviction to Berchtold on July 21, that the best thing was “to crush the enemy which has been threatening us, and so give Austria quiet after years of crisis. Half-measures, a presentation of demands, long negotiations, and finally a rotten compromise would be the worst blow which could happen to Austria-Hungary’s prestige in Serbia and position in Europe. ’

Such was the Machiavellian deceit with which Berchtold and his officials sought to lull Europe into a false security before the explosion of his diplomatic bomb Berchtold, however, was not so successful in these efforts to deceive Europe concerning his real

intentions, as has usually been assumed on the basis of the “colored books” published in 1914. At the opening of the War, Serbia and the Entente countries tried as much as possible to make it appear that they were taken totally by surprise by Austria’s note to Serbia.⁹⁴ But as we know now from more recently published documents, the Great Powers suspected and knew more of Berchtold’s intentions than has usually been supposed.

On July 16 the English Ambassador in Vienna telegraphed to Sir Edward Grey:

A kind of indictment is being prepared against the Serbian Government for alleged complicity in the conspiracy which led to assassination of the Archduke. Accusation will be founded on the proceedings in the Sarajevo Court. My informant states that the Serbian Government will be required to adopt certain definite measures in restraint of nationalist and anarchist propaganda, and that Austro- Hungarian Government are in no mood to parley with Serbia, but will insist on immediate unconditional compliance, failing which force will be used. Germany is said to be in complete agreement with this procedure, and it is thought that the rest of Europe will sympathise with Austria-Hungary in demanding that Serbia shall adopt in future more submissive attitude. . . . I asked if Russia would be expected to stand by quietly in the event of force being used against Serbia. My informant said that he presumed that Russia would not wish to protect racial assassins, but in any case Austria- Hungary would go ahead regardless of results. She would lose her position as a Great Power if she stood any further nonsense from Serbia.

Thus, even England knew what was at stake for Austria-Hungary. Similarly, on July 21, President Poincaré at St. Petersburg, as we shall see, believing that “Austria is preparing to strike a blow,” undertook to give the Austrian Ambassador a rude and severe warning, saying significantly, “The Russian people are very warm friends of the Serbians, and France is Russia’s ally.” He was trying to bluff Austria out of doing precisely what Berchtold was intending to do, and at the same time encouraging Sazonov to stand firm in support of Serbia. Italy also appears to have gotten some inkling of what was preparing at Vienna—possibly from Count Liützow or from Bunsen. On July 16 the Italian Ambassador in St. Petersburg, “having the impression that Austria was capable of taking an irrevocable step with regard to Serbia,” advised Russia to warn Vienna that “Russia would not endure any infringement by Austria of the integrity and independence of Serbia.”⁹⁹ On the evening of July 23 a Counsellor of the Italian Embassy definitely informed Prince Trubetzkoi that “Austria-Hungary would today present to Serbia a quite unacceptable ultimatum.”

The Final Drafting of the Ultimatum

The precise terms of the ultimatum, or “Note with a time-limit” (befristete Demarche) as it was euphemistically called, were laid before a second secret Ministerial Council on Sunday, July 19. To make secrecy doubly sure, the meeting was held at

10 A.M. at Berchtold's private residence, instead of at the Foreign Office, and those who attended it came in ordinary autos instead of in their own official "unnumbered" cars.

After Conrad, the Chief of Staff, had made a statement about military operations, and had reassured Tisza as to the safety of Transylvania from possible Rumanian uprisings or invasion, Tisza renewed the request which he had made on July 14, that the Council unanimously declare that "no plans of conquest by Austria were connected with the action against Serbia, and that, with the exception of rectifications of frontier necessary for strategic reasons, Austria did not wish to annex a single bit of Serbian territory." Berchtold remarked that he would accept this "only with a certain reserve":

Austria, in case of victory over Serbia, ought not to annex any of her territory, but should seek to reduce her size so that she would no longer be dangerous, by ceding as large parts of Serbian territory as possible to Bulgaria, Greece, Albania, and possibly to Rumania also.

This solemn obligation to declare to the Powers at the beginning of war Austria's "territorial disinterestedness" was another of the promises, as we shall see, which Berchtold did not honestly live up to. After a few hours of further discussion by the ministers, Berchtold despatched the ultimatum without the knowledge or approval of Francis Joseph. The aged Emperor, who was away at Ischl and had been told that the "Note" was to be settled at the Ministerial Council of July 19, had heard nothing further of it, and therefore telegraphed on the 20th to know about it.

Berchtold hastened to reply that it had not been possible to complete it on July 19[!], but that it was now finished and would be sent to Ischl by a courier, and that he himself would arrive next morning, July 21, for an audience. There is no record of the explanations which he may have given to Francis Joseph in this audience on Tuesday morning, except that at its close he telegraphed to his subordinate, Baron Macchio, in Vienna: "His Majesty has approved without change the text of the Note to Serbia and that to the Powers. I beg you to inform the German Ambassador, Tschirschky, that he cannot be given the Note until early tomorrow morning since some corrections are still to be made in it." Why this falsehood? Why did Berchtold here break the promise which he had made a few days before to Tschirschky that "as soon as the text [of the Note] had been fixed on Sunday [July 19, at the Ministerial Council], he would immediately communicate it to the Imperial [German] Government in great confidence, even before it had been submitted to Francis Joseph for approval"? If the "definitive text was fixed" 113 on July 19, secretly forwarded to all the Austrian Ambassadors on July 20, and "approved without change" by the Emperor on July 21, why did Berchtold still want to withhold it from Tschirschky and allege that "some corrections are still to be made in it"? Probably because Berchtold feared that even the Berlin Foreign Office would disapprove the extreme and intransigent tone of the Note, and might, at the last moment, stretch out a restraining hand. Berlin,

as he had already alleged to the Council on July 19, was becoming "nervous," and he could "not be responsible for undesirable incidents if they should postpone the matter longer." Therefore Berlin must not know the text of the Note until it was too late to do anything. Berlin must accept the fait accompli that a very severe ultimatum had been dispatched, and that it was practically too late to recall or modify it

Austria's Disregard for German Advice

In this connection, and in view of Germany's repeated statements later that she did not have foreknowledge of the Austrian ultimatum, it is important to observe the change in Berchtold's treatment of Germany before and after July 14, the day on which he finally secured Tisza's consent to a severe ultimatum. Before this date Berchtold had kept Germany quite fully informed of the plans which were developing to deliver a stiff ultimatum to Serbia, and some of the probable terms to be included in it had been indicated to Berlin. He had intimated that they would be so exacting that Serbia could hardly accept them, and that an acceptance would be "very disagreeable" to him. He had asked advice, and appeared ready to receive it and act upon it. Germany, having given a *carte blanche* on July 5, acquiesced in these plans. Knowing Berchtold's hesitations and indecisions in the past, and desiring that Austria should act quickly before the horror and sympathy aroused in Europe by the Sarajevo crime had died away, Germany had not only acquiesced, but encouraged Berchtold to speedy action. Not knowing the precise text of the intended note, and being still optimistic that any possible Austro-Serbian conflict could be "localized," Germany began to take steps and to offer advice which would help assure such localization. But now Berchtold, after July 14, having been promised German support and having converted Tisza, no longer showed the same consideration for Germany, and gave little heed to her advice and requests.

Jagow (German Foreign Minister), for instance, advised Vienna to "assemble sufficient evidence to prove that there exists a Greater Serbia agitation in Serbia which endangers the Dual Monarchy, in order that the public opinion of Europe may be convinced as far as possible of the justice of Austria's cause. This material would best be published, not separately but as a whole, shortly before submitting to Serbia the demands, or the ultimatum, as the case may be." But Berchtold did not heed this excellent advice.

Germany also urged Berchtold to come to a timely understanding with Italy. The Italian Government, owing to the threatening outpourings of the Austrian Press against Serbia and to the suspiciously silent attitude of the Vienna authorities, was becoming very uneasy. Baron Flotow, the German Ambassador at Rome, reported on July 14 that San Giuliano was very pessimistic as to plans which Berchtold might be hatching. The Italian Minister had said that he could not admit in international law that a Government could be made responsible for a criminal act of an individual,



Figure 7.19: Foreign Ministers from left to right: Britain, Germany, France, Russia, Austria-Hungary.

nor for political propaganda, if the propaganda did not amount to an overt act. He feared therefore that the Italian Government could not support the demands which he suspected Austria might make upon Serbia, especially as they would be contrary to the deep-seated feelings of the Italian people, contrary to liberal principles, and contrary to the principle of nationality, which Italy, with her traditions, could never oppose. Flotow concluded that San Giuliano “apparently wanted to warn us that Italy would not remain on Austria’s side in case of further complications.”

During the following days he sent a series of increasingly emphatic and alarming telegrams that Italy would not support Austria against Serbia, because of the prevailing popular hatred of Austria and sympathy for the Serbian nationalistic “Piedmont” movement, so similar to Italy’s own struggle for national unity in the face of Hapsburg oppression half a century before. He also said that it was virtually impossible to influence the Italian Press.

Siding with Serbia, and the difficulty of bribing or bargaining with the Italians, sent Flotow’s telegram on to Tschirschky at Vienna, and told him to discuss the Italian situation confidentially with Berchtold. He declared that any territorial extension of Austria, or even an extension of her influence in the Balkans, would absolutely horrify Italy; every time there was a question of Austria threatening Serbia, Italy became extraordinarily nervous; and Italian support to Serbia would materially increase Russia’s lust for action. It was therefore of the greatest importance, he believed, that Austria should come to an understanding with the Cabinet at Rome, and hold out as a bait the prospect of some compensations, such as Valona, which formed part of Albania and would cost Austria nothing but might not satisfy Italy, or even such a fat morsel as the Trentino, which would certainly stop the mouths of Austrophobe public opinion in Italy.

Two days later, on July 20, Tschirschky had a long interview with Berchtold and set forth emphatically Jagow’s arguments in regard to the importance of winning and compensating Italy before it was too late. But he too had little success. Berchtold blindly insisted that Italy had no claim to compensation; that he did not need Italian cooperation or support, but only Italy’s abstention from interference; that

the best way to keep Italy out was to keep intended action secret from her until after the *fait accompli*; and that he had strictly forbidden Merey, the Austrian Ambassador in Rome, to speak of the Serbian question, because he was sure that the slightest hint would be at once communicated by Italy to St. Petersburg, and be seized upon at Rome as an excuse for some counter-action or for claims to compensations. Berchtold gave such a down-right refusal to have Italy get even Valona that Tschirschky apparently refrained from the more delicate proposal that Austria give up the Trentino.

Instead of acting on Germany's wise and prudent suggestion of bargaining reasonably with Italy, Berchtold sent Merey a long argument, in which he tried to contradict the interpretation held by Germany, as well as by Italy, in regard to Art. VII of the Triple Alliance, relating to compensations for Italy in case of a change in the Balkans in Austria's favor. Berchtold had promised Tschirschky that, as an act of courtesy to Italy as an ally, he would inform the Cabinet at Rome of the ultimatum before it was delivered to Serbia, so that San Giuliano and his colleagues should not have to learn of it from the newspapers, and that at the same time he would declare that Austria in her action against Serbia did not aim at any extension of territory for herself. 127 But he kept neither of these promises fully.

Berchtold likewise did not make any clear and timely declaration to Italy or to any of the Powers that Austria would not seek any extension of territory for herself at Serbia's expense, a declaration such as was desired by Tisza and by Germany. Thus, after having converted Tisza on July 14, Berchtold paid no more attention to Germany's advice in regard to Italy than in regard to publishing the Sarajevo evidence simultaneously with the demands on Serbia.

What Foreknowledge did Germany have of the Ultimatum?

Similarly Berchtold paid little heed to Germany's requests after July 14 to be informed as to Austria's final intentions and the precise terms of her contemplated demands on Serbia. Berchtold had kept the German Ambassador in Vienna quite fully informed of the progress of his plans, and of several of the probable demands which he intended to include in the ultimatum. 13 - This information was passed on to the Bavarian Charge d'Affaires in Berlin, who summed it up in a long despatch on July 18:

As Zimmermann told me, the Note, so far as yet determined, will contain the following demands: 1. The issuing of a proclamation by the King of Serbia which shall state that the Serbian Government completely dissociates itself from the Greater Serbia movement, and disapproves of it.

2. The opening of an investigation against persons guilty of complicity in the Sarajevo assassination, and the participation of an Austrian official in this investiga-

tion. 3. Proceedings against all persons who have participated in the Greater Serbia movement.

For the acceptance of these demands a 48-hour timelimit will be granted. It is evident that Serbia cannot accept such demands, which are incompatible with her dignity as an independent state. Thus the result would be war.

Here [in Berlin] they are thoroughly willing that Austria use this favorable moment, even at the risk of further complications. But whether they will actually rise to the occasion in Vienna, still seems doubtful to Jagow as well as Zimmermann. The latter expressed the opinion that Austria-Hungary, thanks to her indecision and breaking-up, has now become really the Sick Man of Europe, like Turkey formerly, for whose partition Russians, Italians, Rumanians, Serbians and Montenegrins are now waiting. A vigorous and successful move against Serbia would have the result that Austrians and Hungarians could feel themselves once more to be a national power, would again revive the decayed economic life, and would suppress the foreign aspirations for years to come. ...

What attitude the other Powers will take toward an armed conflict between Austria and Serbia will chiefly depend, according to the view here, on whether Austria is content to chastise Serbia, or will also demand territorial compensations for herself. In the first case, it would be possible to localize the war; in the other case, on the other hand, more serious complications would probably not be lacking. The German Government will immediately after the presentation of the Austrian Note at Belgrade, initiate diplomatic action with the Powers, in the interest of the localization of the war. It will claim to have been just as much surprised as the other Powers by Austria's action, pointing out that the Kaiser is on his northern cruise and that the Chief of the General Staff as well as the Prussian Minister of War are absent on vacation. ...

It will emphasize that it is a matter of common interest for all monarchical Governments that "the Belgrade nest of anarchists" be rooted out once and for all; and it will try to get all the Powers to accept the view that the settlement between Austria and Serbia is a matter concerning these two states alone. The mobilization of the German Army is to be refrained from, and they are also going to work through the military authorities to prevent Austria from mobilizing her entire Army, and especially not the troops in Galicia, in order to avoid bringing about automatically a counter-mobilization on Russia's part, which in turn would cause us, and then France, to take similar measures, and thereby conjure up a European War.

The first part of this famous report indicates that Germany had received only a brief outline of a part of the actual later ultimatum, namely, the issuing of a proclamation by the Serbian Government dissociating itself from the Greater Serbia agitation, the 48-hour time-limit, and two demands which roughly correspond to four of the total ten points elaborated in the ultimatum.

On the other hand, while it is true that the German Government did not know half the demands nor the actual wording of the ultimatum (which in fact had not yet been definitely drawn up even in Vienna), it knew the substance of some of the probable demands which were most important; and it knew that the ultimatum was to be so framed that Serbia would not be likely to yield to it. Jagow was therefore virtually lying when he repeatedly asserted a few days later that "he had no previous knowledge of the Austro-Hungarian Note." This is a matter to which we shall return in a moment. Though it is no justification of his lie, it may be pointed out that Sir Edward Grey, who is often extolled as an example of honesty and sincerity, lied just as deliberately in regard to his foreknowledge of the probable terms of the ultimatum. He had learned on July 16, from a friend of Berchtold's who told the English Ambassador in Vienna, that "a kind of indictment is being prepared against the Serbian Government for alleged complicity in the conspiracy which led to the assassination of the Archduke. ... The Serbian Government will be required to adopt certain definite measures in restraint of nationalist and anarchist propaganda; the Austro-Hungarian Government are in no mood to parley with Serbia, but will insist on immediate unconditional compliance, failing which force will be used." Nevertheless on July 20, Sir Edward Grey, having "asked the German Ambassador today if he had any news of what was going on in Vienna with regard to Serbia," and having received a negative reply, remarked that he also "had not heard anything recently," except that Count Berchtold had spoken reassuringly to the Italian Ambassador. Either Sir Edward Grey was ignorant of Bunsen's important despatch received at the British Foreign Office four days before this (such ignorance seems hardly likely), or he too was making an untrue assertion of ignorance concerning what was going on at Vienna. This kind of diplomatic lying, unfortunately, was not the monopoly of any one country, but was indulged in all too freely by Foreign Secretaries and Ambassadors almost everywhere in July, 1914.

Though Germany possessed, within the first week or ten days after the Potsdam Conversations, such knowledge concerning the ultimatum as has just been indicated, this was still regarded at Berlin as too indefinite. After July 14, therefore, she repeatedly requested further information as to Austria's ultimate aims and the precise terms of the ultimatum, in order to prepare public opinion in favor of "localization." Thus, on July 17, Jagow recognized that Berchtold's "plans may be influenced or modified by the course of events," but assumed that "he has in mind a general picture of the aims to be sought, including the matter of territory;" Jagow therefore instructed the German Ambassador in Vienna to "get some information on this point," and "about where the road is likely to lead us." And again on July 20: "For dealing with public opinion, it is of the greatest importance for us to be precisely informed beforehand, not only of the contents of the Note, but also as to the day and hour of its publication. Reply by telegraph." But now Berchtold paid little heed to these requests, and Germany was virtually unable to learn anything further, except as to the date when the ultimatum would be presented and Berchtold's obstinacy in rejecting German

advice as to Italy.

The German Foreign Office also applied for information to the Austrian Ambassador in Berlin. Szogyeny's instructions were that he was not to show the ultimatum to Germany until July 24, the morning after it had been delivered in Belgrade. But Szogyeny now felt himself compelled to telegraph to Berchtold, that he "considered it unconditionally necessary to inform the German Government at once, that is, before the other Powers, in a strictly confidential manner." And in a letter of the same day he wrote: "Jagow gave me clearly to understand that Germany would naturally stand behind us unconditionally and with all her strength, but for this very reason it was of vital interest to Germany to be informed betimes as to 'where our path is leading to.'" Accordingly, on the following afternoon, July 22, Berchtold finally gave his consent, and Szogyeny then showed the text of the ultimatum to Jagow.

After reading it on Wednesday evening, July 22, Jagow told Szogyeny it was, in his opinion, "too sharp," and went too far in its demands. Even then, the Emperor's approval of the Ultimatum was still lacking. Bethmann, who was at Hohenfinow at this time, apparently did not know of the text of the note until late on the night of the 22nd or the morning of the 23rd, 114 but when he saw it, he too, like Jagow, was of the opinion that it was too sharp. Emperor William, away at sea on the Hohenzollern, first heard the contents of the ultimatum later still, through a newspaper agency and not officially from the German Foreign Office, as we know from an irritated telegram which he sent to his "civilian Chancellor."

Thus it is essentially true that Germany knew the general tenor of some of the terms of the ultimatum, and was aware that they were likely to lead to a localized war with Serbia, but she did not know the text of it beforehand in time to modify or recall it. Berchtold's fait accompli methods had prevented that. They would have probably still adhered to the policy adopted on July 5, that the Austro-Serbian question was "beyond the competence of Germany," but that Germany must support her ally in the action she had decided upon to protect herself against the Greater Serbia danger. They felt they had to accept Berchtold's fait accompli. It was a consequence of their folly in giving him a free hand on July 5. To have disavowed Austria's action at the last moment, would of course, as events turned out, have been wiser. But it would have meant that the Triple Alliance would have been greatly weakened further in the face of the Triple Entente which was growing closer and stronger. The internal dissolution of Austria would have been accelerated through the encouragement to restless Slav subjects. Austria's evaporating prestige in the Balkans would have completely dried up, and Russia, with her growing population and ambitions, would have dominated the Balkans and hastened the day for controlling Constantinople and the Straits.

Bethmann and Jagow concluded that the more energetically they appeared to support Austria, the more likely they would be to succeed in "localizing" the conflict and in preventing Russia and the other Powers from interfering. Therefore on the morn-

ing of July 24, when Austria notified the Powers of Europe of the Note delivered to Serbia the night before, Germany immediately followed with declarations endorsing Austria's charges against Serbia and emphasizing the importance of localizing the conflict.



Figure 7.20: Front page of the New York Times from July 24, 1914.

In pretending to be wholly ignorant of Austria's step and at the same time approving it when taken, the German Foreign Office stupidly put itself in a false and self-contradictory position which not unnaturally made the Entente Powers suspect that it was acting in bad faith; it made them suspect that the German authorities were more responsible for Austria, and were harboring more reprehensible plans of their own, than was really the case—that Germany had not only approved but had instigated Austria's action; that this action was not aimed merely at Serbia, but was the pretext for a general war which would realize the ambitions voiced by irresponsible Pan-German orators and newspapers. These suspicions were not unnatural under the circumstances, and though they were far from accurate, they were assiduously spread, especially by the representatives of France, and contributed much to the later fatal course of events. Later, when Germany perceived that it might not be possible after all to “localize” an Austro-Serbian war, and therefore made genuine efforts to restrain Austria and avoid a general European War, less credence was given to her statements because of the suspicions which had been aroused by Jagow's untrue assertions that Germany had been ignorant of the ultimatum. Reputation for good faith once weakened is difficult to restore. This is what made so serious her adding to the first blunder of giving Berchtold a blank check on July 5 the second blunder of saying what was not true in regard to foreknowledge of the ultimatum.

The Ultimatum

Focusing on the demands of Austria-Hungary only...“The Royal Serbian Government further undertake:

1. To suppress any publication which incites to hatred and contempt of the Austro-Hungarian Monarchy and the general tendency of which is directed against its territorial integrity
2. To dissolve immediately the society styled "Narodna Odbrana," to confiscate all its means of propaganda, and to proceed in the same manner against other societies and their branches in Serbia which engage in propaganda against the Austro-Hungarian Monarchy. The Royal Government shall take the necessary measures to prevent the societies dissolved from continuing their activity under another name and form;
3. To eliminate without delay from public instruction in Serbia, both as regards the teaching body and also as regards the methods of instruction, everything that serves, or might serve, to foment the propaganda against Austria- Hungary ;
4. To remove from the military service, and from the administration in general, all officers and functionaries guilty of propaganda against the Austro-Hungarian Monarchy whose names and deeds the Austro-Hungarian Government reserve to themselves the right of communicating to the Royal Government;
5. To accept the collaboration in Serbia of representatives of the Austro-Hungarian Government for the suppression of the subversive movement directed against the territorial integrity of the Monarchy;
6. To take judicial proceedings against accessories to the plot of the 28th June who are on Serbian territory; delegates of the Austro-Hungarian Government will take part in the investigation relating thereto;
7. To proceed without delay to the arrest of Major Voja Tankositch and of the individual named Milan Ciganovitch, a Serbian State employee, who have been compromised by the results of the magisterial enquiry at Sarajevo;
8. To prevent by effective measures the co-operation of the Serbian authorities in the illicit traffic in arms and explosives across the frontier, to dismiss and punish severely the officials of the frontier service at Shabats and Loznica guilty of having assisted the perpetrators of the Sarajevo crime by facilitating their passage across the frontier;
9. To furnish the Imperial and Royal Government with explanations regarding the unjustifiable utterances of high Serbian officials, both in Serbia and abroad, who, notwithstanding their official position, have not hesitated since the crime of the 28th June to express themselves in interviews in terms of hostility to the Austro-Hungarian Government; and, finally,
10. To notify the Imperial and Royal Government without delay of the execution of the measures comprised under the preceding heads.

The Austro-Hungarian Government expect the reply of the Royal Government at the latest by 6 o'clock on Saturday evening, the 25th July."

In the light of what has been said in the preceding chapters concerning the Sarajevo assassination, the circumstances leading up to it, Serbia's failure to take prompt steps to discover and arrest the accomplices, and Austria's conviction that her very existence was at stake, one cannot say that the demands, though very severe, were excessive from the Austrian point of view.

7.19 The Russian Danger

The first news of the assassination of the Archduke Franz Ferdinand made a painful impression in Russia, as everywhere else in the civilized world. But the feeling of hatred toward Austria-Hungary which prevailed in Russia, and which had been steadily increasing since the Balkan crises, soon overshadowed all expressions of sympathy for the aged Austrian monarch in the latest of his many tragic bereavements. At the memorial services arranged in St. Petersburg by the Austrian Ambassador there was, to be sure, a full attendance of Russian officials, including Grand Dukes Boris and Nicholas, who had been requested by the Tsar to represent the Imperial family. But aside from this perfunctory expression of feeling, the German Ambassador, Pourtales, did not notice any genuine sympathy with Austria's loss. Not only in the newspapers, but also in society, he heard virtually nothing but unfriendly comments on the murdered Austrian Archduke: that Russia, by his death, was now rid of a bitter enemy.

Championing the official Serbian attitude, Sazonov (Russian Minister of Foreign Affairs) declared that the Sarajevo crime was only the isolated act of immature young persons, and there was no proof of their connection with any deep-laid political plot. When Pourtales (German diplomat) urged "monarchical solidarity" against such dangerous anarchists and murderers, he found that Sazonov responded to this ancient theme with less warmth than usual, and concluded that Sazonov, like nearly everyone else in Russia, was blinded by his hatred of Austria-Hungary. He noticed also everywhere in Russia a boundless contempt for the condition of affairs in the Dual Monarchy.

The Italian Ambassador had told the Secretary, Baron Schilling, of his impression that Austria was about to take an irreparable step against Serbia, and that it would be well to serve a warning at Vienna. ³ To the Austrian and German Ambassadors Sazonov therefore reiterated his views, that it was unjust to make the whole Serbian people responsible for the crime of a single individual, as the Austrian newspapers were doing. "Russia," he said to the Austrian Ambassador, "would not be indifferent to any effort to humiliate Serbia. Russia could not permit Austria to use menacing language or military measures against Serbia. Sazonov had feared that some sudden stroke might be attempted by Austria, which would humiliate Serbia directly, and thereby Russia indirectly. He was always very much afraid that Germany or Austria

would do something to diminish Russia's prestige in the Balkans and in Europe. It was a point on which he was very sensitive, particularly in view of the strong Pan-Slav sentiment of the Russian Press and the militarists, who were not wholly friendly to him, and who might drive him from office if he suffered a diplomatic defeat.

Poincaré's Visit to Russia

In January, 1914, at the height of the Liman von Sanders crisis, the French had asked Sazonov when it would be convenient for President Poincaré to repeat the summer visit to Russia, which he had made in August, 1912, shortly before the outbreak of the Balkan War. It was finally arranged that he should arrive at Kronstadt at 2 P. M. on July 20, and leave at 11 P. M. on July 23.⁶ When the Sarajevo assassination occurred the French Cabinet raised the question whether it was desirable for him to leave France, but decided, as did the Kaiser in going on his northern cruise, that it would seriously alarm public opinion as to the European situation, if important arrangements long announced should be abandoned.

The French President and his Prime Minister embarked from Dunkirk on the cruiser, *France*, on July 15, and were welcomed five days later off Peterhof by Sazonov, Paleologue, and Izvolski, and then by the Tsar. Poincaré and Paleologue in their memoirs have left elaborate and picturesque accounts of all the ceremonial occasions with which the three following days were filled, but they say very little of private conversations which were exchanged.



Figure 7.21: Poincaré: French statesman who served three times as Prime Minister of France, and as President of France from 1913 to 1920. He was noted for his strongly anti-German attitude. Paléologue: French diplomat, historian, and essayist. Izvolsky: Russian diplomat. Nicholas II: The last Emperor of Russia, ruling from 1 November 1894 until his forced abdication on 15 March 1917.

One of Poincaré's aims was to reduce Anglo-Russian friction over Persia, in order to secure closer cooperation between the ally and the friend of France, and so perhaps pave the way for a renewal of the negotiations for an Anglo-Russian Naval Convention; these had been interrupted owing to the rumors of it which had leaked out, and to Sir Edward Grey's unwillingness to continue negotiations in secret which he had publicly denied in Parliament.

Poincare in a longer reply, recalled that the Franco- Russian Alliance had existed nearly twenty-five years, and added:

“Founded upon community of interests, consecrated by the peaceful desires of the two Governments, supported by armed forces on land and sea which know and value each other and have become accustomed to act as brothers, strengthened by long experience and augmented by valuable friendships, the Alliance to which the sublime Tsar Alexander III and the lamented President Carnot gave the initiative has ever since constantly afforded proof of its beneficial activity and its unshakable strength. Your Majesty can be assured that France in the future, as always in the past, will, in sincere and daily co-operation with her ally, pursue the work of peace and civilization for which both the Governments and both the peoples have never ceased to labour.”

Next morning, July 21, Poincare and the Tsar talked over the general European situation, and especially the Persian Question. The Tsar assured him that “he would not allow Persia to cause division between England and Russia.” Poincare also warned the Austria ambassador:

“With a little good-will, this Serbian affair is easy to settle. But it is easy also for it to become envenomed. Serbia has very warm friends in the Russian people. And Russia has an Ally, France. What complications are to be feared here;”

Poincare’s visit also greatly, strengthened the militarist group in Russia, headed by the Grand Duke, who wanted Sazonov to take a more aggressive attitude and who were continually trying to exert pressure on the peace-loving Tsar. The war spirit and “champagne mood“ which was stirred by the presence of the French guests is well described by Paleologue (French diplomat) in his account of the banquet which Grand Duke Nicholas gave in Poincare’s honor on the evening of July 22, after a military review at Krasnoe Selo. Paleologue arrived a few minutes early and found the Montenegrin Princesses, Anastasia and Melitza, wives of Grand Duke Nicholas and Grand Duke Peter respectively, decorating the tables; they both began to talk to him excitedly:

“Do you know that we are passing through historic days, blessed days! Tomorrow, at the review, the bands will play nothing but the Marche Lorraine and Sambre et Meuse. Today, I had a telegram from my father in the proper style; he tells me we shall have war before the month is out. What a hero, my father! He is worthy of the Iliad. Here, look at this little box—it never leaves me; it has Lorraine soil in it, yes, Lorraine soil, which I collected beyond the frontier when I was in France two years ago with my husband. And now look at that table of honor! It is decorated entirely with thistles; I would not have any other flowers put on it. Now then! They are thistles from Lorraine! I picked a few stalks on the territory annexed [by Germany] ; I brought them here and had the seeds sown in my garden. Melitza, talk to the Ambassador some more; tell him all this day means to us, while I go and receive the Tsar.” During the meal I sat next the Grand Duchess Anastasia and the

dithyrambics continued, mixed with prophecies: "War is going to break out. Nothing will be left of Austria. You will get Alsace-Lorraine back. Our armies will meet in Berlin. Germany will be annihilated." Then suddenly—"I must control myself, the Tsar is looking at me."

This was the situation for France and Russia six days before war broke out and it shows precisely how the people in France and Russia felt.

Late that same night, at 4 A. M., Sazonov sent off to the Russian Charge d'Affaires at Vienna the warning telegram which before Poincare's visit he had told Schilling was unnecessary:

"Please point out in a friendly but firm manner the dangerous consequences of any Austrian action of a character unacceptable to the dignity of Serbia. The French and English Ambassadors are trusted to give councils of moderation."

Poincare completely approved of this, and the French Ambassador at Vienna was instructed accordingly. But the British Foreign Office realized the danger of a veiled threat of this kind. Sir Eyre Crowe noted: "Any such communication at Vienna would be likely to produce intense irritation, without any beneficial other effect." Sir Arthur Nicolson was "afraid that it is not a judicious move." And Sir Edward Grey decided to postpone any action until next day. This Franco-Russian move to head off Austria from making demands on Serbia, however, came to nothing, because the Russian Charge d'Affaires in Vienna did not receive his instructions until 3 P. M. on July 23. He went at once to the Ballplatz, but was told that Berchtold was very busy and could not see him until next morning. In the meantime the ultimatum was presented at Belgrade at 6 P. M. on July 23. Even had the instructions arrived earlier, they would almost certainly have failed to deter Berchtold, especially in view of England's do-nothing attitude and of the Vienna Cabinet's firm determination.

Meanwhile in Russia the final festivities of the Poincare visit took place in blissful ignorance of the fact that Austria had already presented her demands at Belgrade, and that the Franco-Russian move to prevent it would prove abortive. In the farewell toast on board the *France*, the President thanked the Tsar for the warmth of his reception, which afforded "an emphatic affirmation of the indissoluble alliance which unites Russia and my native France". The words were acclaimed with tumultuous enthusiasm, and made on all present a vivid and lasting impression of Poincare's complete determination to stand firmly behind Russia. A few days later Paleologue cited them to the Under-Secretary, as an evidence of such perfect Franco-Russian accord that they would bluff Germany out of making war in support of Austria.

The result of Poincare's visit, as the English Ambassador was confidentially informed by Sazonov and Paleologue next morning, had been to establish the following points:

1. Perfect community of views on the various problems with which the Powers are confronted as regards the maintenance of general peace and balance of power in

Europe, more especially in the East.

2. Decision to take action at Vienna with a view to the prevention of a demand for explanations or any summons equivalent to an intervention in the internal affairs of Serbia which the latter would be justified in regarding as an attack on her sovereignty and independence.

3. Solemn affirmation of obligations imposed by the alliance of the two countries.

The second of these points, as we have just seen, had already been frustrated by Austria's prompt action at Belgrade before the Russian and French Ambassadors were able to carry out their instructions. The first and third points find their interpretation in the events which followed. By the French Ambassador in St. Petersburg they were treated as a blank check by which France promised full support to Russia in whatever measures she should take to prevent Austria from carrying out the plans which Berchtold had decided to carry out, but which were not yet fully known to the rest of Europe. This is seen in the assurances which Paleologue repeatedly gave to Sazonov as the latter took progressive steps toward secret Russian military measures preparatory to mobilization and to a general European War.

Sazonov's Plan for Partial Mobilization, July 24

On the morning of Friday, July 24, the Austrian Ambassadors everywhere notified the Governments to which they were accredited of the ultimatum which had been presented at Belgrade the preceding evening. Everywhere, except at Berlin, its severe demands and intransigent tone made a painful impression and caused the most serious misgivings. Sir Edward Grey called it "the most formidable document he had ever seen addressed by one State to another that was independent." But he did not care to discuss the merits of the dispute between Austria and Serbia; that was not England's concern. It was solely from the point of view of the peace of Europe that he would concern himself with the matter, and he would wait to hear the views of the other Powers.

After hearing about the Ultimatum for Serbia, Viviani (French Prime Minister) had at once sent wireless messages to St. Petersburg, London, and Paris, "that, in his opinion, (1) Serbia should immediately offer all the satisfaction compatible with her honor and independence; (2) that she should request an extension of the twenty-four hour [sic] time-limit within which Austria demanded a reply; (3) that England, Russia and France should agree to support this request; and (4) that the Triple Entente should see whether it would be possible to substitute an international investigation in place of an Austro-Serbian investigation." Bienvenu-Martin proceeded to take some steps accordingly, but they came too late to produce any positive results. It was in St. Petersburg, however, that the ultimatum caused the greatest excitement and alarm. The Russian Ministers and Entente Ambassadors did not get to bed until

long past midnight, after the France had steamed away under the stars carrying Poincare down the Gulf of Finland. They had not yet recovered from the fatiguing festivities and bountiful banquets, when they were rudely awakened toward 7 A. M., after very few hours of sleep, by the news of a telegram from Belgrade telling of the ultimatum.

During the succeeding fortnight of almost sleepless days and nights, the fatigue and mental demands were far greater than during Poincare's visit. Not only in St. Petersburg, but everywhere in the Foreign Offices of Europe, responsible officials now began to fall under a terrible physical and mental strain of overwork, worry, and lack of sleep, whose inevitable psychological consequences are too often^{“*} overlooked in assessing the blame for the events which followed. But if one is to understand how it was that experienced and trained men occasionally failed to grasp fully the sheaves of telegrams put into their hands at frequent intervals, how their proposals were sometimes confused and misunderstood, how they quickly came to be obsessed with pessimistic fears and suspicions, and how in some cases they finally broke down and wept, one must remember the nerve-racking psychological effects of continued work and loss of sleep, combined with the consciousness of the responsibility for the safety of their country and the fate of millions of lives.

A few minutes later Szapary arrived to read the full text of the ultimatum and to explain and justify Austria's action. Sazonov, who had not yet had time to consult with the other Russian Ministers or to learn how far England would back him up, received Szapary by saying that he knew what brought him, but could not state what Russia's attitude would be. Szapary then read aloud the ultimatum, but was frequently interrupted by Sazonov's questions and objections to its statements. At the mention of the dossier, which was to place the full Austrian evidence against Serbia before the Powers, Sazonov asked why Austria bothered with it, when she had already sent an ultimatum, showing she wanted war and not an impartial investigation; as things were, after the ultimatum, he said, he was not at all curious to see the dossier. "The fact is, you want war, and have burned your bridges." When Szapary protested that Austria was peace-loving, and merely wanted security for her territory against foreign revolutionary agitation and for her dynasty against bombs, Sazonov remarked sarcastically, "One sees how pacific you are, now that you are setting Europe on fire."

Sazonov, however, was more excited and disturbed than Szapary appeared to think. Of a naturally mercurial temperament, he was now particularly indignant at Berchtold's methods. The short time-limit, the withholding of the dossier, and the humiliating demands on Serbia, all seemed to him to indicate that Austria was determined on war at once with Serbia. It was particularly deceitful on Austria's part to have pretended for three weeks that the demands would be mild, such as Serbia could surely accept, and then to face the little kingdom with an ultimatum which seemed to indicate that Austria wanted war and would soon cross the frontier into Serbian



Figure 7.22: Russian government with a minister standing before the Tsar.

territory. And Sazonov suspected that much that Szapary said was not true. Therefore Russia must be prepared for war, or at least a strong diplomatic bluff, and he must make sure • of British and Rumanian support. Accordingly, while he had been talking with Szapary, he had Baron Schilling notify the Ministers of War, Navy, and Finance of the course of events and summon them to a Council of Ministers at 3 P. M. Schilling warned Izvolski and Shebeko to return to their posts at Paris and Vienna, and recalled Neratov, Prince Trubetzkoï and other Foreign Office advisers from their leaves of absence. He also pointed out to the Finance Minister the necessity of withdrawing without delay as far as possible all State deposits in Germany.³⁷ Sazonov himself consulted with General Ianushkevich, the Chief of the General Staff, and proposed preparations for a partial mobilization of the Russian army, directed exclusively against Austria, the announcement of which might serve as a warning to Germany and an effectual bluff to stop Austria from attacking Serbia.

This at any rate seems to be the conclusion to be drawn from the following narrative of General Dobrorolski. Dobrorolski was Chief of the Mobilization Section of the General Staff in 1914, and therefore in a position to know authoritatively all the technical details and preparations of Russia's mobilization measures. Driven into exile by the Bolshevik revolution and writing his narrative in Belgrade in 1921 without access to his notes and papers, he made a few minor slips of memory. But his remarkable frankness, authoritative information, and general accuracy is confirmed by all the documents which have since come to light, as well as by talks which the present writer was privileged to have with him in 1923. Dobrorolski writes:

On July 11 [N. S., 24], St. Olga's Day, between 11 o'clock and noon, the Chief of the General Staff, General Ianushkevich, called me on the service telephone and told me to come immediately to his office.

"The situation is very serious," he said as I entered. "Austria has delivered a

wholly unacceptable ultimatum to the Serbian Government and we cannot remain indifferent. It has been decided to announce this publicly and decisively. Tomorrow there will appear in the *Russkii Invalid* a short official warning, saying that all Russia is following with close attention the course of the negotiations between the Austro-Hungarian and the Serbian Governments, and will not remain inactive if the dignity and the integrity of the Serbian people, our blood brothers, are threatened with danger.³⁹ Have you everything ready for the proclamation of the mobilization of our army? Upon my replying in the affirmative, the Chief of the General Staff said to me, "In an hour bring to me all the documents relative to preparing of our troops for war, which provide, in case of necessity, for proclaiming partial mobilization against Austria-Hungary only. This mobilization must give no occasion to Germany to find any grounds of hostility to herself." I pointed out that a partial mobilization was out of the question. But General Ianushkevich ordered me anew to make a detailed report to him after an hour in accordance with his decision already made. . . . The absolute impossibility of a partial mobilization of the army was evident. By what motives was our strategy to be guided? By political considerations. [Dobrorolski then explains that on account of the system of alliances Russia was convinced that a war between Austria and Russia would inevitably involve Germany, and therefore no mobilization plan had been worked out for war against Austria alone.] What then could be the purpose of any partial mobilization against Austria-Hungary alone? A threat which was not supported by a convincing evidence of one's own power would give rise to an attempt to despise this threat. A partial mobilization of our forces would have had exactly the opposite consequences of those which we reckoned upon. From a strategic point of view the partial mobilization was simply folly. It was the intention to mobilize four Military Districts: Kiev, Odessa, Moscow and Kazan. In the territory covered by these military districts thirteen army corps had their standing peace quarters.

Dobrorolski goes on to explain all the technical dangers and difficulties of any such partial mobilization as was proposed. After mobilization the troops of these four districts would necessarily advance to the frontier, but to strike at Austria effectively from the East and North, it was necessary for some of them to advance through the Warsaw District. Yet in order not to alarm Germany the Warsaw District was to remain untouched! And if no preparations were made in the Warsaw District, the part of it which bordered on Austria would remain uncovered and unprotected. Moreover, if a general mobilization should follow the partial mobilization, the utmost confusion would take place, because the reservists for the Warsaw District were drawn partly from the Moscow and Kazan Districts, where partial mobilization would already have taken place. These dangers and difficulties were not apparently, however, at first fully grasped by Sazonov, or even by Ianushkevich, who had been in office only a few months, and, as we shall see, this plan of partial mobilization was proceeded with, to the utter dismay of the military technicians like Dobrorolski and General Danilov.

Sazonov said that "the step taken by Austria meant war," and he hoped that England would proclaim her solidarity with France and Russia. He said that Austria's conduct was "immoral and provocative," that some of her demands were absolutely unacceptable, and that she never would have acted as she had done without first having consulted Germany. Paleologue added, "France would not only give Russia strong diplomatic support, but would, if necessary, fulfil all the obligations imposed on her by the alliance." Buchanan replied that he could not speak for England, but would telegraph Grey all that they had said; he personally could hold out no hope that England would make any declaration of solidarity that would entail armed support of France and Russia. Buchanan concluded from Paleologue's language that "it almost looked as if France and Russia were determined to make a strong stand even if we declined to join them."

On leaving the luncheon conference at the French Embassy about 3 P. M., Sazonov proceeded to the meeting of the Ministerial Council. Here he set forth the diplomatic situation and probably argued at length to persuade the reluctant military authorities to accept his partial mobilization plan. We have no precise and satisfactory record of the discussion, but after several hours the Council adopted the following resolutions: (1) to get into touch with the other Powers to request Austria to extend the time-limit, and so give them time to become acquainted with and to investigate the dossier of Sarajevo documents which Austria had declared she would communicate; (2) to advise Serbia not to offer armed resistance, if Austria should invade her territory but to announce that she was yielding to force and' entrusting her fate to the judgment of the Great Powers; (3) to authorize the Ministers of War and Marine to ask the Tsar's consent to announce, depending on the course of events, mobilization in the four Military Districts of Kiev, Odessa, Moscow and Kazan, and of the Baltic and Black Sea Fleets; (4) to fill up immediately the stocks of war-supplies, and (5) to recall instantly state funds in Germany and Austria.

Thus, an effort was to be made to have the Great Powers examine the merits of the Austro-Serbian question—to "Europeanize" it, instead of "localizing" it, as Austria and Germany wished; and, if this was unsuccessful, to arrange that much of the Austrian army would be tied up in Serbia at the moment Russia should finally have to take up arms. Sazonov accordingly telegraphed to Belgrade that "if the helpless situation of Serbia is indeed such as to leave no doubt as to the outcome of an armed conflict with Austria," it would be better not to make resistance, but retreating, let Austria occupy territory without a fight and appeal to the Powers to intervene. He also sent a circular telegram to the Powers urging an extension of the time-limit, so that, if Austria enabled the Powers to acquaint themselves with the results of the Sarajevo investigation, they would be in a position to give Serbia corresponding advice.

As these efforts might not be successful, the Council had also decided "in principle" in favor of Sazonov's "partial mobilization" plan, that is, the mobilization of 1,100,000

men—thirteen army corps in the four southern districts near Austria; this was only to be announced, however, when Sazonov should decide it was necessary, and this decision of the Council was not final until approved by the Tsar next day. All these arrangements were made by Sazonov before he received Pourtales and heard Germany's views on the ultimatum and policy of "localization." Pourtales attempted, in accordance with the instructions given to him and the other German Ambassadors, to justify Austria's action and to urge that the Austro-Serbian conflict should remain "localized," Sazonov, "who was very much excited and gave vent to boundless reproaches against Austria-Hungary, stated in the most determined manner that it would be impossible for Russia to admit that the Austro-Serbian quarrel could be settled between the two parties concerned."

Pourtales urged "monarchical solidarity" and the danger of countenancing regicides, but Sazonov quickly shifted the conversation to the broader political ground that a whole Government and Nation could not be held responsible for the act of an individual, and that Austria's charges were by no means convincing. He launched into such unrestrained accusations against Austria that Pourtales expressed the fear that he was blinded by his hatred of Austria. "Hate," replied Sazonov, "is foreign to my nature. I do not hate Austria; I despise her." Finally he exclaimed: "Austria is seeking a pretext to gobble up Serbia; but in that case Russia will make war on Austria." Pourtales sought to calm him by expressing his conviction that, at most, Austria was only intending to inflict a deserved chastisement on Serbia, and was far from thinking of making territorial gains. But Sazonov shook his head doubtfully: "First Serbia would be gobbled up; then will come Bulgaria's turn; and then we shall have her on the Black Sea."

The interview was a tense one, and served only to accentuate more sharply the conflict between two views which were now coming into dangerous conflict—should the Austro-Serbian question remain "localized," or be "Europeanized."

Warlike Portents at Krasnoe Selo, July 25

On Saturday, July 25, the wave of midsummer heat which had been hanging over St. Petersburg for a month seemed to reach its climax. The trains were crowded with peace-loving people pouring out for the summer holidays. Out on the sun-baked plain at Krasnoe Selo, the Tsar and all St. Petersburg's high society were gathered to witness the summer review of the Russian troops. Late in the forenoon an important Ministerial Council was held at which the Tsar presided. It lasted so long that the maneuvers had to be postponed an hour. Even when they finally took place, they were cut short, and an unusual military excitement pervaded all the officers. The foreign Military Attaches got the impression that the Ministerial Council had considered mobilizing the Russian army, and perhaps had even decided to order it, at least in the four Southern Military Districts facing Austria.

General Adlerberg, the Governor of St. Petersburg, by a slip of the tongue, in talking with the German General Chelius, actually spoke of measures "for mobilization." Baron Griinwald, the Tsar's chief equerry, sitting next to Chelius at the banquet that evening, said to him, "The situation is very serious. What was decided this noon, I am not permitted to tell you. You yourself will soon learn it. But take it from me, it looks very serious." He touched glasses with Chelius and drank his health with the words, "Let us hope we shall see each other again in better times!" After the military review had been held, in an unusually curtailed form, it was announced that the maneuvers at Krasnoe Selo and in the whole Empire were to be broken off, and that the troops were to return at once to their standing quarters, as they would have to do in case of war.

The idea that mobilization and war were imminent was increased by the immediate promotion that same evening of the St. Petersburg Military Academy cadets to the position of regular officers in the army, instead of later in the year as customary. At the banquet following the Tsar's address to these new appointees, says the German Military Attache, "young officers openly expressed their joy to me that now at last they were starting something 'against Austria.' Others aired their rage against 'Austrian presumption.' Even Prince Peter of Montenegro, who was present just at this time, thought lie had to tell me that in his country there reigned a distinct enthusiasm for war, and that mobilization was in full progress. Not a man seemed to recollect that we [Germans] were in alliance with Austria!"

Following the banquet there was a theatrical performance, which, under the leadership of the Grand Duke Nicholas, was made the occasion of a great demonstration for war. On this same evening St. Petersburg was startled out of its stillness by the unexpected sound of the hoofbeats of the Imperial Guards hurrying back through the mist to the capital, although they were to have been quartered out at Krasnoe Selo for another month. "At seven o'clock," writes Paleologue, "I go to the Warsaw Railway Station to say good-bye to Izvolski, who is returning to his post in haste. On the platforms, there is lively animation: the trains are crowded with officers and soldiers. This already looks like mobilization. We exchange rapidly our impressions, and come to same conclusion, 'Cette fois, c'est la guerre.'" Next day Princess Paley, who was in close touch with the Grand Dukes, sent an urgent telegram to her mother and daughter who were at Bad Kissingen in Germany to leave immediately for Switzerland or Italy; and General Danilov, who had been hurriedly recalled from a tour in the Caucasus, telegraphed to his family in, Podolia near the Austrian frontier begging them to return at once to St. Petersburg.

The Russian "Period Preparatory to War"

In any event the military leaders of Russia felt that a war between Austria and Serbia was necessarily a war between Austria and Russia, and therefore between Russia and

Germany. They had no doubt that Austria was about to begin the invasion of Serbia as soon as the time-limit expired. In fact, later in the day, a Russian officer looking at his watch at six o'clock, remarked to General Chelius, "The cannon on the Danube will have begun to fire by now, for one doesn't send such an ultimatum except when the cannon are loaded." They were probably convinced that war was "inevitable," and that here was Russia's heaven-sent opportunity to have her final reckoning with Germany, and to acquire that control of Constantinople and the Straits, which had been so seriously considered at the secret conference on February 8/21, 1914, and for which preparations had been ordered, in order that, when a crisis should break out, Russia should be able to secure her historic aims at the Bosphorus. Therefore the sooner general mobilization was declared the better.

By a strange irony of fate, at the same moment when the Russian military bands, in the camp at Krasnoe Selo, had been welcoming Poincare with the Marseillaise, the Cossacks in the suburbs of St. Petersburg had been striking down working-men for singing this same martial anthem. An apparently well-informed Russian sympathizer, writing at length in the *Gazette de Lausanne* of September 7 and 8, 1917, in comment upon the Sukhomlinov trial, asserts that in 1914 general mobilization was strongly urged as a salutary measure against this internal industrial and revolutionary danger (Marxism), rather than as a necessary military precaution against German attack; it would also counteract, it was urged, the feared autonomous and separatist agitation among the non-Slavic elements in the Russian Empire. The idea of a foreign war to avert domestic troubles is, of course, a very familiar one in the history of many countries. The militarists may quite probably have believed that the leading forth of the specter of threatening internal revolution and anarchy would serve as a good bogey with which to persuade the peace-loving Tsar to consent to a general mobilization, and they were ready to assure him that, in case of mobilization and war, the strikes would offer no serious obstacle,⁰⁸ as in fact proved to be the case.

At any rate, whatever the arguments used at this Council, Sazonov prevailed in maintaining his plan for "partial mobilization." But a concession was made to the militarists in the adoption of a series of preparatory military measures which would facilitate a "general mobilization" when the Tsar should finally be persuaded to consent to it. In all, five decisions were taken by the Ministerial Council.

1. The Tsar's approval of the decision "in principle" for contingent "partial mobilization" against Austria. This decision in favor of partial mobilization, in case of need, to bluff Austria, is confirmed by the testimony of Ianushkevich at the Sukhomlinov trial in 1917: "At first it had been decided to proclaim a partial mobilization, the four districts—to frighten off Austria-Hungary." It avoided the danger of the "general mobilization," (Mobilization means War) which was desired by the military leaders, but which would probably lead Germany to retaliate with a countermobilization, and so bring on a general European war. If the announcement of partial

mobilization should not after all succeed in checking Austria, it could at least be used conveniently to explain and screen the measures of the "Period Preparatory to War," which it was decided were to take place over the whole empire and which would therefore greatly facilitate the general mobilization against Germany as well as against Austria. Sazonov believed that he now had the trump cards in his hand. He could continue to negotiate, and he held in his hand the threat of force to strengthen his bluff; but at the same time military preparations would be going on preparatory to a general mobilization if his bluff of partial mobilization was called. Also the militarists in Russia could not get out of control, because a decision as to mobilization was dependent on the course of the diplomatic negotiations, which were also in his hands. Sazonov was highly delighted with this arrangement, He was also agreeably surprised to find that Austria did not attack Serbia at once after the expiration of the time-limit and the rupture of Austro-Serbian diplomatic relations on this same Saturday afternoon.

During the next three days (July 26-28) of "direct conversations" with Vienna, he appeared to be much more conciliatory and optimistic, so much so, in fact, that it was specially remarked by a number of persons. But this optimism was not shared by the Russian military authorities, and came to a sudden end with the news of the Austrian declaration of war on Serbia on July 28.

2. The second of the decisions taken by the Ministerial Council of July 25 was the recall of the troops to their Standing quarters. At the moment of the Sarajevo murder and during the following weeks, the Russian troops throughout the empire were dispersed in camps for maneuvers and summer training, often at a considerable distance from their regular standing quarters. It was in these standing quarters that was kept the full equipment, which was necessary for war, and which the soldiers must have before they could start for the front. It was necessary therefore that they should be recalled as quickly as possible to the point at which they would be given their full equipment and be ready for transportation to the designated area of concentration on the frontier. At 4: 10 P.M. Ianushkevich (Russian General) had the General Staff send out secret cipher telegram No. 1547:

"St. Petersburg, July 12 [25], 1914, 4:10 P.M. Prepare quickly transport plans and provisions for the return of all troops to their standing quarters. Time for the completion of the work: twenty-four Hours. 1547. [Signed] General Dobrorolski."

This breaking off of maneuvers and return of the troops to their standing quarters was not, however, in any way equivalent to mobilization. It was, to be sure, a necessary preliminary to mobilization, but was not in any way a menacing or hostile act. Similar orders for the return of troops to their standing quarters were given in France as early as July 27, but in Germany not until July 28 for the nine corps to be "hastily" mobilized. The Russian and French preparations considerably antedated the German preparations for war by a few days. Nevertheless, the execution of the unexpected order which began on Sunday, July 26, involved the movement of more

than a million men throughout the empire, and gave rise to military excitement among Russian officers everywhere similar to that which had prevailed at Krasnoe Selo on the preceding evening. It also naturally led to disturbing reports being sent to Berlin and Vienna from German and Austrian agents in Russia.

3. The promotion of cadets to be officers. The Russian army lacked in 1914, even on a peace footing, some 3000 younger officers. These were being trained in the St. Petersburg Military Academy and similar schools, but the cadets would normally not be graduated and made officer until later in the year. To fill this deficiency as far as possible at once, it was decided to make the promotion immediately. The cadets of the St. Petersburg Academy were advanced to the rank of officer at Krasnoe Selo just before the banquet on Saturday evening; the Tsar himself made them an address, saying, "Believe in God, as well as in the greatness and glory of our country. Seek to serve Him and Me with all your strength." The promotions in the other military schools followed almost immediately. Also the organizations in which officers were receiving practical training were dissolved so that they should be free to take active command. These measures not only created a large number of much-needed subaltern officers, but also freed for active service in the field many mature officers who had hitherto been detailed on educational work. But in spite of these efforts, one of the most serious defects in the Russian army, as the War was soon to show, was the inadequacy of the officers, both as to quality and quantity.

4. The proclamation of the "state of war" in towns containing fortresses and in the frontier sectors facing Germany and Austria. The order for this was sent out by Gen. Ianushkevich still later this same night, i.e., at 1 A.M. on July 26. 80 That the order was speedily obeyed on the frontier toward Germany is indicated by the proclamation of the Commander of the fortress of Kovno: "In accordance with the command of the Tsar and of General Rennenkampf's order No. 13,482, July 26, I declare the fortress and district of Kovno placed in a 'state of war.'"

One incident which grew out of the order shows the desire for peace and friendly relations between Russia and Germany which was sincerely held by the Tsar and by Pourtales, the German Ambassador. The Prinz Eitel Friedrich, a German merchant ship lying in the harbor near the fortress of Kronstadt, aroused the suspicions of the commander of the fortress, because she had a wireless outfit and was observed to be sending radiograms. As a "state of war" had been proclaimed in the fortress sector and the wireless outfit might be used for espionage purposes, the commander of the fortress reported the case to the Grand Duke Nicholas who commanded the whole Petrograd Military District, including Kronstadt. The Grand Duke at once ordered the German captain to be arrested, the wireless apparatus to be seized, and the ship forbidden to leave the harbor. As Germany and Russia were still at peace, this arbitrary action led Pourtales to make a vigorous protest to Neratov at the Foreign Office. As a result, the Tsar, the same day, sent an autograph letter to the Grand Duke ordering him to set the captain free and not detain the ship, and expressing

condemnation of the measures taken against the ship of a friendly state. Sazonov also telephoned in a friendly way, and apologized for the Grand Duke's action. Pourtales then said that he considered the incident closed, and would say nothing of it to the Government at Berlin.

5. The secret orders for the "Period Preparatory to War." Though the decision for contingent partial mobilization may have been regarded by Sazonov and the Tsar seriously, as a satisfactory military measure in case of need, it was by no means so regarded by the militarists and the General Staff. Besides the technical and political difficulties and the total lack of perfected plans, what would Russia's ally think of such a measure? In the negotiations for the Franco-Russian alliance in 1892, General Obruchev, the Russian Chief of Staff at the time, had energetically denied the possibility of a partial mobilization against Austria; Russia must and would order general mobilization, even in case of a war with Austria alone. For all these reasons the Russian General Staff regarded this partial mobilization project as the height of folly; nevertheless, since the Ministerial Council and the Tsar had decided in favor of it, they hurriedly began to work out plans for it, secretly hoping, however, that it would never be carried out. But at the same time, as a measure of far greater importance and safety, they persuaded the Tsar to approve the putting into operation of the wide-reaching measures preparatory to general mobilization comprised in the very secret "Regulation Concerning the Period Preparatory to War."

One of Russia's greatest handicaps to the successful beginning of war had been the relative slowness of mobilization. Owing to her vast areas, inadequate railway systems, and somewhat inefficient local military authorities (these problems were also later faced by the USSR, especially a lack of support vehicles for transportation), the Russian mobilization machine had not been able in the past to work with anything like the speed of the German, or even the Austrian, military machine. To remedy this defect as far as possible had been the aim of one of Sukhomlinov's reforms. It had been discussed as early as the spring of 1912, and was finally solved at a secret conference in February, 1913, sitting under the presidency of General Lukomski, and containing representatives of the Navy and Interior Departments as well as of the War Department. This conference drafted, and the Tsar approved on March 2, 1913, a very secret "Regulation Concerning the Period Preparatory to War." According to this Regulation,

"Period Preparatory to War" means the period of diplomatic complications preceding the opening of hostilities, in the course of which all Boards must take the necessary measures of preparation for security and success at the mobilization of the Army, the Fleet, and the Fortresses, as well as for the march of the Army to the threatened frontier.

Under cover of "trial mobilizations" and the "Period Preparatory to War," military measures could be ordered by the Minister of War, which did not require the approval of the Tsar or a public announcement of mobilization, but which nevertheless were

almost equivalent to mobilization in the frontier districts. Such a “trial mobilization“ had been undertaken on a wide scale in the fall of 1912 close to the German frontier, and had called forth a strong protest from the German Chief of Staff, Moltke, a protest which Sazonov, at that time, appeared to admit was well founded. Highly significant is Dobrorolski’s own admission that the militarists and the General Staff, at least, on July 25, already regarded war as a settled matter; and also that the local authorities on the frontier, in their zeal or nervousness, may have even gone further than the Regulation properly permitted.

There was thus the danger that the Russian military authorities would take such wide-reaching “preparatory measures“ that Germany would become alarmed and resort to counter-measures, which in turn would lead to a general European war. The German Foreign Office in fact received, as the Kautsky Documents show, between the morning of July 26 and the evening of July 30 twenty-eight reports of Russian military preparations, no less than sixteen of which related to the Russian frontier against Germany; and the German General Staff and Navy Department received many more such reports. But in spite of this, Germany refrained from corresponding preparatory measures (Drohender Kriegsgefahrzustand) until she received on July 31 official news that Russia had taken the final military step of openly announcing by placards throughout the streets of St. Petersburg a general mobilization of the whole Russian army and navy. These secret “preparatory measures,“ which had been decided on at the Ministerial Council on the afternoon of the 25th, and ordered before dawn of the 26th, enabled Russia, when war came, to surprise the world by the rapidity with which she poured her troops into East Prussia and Galicia.

Diplomatic Negotiations and Military Preparations

Though the military authorities had objected very strenuously to “partial mobilization,“ to be undertaken only “in the four southern districts toward Austria,“ they found it a very convenient form of camouflage by which to attempt to mislead the Germans as to the secret “preparatory measures,“ which General Ianushkevich had ordered “in the whole territory of European Russia“ on July 26 at 3:26 A.M., and which were taking place while Sazonov was carrying on his diplomatic negotiations. There seems little doubt, as indicated above, that the partial mobilization plan was seriously regarded by Sazonov and the Tsar, if not by the General Staff, as a good means of checking Austria without provoking Germany. And if it provoked Germany, Russia would wait for Germany to declare war or attack first, and thus be branded before the world as the aggressor. There seems equally little doubt that between July 26 and 28 Sazonov honestly carried on diplomatic negotiations with (he optimistic hope, not shared by the Russian military authorities, of securing a peaceful solution satisfactory to Russia.

Pourtales, however, like Buchanan, had become very apprehensive as to the danger

of even a partial mobilization against Austria. He was clear-minded enough to realize that it would be an exceedingly dangerous means of exerting diplomatic pressure. If Russia should attempt a bluff of this kind, he feared that the militarists everywhere would gain an increased influence, and soon take the question beyond the control of the diplomatists, by the purely technical and strategic arguments which they knew so well how to urge. He had also received from Bethmann-Hollweg the following telegram:

“After Count Berchtold has declared to Russia that Austria does not aim at any territorial acquisitions in Serbia, but only wishes to secure repose, the maintenance of the peace of Europe depends on Russia alone. We trust in Russia’s love of peace and in our traditional friendly relations with her, that she will take no step which would seriously endanger the peace of Europe.”

Sazonov evidently felt that he had been rather vague in his assurance that the mobilization order “would be delayed until Austria-Hungary adopted a hostile attitude toward Russia.” Did he mean partial or general mobilization? Did “hostile attitude toward Russia” mean an Austrian invasion of Serbia, or an Austrian mobilization in Galicia facing against Russia? He must have realized that his admission about “certain military measures in order not to be taken by surprise” was hardly calculated to have a very reassuring effect upon the German Ambassador. He may also well have had a somewhat uneasy conscience in view of what we know about the wide-reaching measures of the “Period Preparatory to War” which were already in full swing on the western frontier toward Germany as well as toward Austria.

He therefore decided it would be well to have a more definite statement made, and telephoned to the Minister of War. He asked Sukhomlinov to make it plain to the German Military Attache, as one military man speaking to another, that nothing was contemplated except measures preparatory to a contingent partial mobilization against Austria. Accordingly, late on Sunday evening, Eggeling was invited to an interview with Sukhomlinov, which Eggeling thus reports, with his own shrewd conclusions:

“Not a horse had been recruited, not a reservist called in. If Austria crossed the Serbian frontier, such Military Districts as are directed against Austria, viz. Kiev, Odessa, Moscow, Kazan, would be mobilized. Under no circumstances those on the German front, Warsaw, Vilna, St. Petersburg. Peace with Germany, he said, was earnestly desired... I got the impression of great nervousness and anxiety. I consider the wish for peace genuine; military statements in so far correct, that complete mobilization has probably not been ordered, but preparatory measures are very far-reaching. They are evidently striving to gain time for new negotiations and for continuing their armaments. Also the internal situation is unmistakably causing serious anxiety. The general feeling is: hope from Germany and for the mediation of His Majesty [the Kaiser].

Pourtales also communicated these dubious assurances of Sazonov and Sukhomlinov to his Austrian colleague. Szapary reported them in turn to Vienna, with conclusions which well sum up the situation:

“Although the direct informing of the German Military Attache [by Sukhomlinov] indicates nervousness on Sazonov’s part, and although mobilization against Austria only in case the Serbian frontier is crossed appears rather to reveal the purpose of exerting diplomatic pressure, it must not be left out of account that, in addition to the lack of veracity in the assurances here, there is a lack of harmony between the doings of the diplomats and the militarists, as well as the importance of gaining time for Russian mobilization. The character of the military preparations now in progress seems specially suited to the mentality of the Tsar, Nicholas, since, though avoiding regular war measures, which to him particularly are repugnant, a certain preparedness is nevertheless arrived at.”

Summary of the Russian Danger

The Russian danger lay in the fact that Sazonov naturally felt bound to protect Serbia, whose hopes and aspirations Russia had encouraged in the past, and whom she could not abandon now without loss of prestige to herself and the Triple Entente. Still more, he was determined to prevent Austria from gobbling up Serbian territory and upsetting the status quo in the Balkans. He was strongly encouraged by the French Ambassador to stand firm in protecting Serbia and in checking Austria. Therefore on July 24, even before hearing the German Ambassador’s justification of Austria and plea for “localization,” Sazonov had decided to take the side of Serbia, if necessary, even if it should involve war. He adopted the plan of “partial mobilization,” which was a dangerous method of exerting diplomatic pressure.

Then, on July 25, even before Austria had broken off diplomatic relations with Serbia, Sazonov and the Tsar conceded to the Russian militarists the putting into effect of various military measures, including those of the “Period Preparatory to War.” which roused anticipations of war among the Russian officers, and gave an impression, as Dobrorolski puts it, that “war was already a settled matter.” Henceforth the army leaders, recognizing that partial mobilization was folly on account of the technical and political difficulties involved in it, exerted steadily increasing pressure for general mobilization; and the danger was that Sazonov would accept their views, and add the weight of his pressure to that of the General Staff in persuading the Tsar to consent to the final military step which would probably make a general war inevitable.

Meeting again with Paleologue and Buchanan, Sazonov told them of his partial mobilization plan, and again received active encouragement from Paleologue, as we now know from the interesting parts of Buchanan’s dispatch which were suppressed or altered when published in 1914:

“French Ambassador said he had received a number of telegrams from the Minister in charge of the Ministry of Foreign Affairs, that no one of them displayed the slightest sign of hesitation, and that he was in a position to give his Excellency [Sazonov] formal assurance that France placed herself unreservedly on Russia’s side. [After thanking Paleologue, Sazonov turned to the British Ambassador with the question, “And your Government;” Buchanan replied that Sir Edward Grey did not yet despair of the situation, and that the great thing was to gain time. He repeated that] England could play the role of mediator at Berlin and Vienna to better purpose as a friend who, if her counsels of moderation were disregarded, might one day be converted into an ally, than if she were to declare herself Russia’s ally at once. Sazonov said that unfortunately Germany was convinced that she could count upon our [British] neutrality. ... He did not believe that Germany really wanted war, but her attitude was decided by ours. If we took our stand firmly with France and Russia there would be no war. If we failed them now, rivers of blood would flow and we would in the end be dragged into war. French Ambassador remarked that French Government would want to know at once whether our fleet was prepared to play part assigned to it by Anglo-French Naval Convention. He could not believe that England would not stand by her two friends, who were acting as one in this matter. [Buchanan urged prudence on Sazonov and warned him, if Russia mobilized, Germany would not be content with mere mobilization, or give Russia time to carry out hers, but would probably declare war at once. Sazonov repeated that] he did not wish to precipitate a conflict, but unless Germany can restrain Austria, I can regard the situation as desperate. Russia cannot allow Austria to crush Serbia and become predominant Power in Balkans, and, secure of support of France, she will face all the risks of war.

This information is very revealing. It shows that Sazonov and Buchanan both knew that Britain could prevent the war by uttering a few words. Why didn’t they do so? (Note: We know why from the previous chapter “British foreign policy“)

At the close of this meeting between the representatives of the Triple Entente, Sazonov threatened England with a point on which Sir Edward Grey and his advisers were very sensitive. “For ourselves,” Buchanan reported, “the position is a most perilous one, and we shall have to choose between giving Russia our active support, or renouncing her friendship. If we fail her now, we cannot hope to maintain that friendly cooperation with her in Asia, that is of such vital importance to us.” (Thus, giving full support to Russia would have secured their friendship and most likely avoided war.) Sazonov’s fears as to Austrian intentions were partly owing to Szapary’s failure to make at once the declaration, which had been promised to Tisza should be made, that Austria intended no territorial gains at Serbia’s expense. It was not until after he had been assured of Austria’s territorial disinterestedness by Pourtales and later by Szapary, and until after he had been agreeably surprised to find that the expiration of the time-limit was not immediately followed by an Austrian attack on Serbia, that Sazonov was visibly eased in his mind and became again



Figure 7.23: Map of Eastern Europe before World War 1.

somewhat optimistic.

Thereupon, from July 26 to 28, he carried on conciliatory diplomatic negotiations, while at the same time the Russian military authorities were secretly making wide-reaching military preparations which would facilitate an eventual “general,” as well as a “partial,” mobilization. Rumors of these preparations began to cause alarm in Germany. This situation continued until the news of Austria’s declaration of war on Serbia on July 28 put an abrupt end to Sazonov’s optimism and gave a new and fatal turn to the Russian danger.

7.20 The Serbian Reply

The first reports of the Sarajevo assassination which reached Belgrade caused the gravest consternation among Government officials. Mr. Pashitch, the Prime Minister, went to bed to give undisturbed thought to the problem, and remarked to his first visitor, “It is very bad. It will mean war.” Mr. Ljuba Jovanovitch, the Minister of Education, “overwhelmed with grave anxiety,” did not doubt for a moment that Austria-Hungary would make this the occasion for war on Serbia. Hartwig, the Russian Minister in Belgrade, is said to have exclaimed, “In Heaven’s name! Let us hope that it was not a Serbian.”

The Serbian Government at once realized that in view of all the anti-Austrian propaganda in the past and of the fact that the plot had been prepared in Belgrade, the Austrian Government would be likely to hold the Serbian agitation, if not the Serbian Government, responsible, and use it as a pretext for war. The Serbian Government therefore sought to preserve as correct an attitude as possible. It cancelled the festivities which were celebrating Vidov Dan, published in the official paper a severe condemnation of the crime, expressed proper condolences, and declared its readiness to hand over to justice any subjects who might be shown to have been guilty of complicity. It did not, however, take any proper steps to make an inquiry of its own as to the origins of the plot in Belgrade; on the contrary Dr. Grouitch, the Secretary General of the Serbian Foreign Office, told the Austrian Charge d'Affaires on July 1 "that up to the present nothing had been done, and that the matter did not concern the Serbian Government." It waited to see how much Austria would be able to discover and what accusations she would bring forward.

Nor did the Serbian Government take any effective steps to curb the violent attacks on Austria in the Belgrade Press, whose comments on the Sarajevo assassination, according to the British Ambassador in Vienna, contained "expressions amounting almost to condonation and even approval of the dastardly outrage." The Serbian attacks, to be sure, were in part provoked by the equally bitter and insulting attacks of the Austro-Hungarian Press, which now took special pains to reprint selections from the more outrageous Serbian newspaper articles, with the aim of circulating them in Europe and turning public opinion against the Belgrade Government. There thus developed during the three weeks after the Archduke's murder an intensely bitter press campaign of vilification between Austria and Serbia, which whipped up the war spirit among the masses on both sides of the frontier. It was the psychological preparation for war. The propaganda of the Austrian newspapers, which enjoyed a wider circulation, was on the whole much more successful at first than that of Serbia in influencing public opinion in Europe, especially in England.

Pashitch finally became seriously alarmed at the attitude of the Austrian, German and British Press, at the ominous silence of Vienna, and perhaps also at the news of Berchtold's intentions which had leaked out through Count Liitzow to the British authorities on July 16.⁹ This news had been at once passed on to the British resident in Belgrade, ¹⁰ and may have been hinted to the Serbian Minister in London, who telegraphed to Pashitch on July 17: "The Austrian Embassy is making great efforts to win over the English Press against us, and to induce it to favor the idea that Austria must give a good lesson to Serbia. ... No reliance should be placed in the ostensibly peaceable statements of Austro-Hungarian official circles, as the way is being prepared for diplomatic pressure upon Serbia, which may develop into an armed attack."

On July 18. when the British Charge d'Affaires at Belgrade alluded to the Times article that the wisest course for Serbia would be to undertake herself an enquiry

into the conspiracy on Serbian soil, Dr. Grouitch of the Serbian Foreign Office replied that, when the Sarajevo investigation was completed, Serbia would be ready to comply with any requests, compatible with international usage, for a further investigation. But until then she could not act. He then tried to deceive the British as to the Serbian Government's knowledge of the assassins. "Of Princip the Serbian Government knew nothing," he said, a statement manifestly untrue in view of the admission of the Serbian Minister of Education that he was personally acquainted with Princip and had twice examined him.

Framing the Serbian Reply

Berchtold had taken care that Serbia should not evade giving a reply punctually within the 48 hours required. The Serbian Ministers began to go through the fateful document. Their emotion grew as its tenor and object became clear. Nobody cared to be the first to speak. At last Ljuba Jovanovitch got up, and said, "Well, there is nothing to do but die fighting."

Obviously the first thing to do was to telegraph the news of Giesl's action to the Serbian Ministers in foreign countries, stating that "the demands are such that no Serbian Government could accept them in their entirety." The representatives of the Powers at Belgrade were similarly notified at once. A special appeal for help was instantly dispatched to Russia, reaching Sazonov and Paleologue, as we have seen, very early next morning before they had slept off the fatigue of the Franco-Russian festivities. This was followed by a moving plea from the Prince Regent of Serbia to the Tsar: "We are unable to defend ourselves and beg your Majesty to come to our aid as soon as possible. The much-appreciated goodwill which your Majesty has so often shown toward us inspires us with the firm belief that once again our appeal to your noble Slav heart will not pass unheeded." The King of Italy also was invoked, to use his good offices to induce his Austrian ally to prolong the time-limit and moderate the demands.

Unfortunately for Serbia, it happened that these three Great Powers were not represented at Belgrade at this moment by regular Ministers. Hartwig, the energetic Russian Minister and strong champion of Serbia, had dropped dead a few days previously when talking with Giesl, and his successor had not arrived. No British Minister was on the spot, though Mr. des Graz was on his way from London to Belgrade. The French Minister was suffering from a nervous breakdown and was invisible; his successor, M. Boppe, was only just arriving from Constantinople and was unacquainted with his new post. So the Charges d'Affaires of the Entente Powers could do little for Serbia except report home the news of Austria's unacceptable demands, and await instructions. These were slow in coming, so slow, in fact, that they were probably too late to have had any decisive influence on Serbia's decision.

Sazonov talked with the Serbian Minister on Friday evening about 7 o'clock, and is

said to have "advised extreme moderation in respect to the Serbian reply." But no such advice appears in the Serbian Minister's account of this conversation. On the contrary, as he was leaving Sazonov, he met the German Ambassador, and told him "he would see before long that this was not a question merely between Serbia and Austria, but a European question." 25 Later in the evening, Sazonov telegraphed to his Charge d'Affaires in Belgrade that if the Serbians felt helpless in case of an Austrian invasion, they had better offer no resistance, but retire without fighting and appeal to the Powers for protection. But whatever advice Sazonov gave is said not to have reached Belgrade until after the Serbian reply had been handed to Giesl at 6 o'clock on July 25.

Sir Edward Grey telegraphed on Friday at 9:30 P.M. that "Serbia ought certainly to express concern and regret that any officials, however subordinate, should have been accomplices in murder of the Archduke, and promise, if this is proved, to give fullest satisfaction;" for the rest, "to reply as they consider the interests of Serbia require;" and, in order to avert military action by Austria, "to give a favorable reply on as many points as possible within the limit of time, and not to meet Austria with a blank negative." He added, with an eye to preserving Entente solidarity, "Consult with your Russian and French colleagues as to saying this to Serbian Government.

In any case, however, Pashitch and his colleagues, rather than any of the Great Powers, must be given the main credit for the cleverness with which they met a difficult situation. They framed a reply which not only won the approval and sympathy of all the Powers except Austria, but which also commanded the admiration of the man who framed the Austrian ultimatum itself, "as the most brilliant example of diplomatic skill which I have ever known." They had instantly decided that "no Serbian Government could accept the Austrian demands in their entirety." Such being the case, they now concluded that Austria would treat any reply they could make as unsatisfactory, and make war. Therefore they "would appeal to the Governments of the friendly Powers to protect the independence of Serbia. If war was inevitable, Serbia would carry it on."

Since Austria would evidently reject any reply which did not yield on all points, they could afford to give their reply a very conciliatory form, apparently yielding on many points, and even suggesting submitting the question to the arbitration of the Hague Tribunal. This kind of a conciliatory reply would help gain the sympathy and protection of the Powers, and tend to place Austria in the wrong when she rejected it. It was, however, more yielding in form than in substance, and it is significant that two or three hours before they handed it to Giesl at the expiration of the time-limit, they had already ordered the general mobilization of the whole Serbian army. In fact they had at once begun to make such frantic military preparations for defence and for the transport of the Government archives, treasure and officials from an exposed position in Belgrade to the interior, that the German Minister was misled into telegraphing his Government at 11:50 P.M. on Friday night, "Mobilization is

already in full swing.“ Thus, Russia was already preparing to mobilize and Serbia started to fully mobilize first.

This ordering of Serbian mobilization before handing, in the conciliatory reply, which was regarded more as a diplomatic gesture than a serious effort to satisfy Austria, had another advantage. Serbian hatred against Austria had been so stimulated by the newspaper campaign, and Serbian military officers of the “Black Hand“ group were so eager for war and ready to overthrow Pashitch, that if he had made his conciliatory reply involving some humiliating concessions, there might have been danger of a military revolt against the civil Government.

The final Serbian text, as handed over to Grouitch for translation into French and typing, was so full of erasures and corrections that only one who had been working on it could decipher the sense. As he was dictating the translation to the typist and the minutes were flying by, the only remaining typewriter broke down, and in the end the text was copied out in a rather shaky hand by a secretary. It was then given to Pashitch, who started off a little before six o'clock to deliver it in person to the Austrian Minister.

The Substance of the Serbian Reply

The Serbian reply was more conciliatory in form than in substance. To make this clear the Austrian authorities delayed making it public until they had time to make comments upon it. These they published in parallel columns with the Serbian reply, showing that the concessions at many points were so guarded with limitations and conditions as to be virtually worthless as guarantees of security for the future, as well as failing to be the complete assent which they had demanded. But they were not able to publish this annotated edition of the Serbian reply until July 28, and it then came too late to have the effect in Europe for which they had hoped. Meanwhile Serbia had circulated her reply and the advance summary of it, and created the good impression which she had hoped for. A summary of the Serbian reply, and of the Austrian parallel comments which are here indicated by brackets, follows.

“Convinced that their reply will remove any misunderstanding which may threaten to impair the good neighborly relations“ between the two countries, the Serbian Government protest that at no time since their promises of 1909 have they or their agents attempted to change the political and legal state of affairs created in Bosnia and Herzegovina. [This was trying to shift the argument, since the ultimatum did not maintain that the Serbian Government or their official agents had attempted to change the situation created in 1909, but that in failing to suppress the movement directed against Austria, they had not lived up to their promise to adopt a friendly and neighborly attitude]. The Serbian Government “cannot be held responsible for manifestations of a private character, such as articles in the press and the peaceable work of societies. . . . They are prepared to hand over for trial any Serbian subject,

without regard to his situation or rank, of whose complicity in the Sarajevo crime proofs shall be forthcoming.“

Coming to the ten Austrian demands, the Serbian Government then undertook:

1. “To introduce at the first regular meeting of the Skupshtina a provision into the Press law providing for the most severe punishment of incitement to hatred and contempt of the Austro-Hungarian Monarchy,“ and also proposing a modification of the Constitution which would permit the confiscation of newspapers. [This was unsatisfactory— it did not assure a definite result within a given time, and if the bills were rejected by the Skupshtina everything would be as it was before].

2. “To dissolve the Narodna Odbrana and every other society which may be directing its efforts against Austria- Hungary,“ although the Serbian Government possesses no proof, and Austria furnishes none, that the members of these societies have committed criminal acts. [Austria could not admit the reservation in the last clause ; nor did Serbia comply with Austria’s further demands that the means of propaganda possessed by these societies should be confiscated, and that their reestablishment under other names be prevented].

3. “To eliminate without delay from public instruction in Serbia everything that serves, or might serve, to foment the propaganda against Austria-Hungary, whenever facts and proofs are furnished.“ [Serbia asks proofs when she must know that the school books contain objectionable matter, and that many of the teachers are enrolled in the Narodna Odbrana].

4. To remove from the military service all persons proved by a judicial inquiry to be guilty of acts directed against Austria-Hungary, after information had been furnished by the latter. [This confined removals to officers convicted by a judicial inquiry of crimes punishable by law, but Austria demanded removal of officers who fomented propaganda, a proceeding which was not generally punishable by law in Serbia].

5. As to the demand to accept the collaboration in Serbia of Austrian representatives for the suppression of subversive propaganda, the Serbian Government “do not clearly grasp the meaning and scope of the demand . . . but will admit such collaboration as agrees with the principles of international law, criminal procedure, and good neighborly relations.“ [The reservation is vague and calculated to lead to insurmountable difficulties in reaching an arrangement].

6. The Serbian Government “consider it their duty to open an inquiry [enquete], against all such persons as are. or eventually may be, implicated in the plot“; but “as regards the participation in this inquiry of Austro-Hungarian agents, cannot accept such an arrangement, as it would be a violation of the Constitution and of the law of criminal procedure.“ [Serbia has misinterpreted Austria’s clearly expressed demand which was for two distinct things: (1) the opening of a judicial inquiry [enquete judiciaire], in which, of course, no Austrian collaboration was expected: and (2)

Austrian collaboration in the preliminary police investigations [recherches] for the collection and verification of evidence, for which numberless precedents exist].

7. The Serbian Government arrested Tankositch the very evening the ultimatum was delivered, but has not been able to arrest Ciganovitch. [The Prefect of Police at Belgrade contrived the departure of Ciganovitch, and then declared that no man of the name existed in Belgrade].

8. The Serbian Government will take measures to prevent the smuggling of arms and explosives across the frontier, and will severely punish the frontier officials who allowed the Sarajevo assassins to cross over.

9. The Serbian Government will gladly give explanations as to the remarks in interviews made by their officials in Serbia or abroad, alleged to be hostile to Austria, as soon as Austria specifies the passages and it is shown they were actually made. [The interviews in question must be well known to the Serbian Government ; their request for details and proof indicate unwillingness to comply seriously with this demand].

10. The Serbian Government will inform Austria of the execution of the above measures as soon as each has been carried out.

If Austria is not satisfied with this reply, the Serbian Government “are ready, as always, to accept a peaceful agreement, by referring this question either to the decision of the International Tribunal of the Hague, or to the Great Powers which took part in drawing up the declaration made by the Serbian Government on March 31, 1909.”

Though some of the Austrian comments are pettifogging in character, they show that it is by no means true, as often stated, that Serbia virtually yielded to all the Austrian demands except one. Nos. 1, 2, and 3 were accepted to a very reasonable extent, and Nos. 8 and 10 completely. But Nos. 4, 5, and 9 were answered evasively or with serious reservations. No. 7 contained an implication concerning Ciganovitch which was untrue. No. 6 concerned the collaboration in Serbia of Austrian officials in searching out (though not in trying and judging) Serbian accomplices in the assassination plot; this was refused, though most important, either because Pashitch and his colleagues misunderstood it, deliberately or unconsciously; or because it seemed to infringe upon Serbia’s sovereignty; or because they feared it would lead to inconvenient discoveries concerning the complicity of the “Black Hand“ and other Serbian officials, as well as concerning the Serbian Government’s cognizance of a plot which they had failed to prevent.

The general impression, however, made upon contemporaries by the Serbian reply was favorable. At the British Foreign Office Sir Eyre Crowe noted: “The answer is reasonable. If Austria demands absolute compliance with her ultimatum, it can only mean that she wants war.“ 4 « The German Emperor, after reading it on the morning of July 28, jotted down at the end of it, “A brilliant performance for a time-limit of only 48 hours. This is more than one could have expected ! A great moral

success for Vienna; but with it every reason for war drops away, and Giesl ought to have remained quietly in Belgrade! After such a thing, I should never have ordered mobilization!—W.“

The Diplomatic Break Between Austria and Serbia

The time-limit was to expire at 6 P. M. on Saturday afternoon, July 25. A few minutes before six, Pashitch arrived at the Austrian Legation and handed in the Serbian reply. Giesl said he would have to compare it with his instructions, and that he would then give an immediate answer. As he knew that Serbia had already ordered mobilization, he had little expectation that the reply would be wholly satisfactory, and had probably written his answer to it before he saw it. He now hurriedly glanced at it to make sure that Serbia had not completely yielded on every point, and that, as Berchtold desired, he could reject it as unsatisfactory and break off diplomatic relations.

Pashitch had hardly returned to his office in the Ministry of Foreign Affairs, when he received a note from Giesl, that as the time-limit “has now expired and as I have not received a reply which is satisfactory, I have the honor to inform your Excellency that I am leaving Belgrade tonight together with the Staff of the Imperial and Royal Legation; . . . that from the moment this letter reaches your Excellency the rupture in the diplomatic relations between Serbia and Austro-Hungary will have the character of a *fait accompli*“. So great was Giesl’s speed that he and his whole staff were able to catch the 6:30 P. M. train from Belgrade. Pie certainly established the speed record for the rupture of diplomatic relations.

In order that the measures for Austrian partial mobilization against Serbia might follow the diplomatic break as quickly as possible, Berchtold had made elaborate preparations to get the news from Giesl with the utmost promptness. After leaving Belgrade at 6:30 P. M., Giesl was to arrive at Semlin across the frontier at 6:40 P. M., and there to use the railway telephone which would be held open for him to inform Tisza at Budapest, who in turn would forward the message at once to Vienna. Berchtold said to the Russian diplomat that even after diplomatic relations with Serbia should have been broken off, a peaceful settlement could be brought about afterwards by Serbia’s complete acceptance of the Austrian demands. But in such a case Austria would expect to be indemnified by Serbia for the expenses incurred in military preparations.

In the evening Berchtold sat impatiently in the Emperor’s Cabinet at Ischl waiting for the expected message, and finally went out to take a turn in the air. At quarter to eight the telephone rang. Count Kinsky took the message at Vienna and repeated it to Ischl:

Minister Giesl telephones from Semlin to Budapest: two minutes before six P.M.

answering note delivered; since unsatisfactory on several points, Baron Giesl has broken off relations and left. At 3 P.M. general mobilization was ordered in Serbia. The Government and Diplomatic Corps left for Kragujevatch.

Baron Margutti jotted down the message on a slip of paper and ran with it to Francis Joseph. The old man took the paper in trembling hands, and sank into his chair, muttering in a choked unaccustomed voice, "Also dock;" ["So it has come after all], as if he had hoped and believed to the last that a rupture might be avoided. Then, after staring at the paper for a while, lost in thought, he remarked, half to himself, "Well, the rupture of diplomatic relations still does not mean war." Meanwhile Berchtold had been quickly called in, and was closeted with the Emperor. He had been urged by Tisza, by Conrad, and by the Austrian Ambassador in Berlin, that Austria ought to order mobilization against Serbia at once ; any delay or hesitation would be regarded as a sign of weakness and increase the likelihood of Russian intervention. Using these arguments, it did not take him long to persuade his aged Emperor of the necessity of ordering immediately the partial mobilization contemplated in case of war against Serbia and Montenegro alone. The Kaiser's assent reached the Chief of Staff at 9:53 P. M., and was at once put into execution: July 27 was ordered as the "alarm" day, and July 28 as the first day of actual mobilization.

As Austria and Serbia had now broken off diplomatic relations and were mobilizing against one another, the Great Powers began to put forward a variety of proposals for preserving peace.

7.21 Proposals for Preserving Peace

Everywhere it was anticipated that the Sarajevo assassination would tighten dangerously the long-standing tension between Austria and Serbia. Numerous proposals were therefore made by all the Great Powers to prevent this tension from developing into an armed conflict between the two exasperated countries, and, if this did break out, to prevent it from involving the other Powers in a general European conflagration. Some of these proposals—such as Sir Edward Grey's suggestion for "direct conversations" between Austria and Russia, Germany's plan of "localization," and the Poincare-Sazonov move to head off an Austrian ultimatum—were made prior to the publication of Berchtold's demands on Serbia. After the stiff ultimatum became known, and especially after the diplomatic break and commencement of mobilizations in Serbia and Austria, the proposals for preserving peace came in a flood, sometimes running parallel and sometimes counter to one another. They were often confused, and not always kept perfectly clear and distinct even in the minds of their authors.

Sir Edward Grey, for instance, both in writing his memoirs and in July, 1914, did not grasp clearly the importance of the distinction between mediation between Austria and Russia and between Austria and Serbia. Sazonov also, in his nervousness,

put forth in rapid succession so many suggestions that they became bewildering: a suggestion to head off an Austrian ultimatum, to extend the time-limit, to have Serbia appeal to the Great Powers, to have England and Italy collaborate with Austria to end the tension, to have Austria modify her ultimatum, even after it had been presented and answered, to have the Great Powers institute a kind of informal international supervision over Serbia to prevent anti-Austrian plots in the future,⁶ and above all to have England restrain Austria and Germany by proclaiming unmistakably her solidarity with France and Russia.⁷ No wonder that at the British Foreign Office Sir Arthur Nicolson complained on July 27 : “This is confusing. In three consecutive days M. Sazonov has made one suggestion and two proposals all differing from each other. . . . One really does not know where one is with M. Sazonov, and I told Count Benckendorff so this afternoon.”

Germany’s main solution, until she read the conciliatory Serbian reply and began seriously to realize that Russia would not remain quiet, was the “localization“ of the conflict which she had been urging for a week. Italy, embarrassed by her obligations to both groups of Allied Powers, and therefore especially desirous of preventing a European war, hoped to work with England to this end. On July 27 and 28 she made an excellent proposal. If the Powers would give the advice, even after the diplomatic break of July 25, Serbia might be induced even still to accept the Austrian demands in their entirety; Austria would then be satisfied; Serbia would save her face by yielding to Europe and not to Austria alone; and the Powers could adjust the details by which Serbia would carry out the demands of Austria. The proposal seemed to be substantially acceptable to the Serbian Minister in Rome. But in the end it came to nothing, largely because it was not taken very seriously by the Entente Powers and was crowded aside by their other proposals, and because Austria quickly complicated the situation by declaring war on Serbia.

To attempt to give an account of all these numerous proposals for preserving peace in July, 1914, would be tedious and futile. But it will be useful to review briefly at this point a few of those which were made before July 28, and which were of special significance, or seemed to have the greatest prospect of being successful, or have often been not clearly understood. They are the various proposals of Sir Edward Grey, and the so-called “Direct Conversations“ between Vienna and St. Petersburg.

Englands Key Position

In most of the peace proposals, England was generally recognized as holding the key to the situation, for several reasons. Her direct interests in the Balkans were less than those of the other Great Powers, and, as Grey reiterated, the merits of the Austro-Serbian dispute were not his concern; it was only from the point of view of the peace of Europe that he would concern himself with the matter, and about this he felt great apprehension. Now, just as during the Balkan Wars, he was looked to as

the man most impartial and best able to take steps toward calling an international conference or providing some other means of preventing the two groups of Great Powers from coming into conflict. Moreover, England was not bound by any formal alliance with either group.

Grey was unwilling, early in the crisis, to warn Germany energetically, because his Cabinet was divided on the question of England's eventual intervention; he could not make a threat which he might not be able to carry out; and he was fearful of saying anything which might encourage France and Russia to let themselves in for war, counting on support which the British Cabinet and Parliament might not be willing to render when the ordeal came. It was only very gradually that he acceded to the urgings of Russia and France, seconded by his own Secretaries, Crowe and Nicolson, and gave warning hints to Germany in the shape of announcements concerning the British Fleet, and later in plainer terms to the German Ambassador. Nor, on the other hand, was he willing to put restraint upon Russia, for fear it might break down the solidarity of the Triple Entente, cause "misunderstandings," and possibly wreck the Anglo-Russian Entente concerning the Middle East.

In the early summer of 1914, before the Sarajevo tragedy, and even during the days immediately following it, English minds were far more absorbed as to what might happen in Ireland than in the Balkans. The eternal Irish question threatened at last to reach a tragic culmination (Ireland stood on the precipice of civil war in 1914. The contentious issue of Home Rule was a divisive matter that saw Nationalist and Unionist militias arm themselves in preparation for seemingly imminent bloodshed.).

Ulster was arming, and openly defying the Asquith Government to apply force through Sir John French's army. The Irish Nationalist Volunteers had also begun to arm. Ireland seemed on the verge of civil war. Hardly anyone in England appeared to realize how the European situation might be seriously menaced by a double murder in faraway Bosnia. Only a few men who had closely followed Continental politics, like Sir Arthur Nicolson and Sir Eyre Crowe, and perhaps Sir Edward Grey, at the Foreign Office, or who were responsible for the safety of the British Empire, like Lord Haldane at the War Office and Winston Churchill at the Admiralty, became somewhat apprehensive. Yet Lord Haldane had created a little standing army ready to be sent across the Channel at a moment's notice, and had been organizing a larger territorial force for the protection of England herself. And Winston Churchill had assembled for maneuvers at Portsmouth what he proudly but justly calls "incomparably the greatest assemblage of naval power ever witnessed in the history of the world. The King himself was present and inspected ships of every class. On the morning of the 19th [July] the whole Fleet put to sea for exercises of various kinds. It took more than six hours for this armada, every ship decked with flags and crowded with bluejackets and marines, to pass, with bands playing and at 15 knots, before the Royal Yacht, while overhead the naval seaplanes and aeroplanes circled continuously.

Aside from the fact that Sir Edward Grey's time and attention were largely absorbed at this time in Parliamentary affairs and the acute Irish situation, there were many reasons why he at first felt no serious alarm for the peace of Europe. In spite of the persistent and fundamental undercurrent of friction caused by Germany's naval policy, his relations with Germany were on the whole better than they had been for many months. The treaties concerning the Bagdad Railway and the Portuguese colonies had been completed and initialed; they awaited only the final signature. Another happy augury for more cordial relations was the visit of the British Fleet at Kiel. Though it was unfortunately interrupted by the tragic news of Sarajevo, this Kiel visit, according to the British Naval Attache, was a great success, all the more so because of its non-political character. The Germans were honestly glad to see their guests and were looking forward eagerly to a return visit to an English port, being sick to death of the sight of Heligoland, round which their monotonous naval work centered. One surprise for the British was the fact that they were beaten in football and the other sports, in which they had always supposed they had a monopoly of superiority. Altogether the utmost good fellowship prevailed between officers and men on both sides, and the comments of the Press were less acrid and irritating than usual.

Grey believed that he could successfully continue the main aims of his foreign policy: the cultivation of more intimate relations with France and Russia as a protection against Germany; the smoothing out of causes of friction with Germany; and at the same time the preservation of the peace of Europe by preventing any questions which arose from throwing the two systems of alliance into opposition. It has often been said that war could have been avoided in 1914 if a Conference of the Powers could have met and discussed the Austro-Serbian quarrel. This is quite probable. As none of the responsible statesmen wanted a European war, it is possible, even probable, that a way out of even this most difficult Balkan conflict might have been found in a Conference, as it had been found during the crises of the Balkan Wars. The Conference which Sir Edward Grey proposed in 1914, however, it may be noted, was of four Powers—England, France, Germany and Italy —while the Conference which had succeeded in averting a general European conflagration during the Balkan Wars was of the six Great Powers, Russia and Austria being also included.

It is also commonly asserted by Entente writers that Sir Edward Grey did his utmost to bring about a Conference, but that Germany vetoed it, and that her veto places on her shoulders a further responsibility for the World War. This is the impression which Viscount Grey gives in his memoirs. But this is far from being wholly true.

(1) An early suggestion for "direct conversations" between Vienna and St. Petersburg, which was vetoed by President Poincare. The "direct conversations" which did take place between Austria and Russia, July 26-28, which Grey and Nicolson regarded as "the best method," and which the Russian and German Governments both thought preferable to a Conference, were the consequence of a suggestion, not by Grey, but

by the German Ambassador at St. Petersburg.

(2) A proposal for mediation between Austria and Russia by the four less directly interested Powers, “accepted in principle“ by Germany, but disliked by Russia and France.

(3) A proposal for mediation between Austria and Serbia in a Conference of Ambassadors, made under the influence of Russia and M. Paul Cambon, at first rejected by Germany and Austria, but later accepted in modified form and bona fide by Germany, though not by Austria.

Grey’s Proposal for “Direct Conversations“

In the intervals of the Irish trouble Sir Edward Grey had conversations with Prince Lichnowsky on July 9, 15, and 20. 10 The German Ambassador urged England to exercise restraint upon Russia. But Sir Edward Grey became more cautious and more regardful of Russia’s point of view. It would all depend, he told Lichnowsky, on what kind of measures Austria might take. Grey hoped that the quarrel might be settled and localized, for the idea of a war between the Great Powers of Europe must be repelled under all circumstances.“

The suggestion of Sir Edward Grey’s of Conversations between Russia and Austria was an excellent one, but it met with instant and emphatic condemnation from President Poincare, when Buchanan proposed it to him during the visit to St. Petersburg:

“His Excellency [President Poincare] expressed opinion that a conversation a deux between Austria and Russia would be very dangerous at the present moment, and seemed favorable to moderating counsels by France and England at Vienna.“

“Very dangerous“ to have Austria and Russia converse with a view to coming to a friendly and peaceful solution of the Austro-Serbian conflict? One rubs one eyes to see if one has read aright. Very dangerous to what? Certainly not to the peace of Europe. But perhaps to M. Poincare’s policy of having the Triple Entente stand as a solid block in opposition to Germany and Austria, refusing conciliatory arrangements with either of them, and preparing to force them to accept diplomatic defeat or fight against superior forces. For more than two years he had sought to tighten the Triple Entente in every way possible, and to prevent separate understandings by any one of its members with Germany or Austria. He had repudiated M. Rene’s efforts at conciliation by greater autonomy to Alsace-Lorraine.

When M. Crozier, the French Ambassador at Vienna, sought to establish better relations between Austria and Russia and France, and the listing of Austrian securities on the Paris Bourse, M. Poincare thwarted his efforts; then he recalled him and replaced him by M. Dumaine, a less capable man, but a more docile instrument of his own policies. And in his memoirs he seeks to discredit M. Crozier by heaping ridicule upon his “Olympian thoughts,“ “vague suggestions which he mistook for ideas,“ and

“cloudy vaporings.” According to Izvolski, M. Poincare claimed also to have prevented the success of the Haldane Mission and the Anglo-German negotiations for a naval understanding. During the Balkan Wars he never wanted Sazonov to enter upon any separate negotiations without first concerting a policy with the two other members of the Triple Entente.

After Poincare’s decisive disapproval of “direct conversations“ it is doubtful whether Buchanan even mentioned the idea to Sazonov, since his telegram to Grey, quoted above, does not speak of it, but continues:

“I also spoke to the Minister of Foreign Affairs, whom I met later in the day. His Excellency said that if Austria could prove plot had been hatched in Serbia there was no objection to her asking Serbian Government to institute judicial inquiry, and this, he believed, Serbia was ready to do. He thought, however, it would be advisable for three Governments [Russia, France and England] to counsel moderation at Vienna.“

These telegrams from Sir George Buchanan show that both Poincare and Sazonov wanted to have Russia, France and England put pressure on Austria, which would force her to abandon her plans at the behest of the Triple Entente. And in fact, before President Poincare’s departure from Russia, Sazonov told Buchanan that the Russian Ambassador in Vienna was being instructed to concert with his French and British colleagues “with a view to giving friendly counsels of moderation,“ and hoped that Grey would give similar instructions. But the British Foreign Office Secretaries disapproved the suggestion and Grey decided not to act on it until next day.³⁵ Next morning he was informed of the text of the ultimatum which had already been presented at Belgrade the night before. Since England had delayed to fall in with the Poincare-Sazonov plan and the ultimatum had already been presented, the French and Russian Ambassadors at Vienna made no use of their instructions to have the Triple Entente give Austria the intended warning.

In short, Grey said: mediation at Vienna and St. Petersburg, but only “after it was clear that there must be trouble between Austria and Russia.“ Cambon said: intervene with mediation at Vienna between Austria and Serbia at once, and get Germany to propose it. Cambon’s account of this interview with Grey, however, supposing it is correctly given in the French Yellow Book, never mentioned Grey’s mediation proposal in the form Grey really made it to him. On Friday afternoon, after his interview with Cambon, and after a long and wearisome Cabinet on the Irish question, Sir Edward Grey saw Prince Lichnowsky. After the latter had given him the German communique defending Austria’s action and urging a “localization“ of the conflict, Sir Edward Grey replied that if the ultimatum did not lead to trouble between Austria and Russia, he “had no concern with it.“

Next day, having heard from Buchanan that M. Sazonov “thought that Russia would at any rate have to mobilize,“ Sir Edward Grey made to Russia his proposal for mediation between Austria and Russia by the four less directly interested Powers.

In view of the sweeping statement often made that Germany blocked all Sir Edward Grey's peace proposals, it is interesting to note the attitude of Germany, and compare it with that of Russia and France. Germany at once expressed approval.

On Saturday morning, July 25, when the British Charge at Berlin presented it, the German Foreign Office was still optimistic that the conflict could be localized. It had been informed that Berchtold had told the Russian Ambassador in Vienna that "Austria-Hungary had no intention of seizing Serbian territory." It thought that this assurance might exercise a calming effect at St. Petersburg, but if not—if the relations between Austria and Russia became threatening then Germany "was quite ready to fall in with your [Grey's] suggestion as to the four Powers working in favor of moderation at Vienna and St. Petersburg."

Meanwhile, in London, before the arrival of this, Sir Edward Grey and the German Ambassador again discussed the proposal for mediation between Austria and Russia. Prince Lichnowsky said "he thought Austria might with dignity accept it, and expressed himself personally favorable." Grey endorsed this, and said that "between Serbia and Austria I [Grey] felt no title to intervene, but as soon as it was a question between Austria and Russia, it was a question of the peace of Europe, in which we must all take a hand. . . . The participation of Germany would be essential to any diplomatic action for peace."

What was the attitude of Russia and France toward the British mediation proposal? The Russian Ambassador objected to it, as we learn from a despatch of Grey to Buchanan which was suppressed from the British Blue Book of 1914. France also, like Russia, took a negative attitude toward Sir Edward Grey's proposal for mediation between Austria and Russia. As has been indicated above, it was made to Cambon around mid-day on Friday, July 24; but it made little or no impression on him, owing perhaps to his eagerness to impress upon Grey the plan for mediation between Austria and Serbia, which he and Count Benckendorff had agreed upon together. Nor did Cambon report it to his Government. Sir Edward waited in vain for any reply from the French. He had to admit next day to Lichnowsky that "he did not yet know whether France would participate. He had talked with Cambon, but had so far received no reply. He counted firmly on the assent of France, although he did not know how far she was already committed to Russia."

Thus, it was not so much Germany, as Russia and France, who failed to give approval to Sir Edward Grey's proposal for mediation by the four Powers if Austria and Russia should mobilize.

Thus Sir Edward Grey's peace proposal for "direct conversations" between Vienna and St. Petersburg fell to the ground, owing to Poincare's decisive disapproval and desire to substitute in its place Triple Entente pressure at Vienna. The direct conversations which Sazonov consented to undertake later, July 26-28, after Poincare had left Russia and no longer exercised such an immediate influence on the Russian

Minister of Foreign Affairs, were owing to the initiative, not of Sir Edward Grey, but of the German Ambassador in St. Petersburg.

Grey's Proposal for a Conference of Ambassadors, July 26

On Saturday evening, July 25, the European situation had taken a decided turn for the worse. Austria had broken off diplomatic relations at Belgrade, and Austria and Serbia had ordered mobilization against each other. In Russia war excitement and the military party were in the ascendant, the Tsar had sanctioned provisionally the mobilization of 1,100,000 men, and measures of the "Period Preparatory to War" were about to be put into effect. But the news of these ominous events had not yet reached London.

Germany had expressed approval of mediation by the four Powers at Vienna and St. Petersburg, if "localization" failed and the situation between Austria and Russia became threatening. As the situation seemed more hopeful, some of the British Cabinet left London for Sunday in the country. Winston Churchill, who had arranged to spend the day with his family at Cromer, decided not to alter his plan, and went peacefully to bed with a feeling that things might blow over. Sunday morning he went down to the beach and played with his children, damming up the little rivulets which trickled down to the sea as the tide went out. Sir Edward Grey, for his part, went down for Sunday rest to Itchen Abbas and his beloved birds and woods. Sir Arthur Nicolson was left in charge at the Foreign Office.

From Buchanan in St. Petersburg came a telegram:

"Russia cannot allow Austria to crush Serbia and become predominant Power in the Balkans, and, secure of support of France, she will face all the risks of war. For ourselves position is a most perilous one, and we shall have to choose between giving Russia our active support or renouncing her friendship. If we fail her now we cannot hope to maintain that friendly cooperation with her in Asia that is of such vital importance to us."

This telegram, indicating that "Russia, secure of support of France, will face all the risks of war," might well have prompted Sir Edward Grey to the conclusion that it was high time to attempt to exercise a moderating influence at St. Petersburg. The British Foreign Office took the stand expressed in a minute by Sir E. Crowe on July 25:

"The moment has passed when it might have been possible to enlist French support in an effort to hold back Russia. It is clear that France and Russia are decided to accept the challenge thrown out to them... Our interests are tied up with those of France and Russia in this struggle, which is not for the possession of Serbia, but one between Germany aiming at a political dictatorship in Europe and the Powers who desire to retain individual freedom."

England expected Germany to exercise restraint upon Austria not to move against Serbia, but unless Germany did so England was unwilling to exercise any restraint upon her Entente friends. Here was the evil of the system of alliances. On neither side was a Power willing to put out a restraining hand upon its ally or friend for fear of destroying the alliance or friendship. Instead, therefore, of dispatching a moderating telegram to St. Petersburg, England now merely decided to make a new peace proposal. Sir Arthur Nicolson, noting Sazonov's suggestion to Buchanan quoted above, wrote to Sir Edward Grey at Itchen Abbas:

“I think that the only hope of avoiding a general conflict would be . . . that you should telegraph to Berlin, Paris, Rome, asking that they shall authorise their Ambassadors here to join you in a Conference to endeavour to find an issue to prevent complications and that abstention on all sides from active military operations should be requested of Vienna, Serbia, and St. Petersburg pending results of conference.”

Grey at once approved, and on July 26, at 3 P. M., this proposal for a Conference of Ambassadors of the four Powers was dispatched to Paris, Berlin and Rome. It was also repeated to the British representatives at St. Petersburg, Nish and Vienna with instructions to endeavor to prevent active military operations pending the results of a Conference, as soon as they had received similar instructions from their Italian, French and German colleagues. A similar Conference of Ambassadors at London under Sir Edward Grey's leadership had functioned successfully during the Balkan Wars to prevent that cancerous trouble from spreading to the rest of Europe. Conference of 1912-13 had been composed of the Ambassadors of all the Great Powers of Europe, who represented the two opposing groups into which Europe was divided, instead of four only, as Grey had proposed. All the members of the London Conference, except perhaps Austria, had at that time, been genuinely anxious to preserve the peace of Europe. In 1912-13, Russia was not ready for war; France did not want a war over Balkan questions; and Germany did not want to be dragged into a war because of Austria's difficulties.

ut in 1914 these Powers were, for various reasons, less disinclined for war than in 1912-13. Now in 1914, Grey was proposing the far more delicate task of attempting to decide a question which involved the prestige of the Triple Alliance and Triple Entente. He was virtually proposing a tribunal which was ostensibly fair and possible, being composed of two allies of Austria (Germany, Italy), and two friends of Russia (England and France). But, in view of Italy's nationalist hostility to Austria, of her ambitions in the Balkans which conflicted with those of Austria, and of her secret agreements with France (in 1900 and 1902) and with Russia (at Racconigi in 1909), it was likely that Italy would be more inclined to side with the Entente than with her ally.

In the proposed Conference, therefore, the “four less directly interested Powers“ would be likely to stand three to one against Austria and Germany, instead of being evenly balanced two to two. This fact probably explains in large part Germany's ultimate

rejection of this European "Areopagus." To Germany, the proposal had the additional objection that, though "active military operations" were to be suspended pending the result of the Conference, Russia could still continue her "preparatory measures," and so deprive Germany of her advantage of being able to mobilize much more quickly than Russia. When the proposal was made at Berlin, Bethmann telegraphed to Lichnowsky:

"We could not take part in such a conference, as we should not be able to summon Austria before a European court of justice in her case with Serbia. Sir Edward Grey makes a sharp distinction, as Your Excellency has expressly reported, between Austro-Serbian and Austro-Russian conflict, and is concerned about the former just as little as ourselves. Our mediation activities must be confined to a possible Austro-Russian clash. In regard to the Austro-Serbian conflict, the method of a direct understanding between St. Petersburg and Vienna . . . appears to me to be feasible. I therefore request you most urgently to advocate in London the necessity and the possibility of localization."

Germany rejected Grey's conference proposal for several reasons. She had not quite yet abandoned her hope, though she was to do so in a few hours, that the Austro-Serbian conflict could be treated as one to be "localized." She hoped, that the "direct conversations" which were being opened between St. Petersburg and Vienna, might prove a more satisfactory method of averting trouble between these two countries. She knew also that a Conference would not be palatable to her ally, for Austria retained bitter memories of the decisions of the London Conference during the Balkan Wars, and of its impotency in enforcing its decisions against Serbia. Bethmann naturally feared that in such a Conference of four Powers as Grey proposed, Germany would inevitably be in a minority of one to three; Italy would side with the Triple Entente rather than with her own nominal allies and so Germany at the Conference would stand alone in representing Austria's point of view against England, France and Italy. Furthermore, from a military point of view, a conference of ambassadors might work to Germany's disadvantage; its decisions would be likely to drag out for days or weeks; but meanwhile Russia was making active military preparations; if the Conference should break down and war come eventually, Germany would be deprived of much of the military advantage which she enjoyed in being able to mobilize more rapidly than Russia, an advantage which she counted on partly to offset the superior numbers of the French and Russian armies. A final, and probably decisive, reason for the rejection of Grey's conference proposal was the fact that the German Foreign Office had . . . received simultaneously a strongly worded annotation from Emperor William emphatically rejecting Grey's earlier proposal for mediation between Austria and Serbia.

Though there are thus many reasons which made it natural for Germany to reject Grey's conference proposal It strengthened the suspicion among the Entente Powers that Germany was not sincere in protesting that she desired to maintain the peace

of Europe. It unfortunately made them doubt her sincerity, when, a little later, she genuinely tried to restrain Austria and induce her to accept mediation. As Sir Eyre Crowe noted, on hearing Jagow's negative reply to the conference proposal: "So far as we know, the German Government has up to now said not a single word at Vienna in the direction of restraint or moderation. If a word had been said, we may be certain that the German Government would claim credit for having spoken at all. The inference is not reassuring as to Germany's goodwill." It was suspicion of this kind which largely contributed to the ultimate catastrophe.

France is also generally stated by Entente writers to have "sent in at once a completely favorable answer." But as a matter of fact France appears to have hesitated. On the following day, July 27, the French Charge d'Affaires in London twice called attention to the proposal, adding that it "ought, I think, to be supported." On July 26, the German Ambassador, at Paris, Baron von Schoen, had stated to Bienvenu-Martin, that "Austria has declared to Russia that she does not desire territorial acquisitions ... but only to secure peace and quiet and exercise police supervision, and consequently it rests with Russia to prevent war. Germany is at one with France in her ardent desire to preserve peace, and she sincerely hopes that France will exercise a moderating influence at St. Petersburg."

France in fact had no more desire to exert pressure for peace on her Russian ally, than did Germany on her Austrian ally. Such pressure might have tended to sow distrust between two allies just at the moment when they most needed to stand together, and would not have been welcome in the capital where it was exerted. When Grey's proposal was presented at St. Petersburg, Russia did not favor it. Sazonov had already entered upon "direct conversations" with Vienna, by which he hoped to induce Austria to accept modifications in her demands on Serbia. If Sazonov could accomplish this by conciliatory negotiations conducted at the same time that extensive military preparations were taking place in case they failed, he would have secured a great diplomatic triumph by his own efforts directly for Russia, without having to accept a solution of the crisis brought about by a conference of the Powers or by moderating counsels from France. So he at first preferred to pursue his "direct conversations," rather than have Sir Edward Grey take the initiative in calling a conference of Ambassadors. If the former failed, he could always fall back on the latter. This explains his negative answer to Sir Edward's proposal:

"If our direct explanations with the Vienna Cabinet lead to no result, I should be ready to accept the English proposal, or any other, which would bring about a peaceful solution of the conflict. I wish, however, from this day forth, to put an end to a misunderstanding which slipped into the answer [of Bienvenu-Martin to Schoen]. In case it is a question of exercising a moderating influence at St. Petersburg, we reject it in advance, because we have from the beginning taken a stand which we cannot at all alter, since we have already met all the demands of Austria-Hungary which are acceptable."

To this Izvolski replied reassuringly:

“According to my conversation yesterday at the Quai d’Orsay, the Acting Minister of Foreign Affairs does not for a minute admit the possibility of exercising a moderating influence in St. Petersburg, but only replied to the German Ambassador that it was not Russia, but Austria, that was menacing the peace of Europe; and that, in any case, if there was a question of any moderating influence, this should be exercised not only in St. Petersburg, but first of all in Vienna. As a result of his conversation with Baron Schoen, the Minister declined to accept the German proposal.” The last paragraph of Sazonov’s telegram and the whole of Izvolski’s reply, both of which were suppressed from the Russian Orange Book along with other passages which did not square with the Russian thesis that Germany was to blame and that Russia had done everything possible to avert war, throw a new light on Russian diplomacy in the July crisis. Russia and her French ally were insisting that Berlin exercise a moderating influence at Vienna, while Russia herself refused from the outset to accept any such influence, and was supported in this by France. In this respect Russia was pursuing an uncompromising attitude, threatening to the peace of Europe, exactly analogous to that of Germany from July 5 to 28, who had been insisting that France and England should exercise a moderating influence at St. Petersburg, while she herself refused to do likewise at Vienna. But there was soon a difference: by July 28 Germany had abandoned her hitherto uncompromising attitude, as we shall see later, and really began to attempt to exercise an increasingly strong moderating influence at Vienna; but France and England continued to refrain from restraining Russia, and Russia proceeded to the general mobilization, which she had been warned would make a European War inevitable.

Since none of the Powers, except Italy, gave an immediate and unconditional acceptance to his conference proposal, and since Russia and Germany decidedly preferred to await first the success of the “direct negotiations,” Grey willingly put his own proposal aside for the moment. “I entirely agree,” he telegraphed to Goschen, “that direct exchange of views between Austria and Russia is the most preferable method of all, and as long as there is a prospect of that taking place I would suspend every other suggestion. ... It will no doubt relieve the tension and make the situation less critical.” What were these “direct conversations” between Sazonov and Szapary at St. Petersburg which originated simultaneously and moved parallel with Grey’s conference proposal, and were partly responsible for its being dropped?

Direct Conversations between Vienna and St. Petersburg, July 26-28

It is said by most writers that it was Sazonov who originated the attempt to find a peaceful solution of the crisis by direct negotiations between St. Petersburg and Vienna. As a matter of fact, the idea had occurred to Sir Edward Grey at the outset, but had been put aside and lost to sight. It was the German Ambassador in

St. Petersburg, Count Pourtales, who was really responsible for bringing this peace proposal into practical operation.

On Sunday morning, July 26, after the break-up of the maneuvers at Krasnoe Selo and the other military decisions on the preceding afternoon, Count Pourtales and M. Sazonov happened to meet on the platform of the railway station at Krasnoe Selo. They entered the same carriage and traveled up to St. Petersburg together. Pourtales, finding Sazonov much less excited than the day before, took advantage of this informal opportunity again to urge that Austria had no hostile intentions toward Russia, and was only seeking measures of safety to protect herself from the Serbian danger on her borders. Sazonov replied that Russia likewise had no desire for war; a bridge must therefore be found, on the one hand, to satisfy the demands of Austria, the legitimacy of which he recognized so far as they related directly to the instigators of the crime; and, on the other hand, to make their acceptance possible to Serbia; some of the demands would have to be toned down, and he urged joint action by all the Powers, including Germany, to bring this about. Pourtales then urgently advised him to have a frank and friendly talk with Szapary, the Austrian Ambassador at St. Petersburg, with whom Sazonov had had no words since the excited interview of Friday, when first confronted with the Austrian ultimatum. On arriving at St. Petersburg, Pourtales then went to see Szapary, told him of Sazonov's calm and conciliatory state of mind, and gave him the same good advice to seek a frank and friendly direct conversation with the Russian Minister.

Acting on the German Ambassador's suggestion, Szapary at once went to see Sazonov and had the friendly conversation for which Pourtales had thus prepared the way. Without going too much into detail, Sazonov proposed to Austria: "Take back your ultimatum; modify its form; and I will guarantee you the result." Unfortunately, however, all these hopes were misplaced, owing to Berchtold's obstinacy and determination to proceed with his plan of military action against Serbia. Proposals for preserving peace, instead of being accepted by him, decided him to forestall them by presenting Europe with the fait accompli of an Austrian Declaration of War on Serbia.

Summary

Such were a few of the more important proposals for preserving peace, prior to July 28; they all came to nothing. Grey's original suggestion for "direct conversations," vetoed by Poincare as "very dangerous," was quickly dropped and completely lost to sight. The Entente efforts to have Austria extend the timelimit were either directly rejected by Vienna, or rendered impossible by the shortness of the time within which the Powers had to act.

Grey's proposal for mediation between Austria and Russia, accepted in principle by Germany, was not immediately accepted by France, who wanted mediation between

Austria and Serbia, nor by the Russian Ambassador in London who was "very apprehensive" that it would encourage Germany in the impression that the Triple Entente was lacking in solidarity. Grey's proposal for a conference of the Ambassadors of four Powers, rejected for various reasons by Germany, not accepted immediately by France, and put aside by Russia in favor of "direct conversations," was quickly suspended by its author, who also agreed that "the direct exchange of views between Vienna and St. Petersburg is the most preferable of all." But these "direct conversations," suggested by the German Ambassador in St. Petersburg, and taken up by Sazonov, were thwarted by Berchtold's refusal to consent to any modification of his demands, and by his declaration of war on Serbia with the deliberate purpose of forestalling any kind of mediation which might prevent Austrian military action against Serbia.

As it took many hours for telegrams to come and go, and as the situation changed rapidly from day to day, it was essential for the success of these various peace proposals that they should be accepted immediately. But they were not so accepted. With the exception of England and Italy, the different Powers, for one reason or another, in the case of each proposal, either preferred other methods, or delayed immediate acceptance, or gave a negative reply. So the proposals for preserving peace made prior to the Austrian Declaration of War on Serbia fell to the ground. After Austria had faced Europe with the *fait accompli*, it was more difficult than ever to get satisfactory peace proposals, accepted.

7.22 Germany's belated Peace Efforts

Until Monday, July 27. Bethmann and his colleagues at Berlin had adhered consistently to their policy of hoping and insisting that the Austro-Serbian conflict could and should be localized. Early on Sunday afternoon, July 26, having heard of some of the Russian military decisions at Krasnoe Selo and that "all preparations are being made for mobilization against Austria," Bethmann again stated Germany's attitude and sought to dissuade Russia from taking mobilization measures which might endanger the peace of Europe. At the same time, in similar telegrams to London and Paris, Bethmann urged England and France to exercise a moderating influence at St. Petersburg. But these failed completely of their desired effect.

Similarly on Monday morning, July 27, after rejecting Grey's conference proposal in favor of "direct negotiations," Bethmann telegraphed to Paris: "We cannot mediate in the conflict between Austria and Serbia, but possibly later between Austria and Russia." This suggestion of mediation between Austria and Russia hints at the beginning of a change in his attitude—the first sign of an eventual abandonment of "localization," and the possible adoption of some mediatory role to secure an agreement between Vienna and St. Petersburg.

German doubts as to “Localization“

An important factor in Germany's immediate decisions was the hurried return of the Kaiser to Potsdam on the afternoon of July 27. “The Foreign Office,” Jagow was reported to have said, “regret this step which was taken on His Majesty's own initiative. They fear that His Majesty's return may cause speculation and excitement.” During his northern cruise he had been furnished by Bethmann with scanty but fairly optimistic reports, calculated to keep the Kaiser calm and deter him from giving any orders to the German Fleet which might cause alarm. But Bethmann had been unsuccessful. Hearing from the Admiralty that the Kaiser, on the strength of a Wolff telegram, had directed the Fleet to make preparations to return home, Bethmann “ventured most humbly to advise that Your Majesty order no premature return of the Fleet.” Upon this the Kaiser made the characteristic annotation:

“Unbelievable assumption! Unheard of! It never entered my mind!! I This was done on report of my Minister about the mobilization at Belgrade! This may cause mobilization of Russia; will cause mobilization of Austria. In this case I must keep my fighting forces by land and sea collected.“

The Kaiser had also been irritated while still at sea, because it was through a newspaper agency, and not officially through Bethmann, that he had first learned the terms of Austria's demands on Serbia. The Kaiser and his officials, who were now back in Berlin, were all vexed at the way in which the Chancellor had kept them absent from the capital and insufficiently informed. They were seriously alarmed at the way Bethmann had allowed Berchtold to draw so heavily upon the blank check of July 5. They saw that a serious crisis was very rapidly developing for which no special military preparations had been made, and for which the diplomatic situation began to look unfavorable. Russia, drawing encouragement from France and England, was making louder objections and more wide-reaching military preparations than had been anticipated.

The localization of the conflict as hoped for in Berlin was wholly impossible, and must be dropped from the calculations of practical policies. The Italian Foreign Minister, San Giuliano, had declared that, since Austria had not consulted her ally “before entering upon a move so portentously aggressive, . . . Italy could not consider herself bound in connection with the further consequences. . . . The Austrian Note was worded so aggressively and so ineptly, that the public opinion both of Europe and of Italy would be against Austria—no Italian Government could stand against it. . . . The Triple Alliance compact was an obligation in connection with a defensive war ; Austria was now proceeding aggressively; and Italy, therefore, even in the event of Russian intervention, would not be further obligated.“ So it began to look as if Bethmann's optimism and “localization“ policy might prove a frightful blunder.

At a conference at Potsdam late on Monday afternoon, July 27, between the Kaiser, Bethmann, Jagow, Moltke, and some other officials, in spite of the irritation at the

Chancellor, there still seems to have been substantial solidarity of opinion that he was correct in his view that a peaceful solution for the crisis could be found; and no important military orders were issued. "Localization" apparently still remained the German program.

German Advice to Austria

and Jagow found a handful of new telegrams which showed that the situation was becoming more serious, and which indicated the doubtful wisdom of continuing to adhere rigidly to the policy of strict "localization." Germany must pay more heed to mediation proposals and advise Berchtold to give them consideration. She must attempt, but without giving Austria offense or doubt as to her continued support, to take back into her own hands that freedom of action in the Serbian question which she had so unwisely abandoned on July 5.

Germany must assume the role of mediator, and advise Austria to consider the English and Russian peace proposals. Otherwise, there would be an increase in the suspicion which was being circulated by the French Ambassadors that Germany was egging Austria on, knew the text of the ultimatum from the beginning, wanted war, and was acting mala fide in pretending to desire peace. Moreover, England would be dangerously antagonized and might not, in case of a continental war, preserve the neutral attitude, for which Germany hoped and which she believed had just been promised by King George to Prince Henry of Prussia.

Though Bethmann had already been given to understand that it "agreed to nearly all the points," the reading of the text showed him definitely how conciliatory it was, and how far Serbia had yielded to the demands. He may well have been irritated at Berchtold for not having even yet sent a copy of it to Berlin. There were four new telegrams telling of Russian military preparations along the German frontier: Kovno put in a state of war; the mouth of the Diina barred with mines; and troop movements at several points. A telegram from Vienna announced Austria's sudden decision "to issue the official declaration of war tomorrow, or the day after tomorrow at the latest, primarily in order to cut the ground from every attempt at intervention," instead of adhering to the plan, already notified to Berlin, of waiting until about August 12, when the concentration of the troops would be completed.

A telegram from Lichnowsky indicated the disturbing fact that Sir Edward Grey was losing patience with Germany. Grey had just read the text of the Serbian reply, and found that "Serbia had agreed to the Austrian demands to an extent he would never have believed possible." Should Austria reject it as a foundation for negotiations, or occupy Belgrade, "Russia could not regard such action with equanimity, and would have to accept it as a direct challenge. The result would be the most frightful war Europe had ever seen, and no one could tell to what such a war would lead." He was convinced that it lay in Germany's hands to settle the matter by proper

representations. (And yet did not think about how he himself could influence Russia to stop the saber rattling.)

In view of all this serious news, Bethmann decided that the time had come to accede to Grey's request to act as mediator. He telegraphed to Tschirschky at Vienna the text of Lichnowsky's telegram with its warning and its proposal from Grey that the Serbian Note be accepted as a basis for a settlement: "Our situation is all the more difficult, inasmuch as Serbia has apparently yielded to a very great degree. Therefore we cannot refuse the mediator's role, and must submit the English proposal to the consideration of the Vienna Cabinet, especially as London and Paris continue to make their influences felt in St. Petersburg. I request Count Berchtold's opinion on the English suggestion, as likewise his views on M. Sazonov's desire to negotiate directly with Vienna."

But by the time Tschirschky presented this communication to Berchtold, the Austrian Minister replied that "now, since the opening of hostilities on the part of Serbia and the ensuing [Austrian] declaration of war, England's move was made too late." Berchtold had faced his ally, as well as Europe, with the fait accompli of war with Serbia, and so "cut the ground from any attempt at intervention."

The Austrian Declaration of War on Serbia, July 28

There had been a general fear in Europe that Austria would quickly follow her diplomatic break with Serbia by a declaration of war or an opening of hostilities. This also had at first been the expectation and advice of Germany, in order to secure "localization" and by quick action reduce the likelihood of Russian intervention. When this did not take place, there was some feeling of relief, and the prospects for the success of "direct conversations" seemed good. The reason that military action did not follow the diplomatic break at once was that the first day of Austria's partial mobilization was not to be until July 28, and the armies would not be concentrated for action until about two weeks later. Conrad did not want war until his armies were concentrated. Tschirschky was informed of this about noon on July 26. Berlin learned of it on the morning of July 27, and was therefore not expecting a declaration of war or the opening of hostilities until about August 12.

But when Pashitch's advance summary of the Serbian reply began to make a favorable impression, and when Berlin transmitted Grey's hope that Vienna would take a favorable view of it, Berchtold began to doubt the wisdom of so long a delay. "When do you want a declaration of war?" he asked Conrad toward noon on July 26. "About August 12," the Chief of Staff replied. "The diplomatic situation will not last as long as that," said Berchtold. However, no change in Conrad's plans was made at the moment. The Vienna authorities still believed that Russia would not move, and that there was no need for haste in dealing with Serbia. But on July 27, when the news of the Krasnoe Selo military preparations and demonstrations came in, they

“decided to issue the declaration of war tomorrow, or at latest day after tomorrow, in order to cut the ground from every attempt at intervention.” Thus, Austria made great haste due to Russia's military activities on the border.

Such an intervention seemed even more likely, in the course of the evening, with the arrival of Szapary's despatch proposing “direct conversations” and news of Grey's proposal for a Conference. Berchtold therefore instructed Szapary that he might converse with Sazonov, but “without entering into any kind of a binding engagement.” At the same time a declaration of war against Serbia was drawn up, together with a memorandum to persuade Emperor Francis Joseph to authorize its being sent “early tomorrow morning.” It contained two main arguments. First, since the Serbian reply was cleverly worded and conciliatory in form but wholly worthless in substance, the Entente Powers might make an attempt to reach a peaceful settlement, “unless a clear situation is brought about by a declaration of war.” And second, the Serbians had opened hostilities by firing on Austrian troops at Temes-Kubin on the Danube. Berchtold then went to Ischl. By using these two arguments he won the Emperor's assent, telephoned the news to Vienna, and the Austrian declaration of war was then dispatched to Nish a little before noon on July 28, in an uncoded telegram in French.

Berchtold had now “brought about a clear situation” by his *fait accompli*. When the Russian Ambassador came to propose “direct conversations,” Berchtold told him that he could not accept the Serbian reply as a basis for discussion, “because war on Serbia has been declared today.” Similarly Berchtold informed Germany and England that Grey's proposal for a conference came “too late,” and, “in view of the state of war already existing, has been outstripped by events”; and also that Austria “would have to decline any suggestion of negotiations on basis of Serbian reply. Prestige of the Dual Monarchy was now engaged, and nothing could prevent conflict.”

The precipitate declaration of war by Austria thus forestalled the English and Russian proposals for taking the Serbian reply as a basis for negotiations. It created a new situation. To meet this new situation, several new proposals for preserving the peace of Europe, and at the same time satisfying Austria and Serbia, were quickly forthcoming from Germany and England (but no longer from Russia). One of these in fact was outlined by the Kaiser several hours before he was aware that Austria had declared war. It is commonly known as the “pledge plan” or “Halt in Belgrade” proposal.

The Kaiser's “Pledge Plan”

When the Kaiser awoke on Tuesday morning July 28 he had before him the text of the Serbian reply and many of the other documents which had led Bethmann the night before to ask Berchtold to consider the British and Russian peace proposals. The Kaiser was greatly impressed with the conciliatory and yielding character of the Serbian reply and the diplomatic success which Austria had achieved. He therefore

wrote at once to Jagow: "I am convinced that on the whole the wishes of the Danubian Monarchy have been acceded to. The few reservations that Serbia makes could be settled by negotiation.

Nevertheless, the piece of paper, like its contents, is of little value so long as it is not translated into deeds. The Serbians are Orientals, therefore lying deceitful, and masters in evasion. In order that these beautiful promises may be converted into reality and deeds " and "in order to give the army, now mobilized to no purpose for the third time, the external satisfaction d'honneur of an ostensible success," Austria should be given temporary military occupation of Belgrade as a pledge. "I propose that we say to Austria: Serbia has been forced to retreat in a very humiliating manner, and we offer our congratulations naturally, as a result, no more cause for war exists; but a guarantee that the promises will be carried out, is probably necessary; that could probably be secured by a temporary military occupation of a portion of Serbia, similar to the way we left troops in France in 1871 until the billions were paid. On this basis I am ready to mediate for peace with Austria. . . . Submit a proposal to me, along the lines sketched out, to be communicated to Vienna."

Thus the Kaiser was ready at last to yield to England's request that he act as a mediator and advise Vienna to abandon the idea of war with Serbia. But while Sir Edward Grey had urged that Austria be dissuaded from any military action, the Kaiser was ready to permit it to the extent of having Austria secure a tangible pledge that the Serbian promises would be really carried out. Before the Kaiser's proposal could be embodied in a despatch and communicated to Austria, the latter, as we have seen, had already declared war on Serbia. It then remained to be seen whether Austria, and especially Russia, would be willing to accept the Kaiser's mediation proposal, which was sincerely calculated to avert a European war.

Before the Kaiser's autograph letter to Jagow had been Q brought from Potsdam to Berlin and put in the form of a concrete proposal to Vienna, Bethmann had received irritating news concerning Berchtold's attempt to rattle the German sword, his persistent neglect of Germany's advice to satisfy Italy, and his secret intention to partition Serbia. Bethmann had understood on July 5 that he was agreeing to support Austria in her vital interest of putting an end to the dangerous Greater Serbia propaganda; that danger was now taken care of by the Serbian reply, if its promises were duly carried out. He did not understand, and he did not intend, that Germany should be forced to follow Berchtold in secret plans which Austria had withheld from her ally, and which might involve the rupture of the Triple Alliance by Italy's withdrawal from it, and even the rupture of the peace of Europe in such a way that Germany and Austria would seem to be responsible. He would not permit that Russia and the Pan-Slav Press should back up Serbia in a continuance of the Greater Serbia menace, but on the other hand, he thought Austria ought to satisfy the Russian desire that Serbia be not subjected to a partition.

Bethmann therefore refused to allow Berchtold to rattle the German sword. Berch-

told and Conrad had asked Tschirschky that Berlin warn St. Petersburg that the military preparations against Austria were so threatening that counter-measures would have to be taken. Instead of acceding to this suggestion, Bethmann tried to calm and restrain the Vienna authorities by telling them: "Military reports concerning Russia, so far as known here, are only rumors, and are not yet confirmed. Even according to General Moltke's view, a categorical declaration at St. Petersburg would seem today to be premature." And at the same time, in reply to Sazonov's admission that "a way must be found of giving Serbia her deserved lesson while sparing her sovereign rights," he instructed Pourtales: "Please tell Sazonov that I am grateful for his communication and for its conciliatory spirit, and further hope that Austria's declaration of disinterestedness will satisfy Russia and serve as a basis for further agreement."

Bethmann also heard that Berchtold was persisting in his neglect to follow German advice in regard to satisfying Italy's hopes for compensation. The German Ambassador in Rome had reported San Giuliano as insisting that "the existence of Serbia is an unconditional necessity for Italy. This barrier against Austria cannot be allowed to disappear." Instructions had therefore been sent from Berlin to Vienna that the Kaiser "considers it absolutely necessary that Austria should come to an understanding in time with Italy about Art. VII and the compensation question"; an immediate conference between Berchtold and the Italian Ambassador is "urgently necessary."

Most irritating of all was the news from London concerning Austria's doings. Though Berchtold had disclaimed any intention to annex Serbian territory and had declared Austria's "territorial disinterestedness," the Austrian Ambassador in London had confided to Lichnowsky that Serbia was to be "beaten to the earth," and "it was the intention to present portions of Serbia to Bulgaria and presumably also to Albania." These were secret intentions which had been expressed at the Austrian Ministerial Council of July 19, but which were contrary to Bethmann's expectations and contrary to what he had been sincerely stating to the Powers. He therefore noted indignantly: "This duplicity of Austria's is intolerable. They refuse to give us information as to their program, and state expressly that Count Hoyos's statements which suggested a partition of Serbia were purely personal; at St. Petersburg they are lambs with not a wicked thought in their hearts, and in London their Embassy talks of giving away portions of Serbian territory to Bulgaria and Albania."

It was thus with some justifiable irritation at Austria that Bethmann took up the Kaiser's offer to mediate on the basis of the "pledge plan". It was aimed to make the Austrian armies "halt in Belgrade." But its language was not sufficiently vigorous to compel immediate assent from Berchtold. Nor did it correspond precisely with the Kaiser's more decisive instructions that Vienna was to be told that "no more cause for war exists." Bethmann was too much afraid of offending Austria. He was too much concerned with preventing the odium of responsibility for a war from falling on Germany and Austria, rather than with preventing such a war altogether. However,

he also at once informed Russia that he was striving to persuade Vienna to have a frank discussion with St. Petersburg and to make plain in an unobjectionable and satisfactory manner the purpose and extent of Austria's procedure.⁷⁰ He likewise told the British Ambassador that "he was doing his very best both at Vienna and at St. Petersburg to get the two Governments to discuss the situation directly with each other and in a friendly way. He had great hopes that such discussion would take place and lead to a satisfactory result." He reiterated his desire to cooperate with England, and his intention to do his utmost to maintain the general peace. His last words to Goschen were : "A war between the Great Powers must be avoided."

The "Willy-Nicky" Telegrams

Besides informing Sazonov through the usual diplomatic channels that Germany was mediating at Vienna to bring Austria to a direct and satisfactory agreement with Russia, Bethmann decided on this same evening of July 28 to have recourse to a direct exchange of telegrams between the Kaiser and the Tsar. In times past this "Willy-Nicky" correspondence had often done much to cement the traditional friendship and good relations between Prussia and Russia. It might be a help in the present time of trouble. Accordingly, a draft telegram was drawn up in the Foreign Office, submitted to the Kaiser, who made several changes in it, and sent from Berlin at 1:45 A. M. on July 29:

"It is with the gravest concern that I hear of the impression which the action of Austria against Servia is creating in your country. The unscrupulous agitation that has been going on in Servia for years has resulted in the outrageous crime, to which archduke Franz Ferdinand fell a victim. The spirit that led Servians to murder their own king and his wife still dominates the country. You will doubtless agree with me that we both, you and me, have a common interest as well as all Sovereigns to insist that all the persons morally responsible for the dastardly murder should receive their deserved punishment. In this case politics play no part at all. On the other hand I fully understand how difficult it is for you and your Government to face the drift of your public opinion. Therefore, with regard to the hearty and tender friendship which binds us both from long ago with firm ties, I am exerting my utmost influence to induce the Austrians to deal straightly to arrive to a satisfactory understanding with you. I confidently hope you will help me in my efforts to smooth over difficulties that may still arise.

Your very sincere and devoted friend and cousin Willy.

The same idea had occurred almost simultaneously to the Tsar and the little group of advisers around him who were sincerely anxious to prevent the Austro-Serbian conflict from developing into a Russo-German war. Prince Trubetzkoi told Chelius, the Kaiser's personal representative at the side of the Tsar, that Serbia's answer and readiness to submit the question to arbitration ought to make it possible to avoid a

European war. "We do not love the Serbs at all," he told Chelius, "but they are our Slavic bloodbrothers, and we cannot leave our brothers in the lurch when they are in trouble. Austria can annihilate them, and that we could not permit." He hoped that the Kaiser would advise Austria not to over-stretch the bow, but to recognize Serbia's conciliatory promises and accept the arbitration of the Hague Tribunal. "The return of your Kaiser has made us all feel easier, for we trust in His Majesty and want no war, nor does Tsar Nicholas. It would be a good thing if the two Monarchs should come to an understanding by telegraph."

The suggestion that the Austro-Serbian conflict be submitted to arbitration at the Hague, which Pashitch had already appended to the Serbian reply, possibly at Russian suggestion, was a favorite one with the Tsar. The Hague Tribunal owed its origin to him. On July 27 he had written to Sazonov:

"I will receive you tomorrow at six o'clock. An idea has come to me and, not to lose time which is golden, I am communicating it to you. Why do we not try, after coming to an understanding with France and England, and afterwards with Germany and Italy, to propose to Austria that she submit her conflict with Serbia to the examination of the Hague Tribunal? Perhaps the moment is not yet lost before irreparable events occur. Try to take this step today, before your report [to me tomorrow] in order to gain time. In me hope for peace is not yet extinct."

This letter of the Tsar's is one of many evidences of his sincere desire to use every means for preserving peace. But Sazonov paid no attention to it. Instead, he was counting on bluffing Austria into a diplomatic retreat by the threat of partial mobilization, and at the same time carrying on the extensive measures of the "Period Preparatory to War" which would facilitate a more speedy general mobilization.

The Tsar also pinned hopes on a direct exchange of telegrams with the Kaiser. At 1 A. M. on July 29, he sent an appeal to Potsdam. It crossed on the wires with that sent by the Kaiser. It was cordial, but it revealed his own weakness in the face of the pressure which was being put upon him by the Russian militarists to order a general mobilization:

"Am glad you are back. In this most serious moment, I appeal to you to help me. An ignoble war has been declared to a weak country. The indignation in Russia shared fully by me is enormous. I foresee that very soon I shall be overwhelmed by the pressure brought upon me and be forced to take extreme measures which will lead to war. To try and avoid such a calamity as a European war I beg you in the name of our old friendship to do what you can to stop your allies from going too far."

Replying to this, the Kaiser stated that he shared the Tsar's wish to preserve peace. He pointed out, however, as Bethmann had already done, that Austria aimed at no territorial gains at Serbia's expense, but ought nevertheless to have a guarantee that the Serbian promises would be carried out. This peace effort on the Kaiser's part

made a deep impression on the Tsar. It was successful, as will appear later, to the extent of causing him to suspend the order for Russian general mobilization which had been pressed from him by the Chief of Staff and which was on the point of being dispatched over the wires. The Tsar had taken new hope and telegraphed back:

“Thank you heartily for your quick answer. Am sending Tatishchev this evening with instructions. The military measures which have now come into force were decided five days ago for reasons of defence on account of Austria’s preparations. I hope from all my heart that these measures won’t in any way interfere with your part as mediator which I greatly value. We heed your strong pressure on Austria to come to an understanding with us.”

But the news of Russia’s wide-reaching military preparations and partial mobilization against Austria, now admitted by the Tsar to have been “decided five days ago for reasons of defence on account of Austria’s preparations,” when Austria had carefully avoided preparations against Russia, roused the Kaiser’s indignation. He had been sincerely trying to mediate and bring Austria to accept the “pledge plan” and satisfy Russia by direct negotiations; but meanwhile Russia had been getting a five days’ start in military preparations. “I cannot agree to any more mediation,” he noted, “since the Tsar who requested it has at the same time secretly mobilized behind my back. It is only a manoeuvre, in order to hold us back and increase the start they have already got. My work is at an end;”. Germany now knew that Russia was mobilizing and “mobilization means war”, as it was seen by all of the Great Powers back then.

So the German effort to preserve peace by the old means of direct telegrams between the two monarchs came to nothing, owing to Austria’s declaration of war on Serbia and to the consequent Russian partial mobilization, as well as to the other secret military measures of the “Period Preparatory to War” which the Tsar had ordered at Krasnoe Selo on July 25. Several more telegrams were exchanged between “Willy” and “Nicky,” but they had no chance of success, because Russia’s general mobilization, ordered about 6 P. M. on July 30, had made a general European war virtually inevitable.

7.23 The Russian Mobilization

At the Council of Ministers, held at Krasnoe Selo on the afternoon of July 25, as we have seen above in the chapter on “The Russian Danger,” the Tsar’s ministers had decided on a number of preparatory military measures. They included the wide-reaching preparations of the “Period Preparatory to War” which were intended to facilitate a Russian general mobilization against Germany as well as against Austria; they had been ordered before dawn on July 26, had been going on actively ever since, and had caused increasing alarm at Berlin in spite of the beguiling assurances

of Sazonov and Sukhomlinov that no mobilization measures against Germany were intended.

The decisions of July 25 also included a contingent partial mobilization against Austria, to be put into operation when Sazonov should decide that the diplomatic situation required it. It was hoped that the knowledge of this decision would prove a successful diplomatic bluff in frightening Vienna out of military action against Serbia. In the meantime, from July 25 to 28, while these military preparations had been going on to enable Russia to overcome her relative slowness in mobilization in case war became inevitable, Sazonov had appeared optimistic and been ready to carry on "direct conversations" with Vienna, with a view to finding a compromise settlement between the Austrian demands and the Serbian reply. But on Tuesday, July 28, Sazonov's optimism received several rude shocks. He was disappointed and indignant that his proposal for "direct conversations," made two days previously, had as yet met with no response from Berchtold. He was also unfavorably impressed by the fact that Szapary could not give him the dossier which Austria had promised. His optimism began to change to pessimism. He began to conclude that Austria was fully determined on war with Serbia, and was therefore unlikely to listen to mediation proposals until punishment had been inflicted on her.

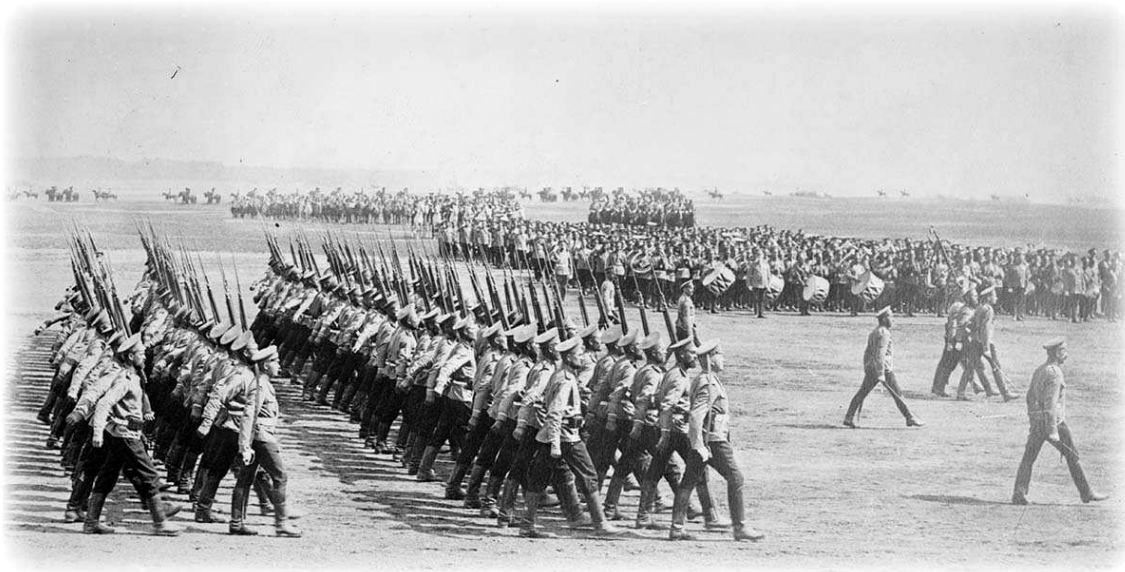


Figure 7.24: First Russian troops start to move.

Finally, he was thrown into great excitement late in the afternoon of July 28 by the arrival of the news that Austria had just declared war on Serbia. His optimism evaporated completely. He became thoroughly pessimistic, jumped nervously to the conclusion that a European conflict was probably inevitable, and that Russia should order mobilization; the only question was, should it be partial or general mobilization? Sazonov insisted in front of Sir George Buchanan (British diplomat) that the only way to avert war was for England to let it be clearly known that

she would join France and Russia. Buchanan got the impression that Russia “was thoroughly in earnest,” and that Russia would fight if Austria attacked Serbia.

After talking with Buchanan, Sazonov saw Pourtales, and tried to convince him that Serbia’s reply was satisfactory, and that Germany therefore should join in urging mediation at Vienna. But he met with little encouragement from the German Ambassador, who still adhered to his Government’s “localization“ policy, and did not yet know of the pressure which Bethmann was about to put on Vienna to accept the “pledge plan.“ On the contrary, Pourtales complained of the hostile tone of the Russian Press and of the fact that reliable reports made it clear to Germany that Russia’s military preparations were extending far beyond what Sukhomlinov had stated to the German Military Attache on the evening of July 26. He had also learned that the military authorities had put out of commission the wireless apparatus on a German merchant ship, the Eitel Friedrich, in the harbor of St. Petersburg in defiance of international law. He therefore warned Sazonov of the very serious danger which might arise in the existing critical situation from wide-reaching Russian military preparations.

Sazonov later talked with the Austrian Ambassador but without any positive result. He later also talked with the French diplomat Paleologue, and communicated with the Chief of Staff concerning the ordering of mobilization in Russia in view of the news of the Austrian declaration of war on Serbia which had just arrived.

Paleologue’s Declaration of French Support

Paleologue, who says he had purposely waited until Sazonov had talked with the other ambassadors, was then closeted with the Russian Minister of Foreign Affairs in an interview. Baron Schilling, who usually noted accurately every evening the substance of Sazonov’s most important interviews, says:

“The French Ambassador, upon instructions of his Government, informed the Minister of Foreign Affairs of the complete readiness of France to fulfil her obligations as an ally in case of necessity.“

This declaration of Paleologue’s was of such extreme importance to Russia just at this juncture that it evidently overshadowed everything else in Baron Schilling’s mind on July 28, because it is the only entry made in his diary for that day, aside from his usual summary of telegrams. That Paleologue did make such a declaration, and that it gave further encouragement to Sazonov to stand firm and presently to approve Russian mobilization is confirmed by the fact that next day, Sazonov, in notifying Izvolski of his decision “to hasten our armaments and to assume that war is probably inevitable,“ added:

“Please express to the French Government our sincere gratitude for the declaration, which has been officially made to me in its name by the French Ambassador,

that we can count fully upon the assistance of our ally, France. In the existing circumstances, this declaration is especially valuable to us."

Now Russia had the again confirmed support of France, no matter what Russia's decision would be.

The News of the Austrian Declaration of War on Serbia

In the course of the afternoon of July 28, news reached Russia of the Austrian declaration of war on Serbia. It may have arrived while Sazonov was in conversation with Paleologue and been partly the reason for the latter's declaration of French support. The news dissipated any remnants of optimism in Sazonov's mind. It made him fear that Austria would soon invade Serbia, and confirmed his growing conviction that Germany was standing behind Austria and would continue to do so, unless he made it clear that Russia was determined to threaten Austria with force in order to protect Serbia. He came to the conclusion that the time had come to order the partial mobilization which had been approved "in principle" on July 25. He therefore announced in the various European capitals: "In view of the declaration of war by Austria against Serbia, my direct conversations with the Austrian Ambassador are obviously useless; In other words, he abandoned "direct conversations" as a peaceful solution many hours before he heard of Austria's "categorical refusal," which he did not learn until the following afternoon. He also instructed his ambassadors abroad to inform the Governments that, in consequence of Austria's declaration of war, Russia had decided to order next day partial mobilization in the four Southern Military Districts of Odessa, Kiev, Moscow and Kazan.

Sazonov was aware that any precipitate general mobilization on Russia's part, directed against Germany as well as against Austria, might have a bad effect upon public opinion in France and England if it should become known ; but, on the other hand, he had just received from Paleologue the renewed declaration of French support, and there was the encouraging news from Sir Edward Grey that the British fleet had been ordered to remain concentrated instead of dispersing to its normal peace-time positions. Sazonov also knew that a Russian general mobilization would almost certainly lead to a German general mobilization, and so to a European war. A partial mobilization, on the contrary, was less likely to call forth immediate counter-measures from Germany. But even this would probably lead to Austrian general mobilization and so place European peace in serious jeopardy.

After his conversations with the Ambassadors and his decision for partial mobilization in any event, Sazonov went out to Peterhof and reported to the Tsar on the Austrian declaration of war and the general situation. We have no record of what he said to the Tsar. Presumably he gave a gloomy picture of the situation. The only evident consequence of his visit was the telegram which the Tsar sent to the Kaiser late that same night: ". . . An ignoble war has been declared to a weak

THE TORONTO DAILY STAR AN AD IN DAILY STAR WILL RENT YOUR ROOMS And Tenants Will Be Glad To See. Last Edition. ONE CENT.

TORONTO, TUESDAY, JULY 28, 1914.—SIXTEEN PAGES.

AUSTRIA FORMALLY DECLARES WAR

Toronto Stock Exchange Closes in Panic—42 Battalions Move on Servia—Sir Edward Grey Met With Rebuff

WAR DECLARED TO-DAY BY AUSTRIA

"SAFEGUARDING RIGHTS," SAYS LATTER

The Text of Austria's Formal Declaration—Servian Reply Unsatisfactory.

BRITISH CABINET NOT HOPELESS YET

Statement Made in the Commons in Regard to European Situation.

NEW DEVELOPMENTS

Member of Britain Said in the House of Commons This Afternoon.

Venue July 28—The declaration of war was made in the House of Commons this afternoon. The text is as follows:

The Royal Government of Austria has been obliged to take the necessary steps to safeguard its rights in the Balkans.

LOCAL SERVIANS ARE INTERESTED.

The upper picture shows the scene in the House of Commons, and the lower picture shows the scene in the House of Commons.

AMENDING BILL HELD BACK FOR FEAR OF DEFEAT

The Government Diverts Anger From Itself to Dublin Castle Officials.

BUT SHOWS PLAIN TRACES OF STRAIN

Suspension of One Man and the Resignation of Chief Causes Uneasiness.

ALL READY FOR WAR

Army, Reserves, and Fleet of the Empire Prepared for the Emergency.

Special Cable to The Toronto Star. Reiterated According to Copyright. London, July 28.—The Government has decided to hold the amending bill because of the

STOCK EXCHANGE WENT CRAZY AND THEN WAS CLOSED

Stocks Were Being Sold at Three Prices in the One Room.

SCENE UNIQUE IN TORONTO'S HISTORY

Prices Fell and Flopped and Did Unheard of Things This Afternoon.

MEETING AT 4 O'CLOCK

To Decide What is to Be Done Following To-day's Pandemonium.

Pandemonium, literally and truthfully pandemonium, reigned on the Toronto Stock Exchange from the time it opened this afternoon until the order of President H. H. Frost

THE KINGS IN EUROPE'S WAR GAME



KING PETER OF SERBIA EMPEROR FRANZ JOSEPH OF AUSTRIA

MIMICO SCHOOL TO BE PROBED AS RESULT OF DEATH

Father of Boy Tells Controller Son Was Not Properly Attended.

SUPERINTENDENT DENIES CHARGES

Statement of Another Inmate is Also Filed, Alleging Personal Abuse.

BOY SAID HE WOULD DIE

Told Nurse He Would Be Dead in Three Weeks, and He Was.

The Victoria Industrial School will be investigated by order of the Board of Control, as the result of a complaint from St. George's Hospital, consisting of such statements from the school's history.

country. The indignation in Russia, fully shared by me, is enormous. I foresee that very soon I shall be overwhelmed by the pressure brought upon me, and be forced to take extreme measures which will lead to war. . . " »» Was this "pressure" which the Tsar feared would overwhelm him, exerted only by the military leaders, or by his entourage, or perhaps by Sazonov himself?

The Tsar's Assent to Russian General Mobilization

The views of Dobrorolski and the military leaders as to the folly of a partial mobilization were strengthened by the return of Quartermaster-General Danilov. He had been on a tour of inspection in the Caucasus, but had been hastily recalled to St. Petersburg on July 26. He now used all his influence to have general mobilization ordered in place of partial mobilization. General Ianushkevich was also convinced that every effort must be made to persuade the Tsar to approve general mobilization. When therefore he heard from Sazonov that mobilization ought no longer to be delayed, he prepared two imperial ukases, one for the partial, and the other for the general, mobilization. With these two draft orders in his portfolio, Ianushkevich went out to Peterhof on the morning of July 29. Apparently without much difficulty, he certainly secured the Tsar's signature to the ukase for general mobilization, and probably also to that for partial mobilization; the latter to be used in case there might come a turn for the better in the diplomatic situation.

It was one of the greatest weaknesses of Nicholas II of which all his ministers complained from time to time, that he was too apt to assent to the minister who last happened to have his ear. This weakness was all the more disastrous because of the unfortunate Russian system of lack of Cabinet solidarity, and of the practice of separate ministerial reports to the Tsar for his supreme approval or disapproval

Ianushkevich was so confident in this weak trait in his Monarch's character, and of his own ability to win him over, that even before going out to Peterhof, he sent secret word to Zhilmski, the commander of the Warsaw Military District, and presumably to all the Military Districts, stating that "general mobilization" was imminent:

"July 17 [30] will be announced as the first day of our general mobilization. The announcement will follow upon the agreed telegram. 1785. [Signed] Lieutenant-General Ianushkevich."

Some hours earlier Danilov had also asked the Warsaw Military Commander about arrangements for unloading cavalry divisions which were being pushed forward toward the German frontier. One can imagine how the receipt of these telegrams would lead the Russian commanders at Warsaw and at other posts along the German frontier to strain every nerve toward preparing for war, short of a public announcement of mobilization. Aware of this fact, Danilov was also conscious that Russian troops, expecting at any moment the publication of the imminent general mobilization, might commit some act of hostility on the frontier which would give Germany grounds for ordering mobilization, and which also might compromise Russia with her allies, by making Russia seem to be the aggressor. He therefore quickly telegraphed explicitly that, upon the announcement of mobilization, the opening of actual hostilities was not to take place except upon a special telegram, and the frontier troops were to be warned, "in order that no irremediable mistakes shall occur." These telegrams make it clear that the military authorities confidently expected general mobilization would be approved by the Tsar and ordered on July 29, but wished to avoid as far as possible having Russia seem the aggressor.

Returning from Peterhof with the ukase for general mobilization signed by the Tsar in his pocket, Ianushkevich summoned Eggeling, the German Military Attache. He told him that he had just come from the Tsar, but that everything was just as Sukhomlinov had said it was a couple of days before. "He gave me his word of honor in the most solemn manner and offered me written confirmation that up to that moment, 3:00 P.M., nowhere had there been mobilization, i.e., the calling up of a single man or horse. He could give no guarantee for the future, he said, but would assure me most emphatically that His Majesty, now as before, did not desire mobilization on the fronts along our borders." Thus, they tried to deceive Germany in order to further mobilize in secret.

In view of the many reports concerning the calling of reservists, including the Warsaw and Vilna districts toward Germany, Eggeling said that this statement puzzled him. "Ianushkevich replied that, on the word of an officer, such reports were mistaken; it was simply a case of a false alarm here and there." Eggeling was forced to conclude that Ianushkevich was attempting to mislead him, and the historian can hardly escape the same conclusion.'

Going on to the Ministry of the Interior, Dobrorolski found alarm at the danger

of internal revolution (Marxism). “With us,” said Maklakov, “the war cannot be popular deep down among the masses of the people, among whom revolutionary ideas mean more than a victory over Germany. But one cannot escape one’s fate . . .”; and crossing himself, Maklakov signed the mobilization order. Sazonov sought to put the responsibility for the mobilization order wholly on the military authorities. When Szapary mentioned that he had heard Russia was alarmed because Austria had mobilized eight corps against Serbia, “Sazonov confirmed to me that it was not he, who knew nothing of this, but Tsar Nicholas who, upon the information of the Chief of Staff, had expressed this alarm.” Szapary pointed out that even a child in military matters ought to see the mobilization of Austria toward the south could not threaten Russia, and urged that if peace were to be preserved, a quick end should be put to the machinations of the military authorities who on the basis of false news were in danger of taking matters into their own hands. “Sazonov remarked very characteristically that he could say this to the Chief of Staff, because the latter was seeing His Majesty every day. He himself, however, in a time like the present, only went for his usual Tuesday audience, and then learned for the first time from His Majesty what the militarists had been urging upon him.”

“While we were thus engaged in a confidential exchange of views,” Szapary continued, “Sazonov heard by telephone that we had bombarded Belgrade. He became like a changed man [wie ausgewechselt] . He sought to take up again all his previous arguments in a way which flew in the face of all logic, and said he saw now that the Tsar was right. ‘You only wish to gain time by negotiations, but you go ahead and bombard an unprotected city!’ “ He went on to denounce Austria in the most excited fashion. Whereupon Szapary took his leave.

A little later, between six and seven o’clock, while Sazonov was still in a very excited state, Pourtales called again at the Russian Foreign Office to carry out instructions just received from Berlin. Alarmed by the rumors of widereaching Russian military preparations—but not of the decision for Russian partial mobilization of which he did not hear until a little later, Bethmann had telegraphed to Pourtales: “Kindly call M. Sazonov’s serious attention to the fact that further continuation of Russian mobilization measures would force us to mobilize, and in that case a European war could scarcely be prevented.” In stating this to Sazonov, Pourtales said “it did not imply a threat, but simply a friendly opinion.” But Sazonov received it “in a state of great excitement” and said he would report it to the Tsar. Sazonov, however, appears to have interpreted it as a threat, and replied sharply: “Now I have no further doubt as to the true cause of Austria’s intransigence.” Pourtales jumped up from his seat in protest, and the two parted coolly.

Sazonov then informed the Tsar by telephone of the communication just made by Pourtales. The Tsar directed him to discuss with Ianushkevich and Sukhomlinov the question of general mobilization at once, while he himself telegraphed to the Kaiser: “Thanks for your telegram conciliatory and friendly, whereas official message

presented today by your Ambassador to my Minister was conveyed in a very different tone. Beg you to explain this divergency. It would be right to give over the Austro-Serbian problem to the Hague Conference. Trust in your wisdom and friendship." The news of the bombardment of Belgrade, followed by Pourtales's warning that the further continuation of Russian mobilization measures would lead to German mobilization and war, removed any last doubts which Sazonov may have had as to need of immediate general mobilization. In the discussion with Ianushkevich, he agreed that, as war with Germany was probably unavoidable, it would be a mistake to postpone longer the general mobilization or to interfere with its successful execution by first ordering a partial mobilization.

Dobrorolski, who had meanwhile collected the three necessary signatures, started for the Central Telegraph Office to send out the general mobilization order. And Sazonov dispatched a telegram to the Russian Ambassadors in Paris and London, which hardly stated fully and frankly either the communication of Pourtales or the momentous step which Russia was on the point of taking:

"The German Ambassador informed me today of the decision of the German Government to mobilize its armed forces, if Russia did not stop her military preparations. Now, in point of fact, we only began these preparations in consequence of the mobilization of eight army corps already undertaken by Austria, and owing to her evident unwillingness to accept any means of arriving at a peaceful settlement of her dispute with Serbia. As we cannot comply with the wishes of Germany, we have no alternative but to hasten on our own armaments and to assume that war is probably inevitable."

If we put confidence in the complete sincerity of the telegram just quoted, and in the accuracy of Schilling's Diary as to the crowded events of July 29, as some writers are inclined to do, it would appear that it was the warning from Pourtales which caused the Russian decision to order general mobilization instead of partial mobilization. But it was naturally Sazonov's aim, in order to secure British aid, to make it appear that it was a German menace, and not Austria's upsetting of the balance in the Balkans, which caused Russia to "hasten her armaments," as Sazonov's euphemistically referred to Russia's imminent general mobilization. And as to Schilling's Diary, it is clearly inaccurate. From the somewhat divergent accounts of Schilling's Diary and Dobrorolski's narrative, and from the summary of the activities of the Russian diplomatic and military officials given above, one may conclude that the Tsar in signing the ukases for general and partial mobilization was still hesitating in his mind between the two, and expected Ianushkevich to confer with Sazonov before sending out the order for either. Ianushkevich, however, took the Tsar's assent to general mobilization as an authorization to proceed with it directly.

It was mainly the pressure of the Russian militarists, not the warning of Pourtales, that almost started the general mobilization order over the wires. Then the Tsar changed his mind.

The Tsar's Cancellation of General Mobilization

At 9:40 P.M. Nicholas II received at Peterhof a second telegram from the Kaiser. In it William II insisted that "Serbian promises on paper are wholly unreliable," and, in the dominating tone which he had so often found successful in the past with the Tsar, told him warningly:

"It would be quite possible for Russia to remain a spectator of the Austro-Serbian conflict without involving Europe in the most horrible war she ever witnessed. I think a direct understanding between your Government and Vienna possible and desirable, and as I already telegraphed you, my Government is continuing its exertions to promote it. Of course, military measures on the part of Russia which would be looked upon by Austria as threatening would precipitate a calamity we both wish to avoid, and jeopardize my position as mediator which I readily accepted on your appeal to my friendship and my help."

The Kaiser apparently judged correctly the effect of this tone on the weak and changeable "Nicky," for the Tsar, ruminating on the situation, began to think he had made a mistake in signing the ukase for general mobilization. He now decided immediately and on his own initiative to cancel the order for general mobilization, and to substitute in its place the apparently less dangerous partial mobilization. The Tsar therefore called up Ianushkevich, and there followed a three-cornered telephone conversation between the Tsar, Sukhomlinov, and Ianushkevich, in which the two military men tried to convince the Tsar that he was making a terrible mistake; that there was no guarantee that the Kaiser's mediation at Vienna would be successful; that it was clear from Germany's and Austria's conduct that a general war had become inevitable; and that to suspend the general mobilization would only give the enemy a chance to mobilize more quickly than Russia. But for once the Tsar remained firm. Ianushkevich in despair found himself compelled to recall Dobrorolski from the telegraph office where he was on the point of sending out the order for general mobilization. In its place, toward midnight of July 29, the order for partial mobilization was dispatched over the wires.

Sazonov was at once informed by Ianushkevich of the Tsars change of mind and of the substitution of partial for general mobilization. He had already sent one of the Secretaries, M. Basili, to inform Paleologue that it had been decided to issue orders that very night for partial mobilization, but to commence general mobilization in secret. Paleologue says he was quite taken aback: "Would it not be possible, for the moment, to be content with partial mobilization?" "No," said Basili, "the question has just been thoroughly examined by our highest military authorities." Basili then suggested that, as the Germans might decipher a French telegram, it would be better for Paleologue to notify his Government of this very secret information by a telegram sent in Russian cipher via the Russian Foreign Office to Izvolski. Paleologue accepted the suggestion. But before the telegram had been put into cipher he and Basili

received word of the Tsar's- change of mind. So Paleologue said nothing to his Government of the momentous decision for general mobilization which Russia had been about to order.

After midnight Sazonov again had a long interview with Pourtales, in which the difference between the Russian and German point of view became more clearly defined. Sazonov wanted Germany to press Austria to drop those demands of the ultimatum which infringed the sovereignty of Serbia: Russia's vital interests could not allow that Serbia should sink to a vassal state of Austria-Become a Bokhara"—by the acceptance of demands which infringed her sovereign rights. Pourtales, on the other hand, wanted Russia to accept Austria's declaration of willingness to respect the territorial integrity of Serbia as sufficient Neither man would yield to the other. Pourtales pointed out that Germany had already gone far in putting pressure on Vienna, and that the situation now had been made very much more difficult by the fact that Russia had decided to order partial mobilization. But Sazonov flatly refused to be satisfied merely with an Austrian declaration of territorial disinterestedness in regard to Serbia.

An additional written statement was send to Austria by Sazonov, saying that certain changes in Austrias demands would lead to Russia stopping her military preparations. But there was no chance for success. The statement was overtaken by the very rapid course of events arising from the pressure of the militarists and especially by the fact that a few hours after proposing his formula, Sazonov secured from the Tsar a second change of mind and final consent to general mobilization.

Russian General Mobilization Ordered

It was with dismay and despair that the Russian Chief of Staff and Minister of War had been forced by the Tsar to cancel general mobilization on the night of July 29. But they were determined not to rest until they had persuaded him to change his mind a second time and again to consent to the general mobilization which they considered indispensable. On the morning of July 30 they conferred again with Sazonov and found that he was wholly in agreement with them. They called the Tsar on the telephone and tried to persuade him to return to his resolution of the day before, and allow general mobilization to begin.

The Tsar at first resolutely rejected their request, and finally announced curtly that he was breaking off the conversation. Ianushkevich, who held the telephone, could only inform him that Sazonov was there also, and begged permission to say a word to him. A certain silence followed, after which the Tsar expressed his consent to listen. Sazonov requested His Majesty to receive him immediately for a report which could not be delayed. After another silence the Tsar asked, "Is it all the same to you if I receive you at the same time with Tatishchev at 3 o'clock, because otherwise I have not a minute of free time today?" Sazonov thanked the Tsar, and said that he

would arrive at the appointed hour.

Ianushkevich then adjured Sazonov not to fail to get from the Tsar a renewed assent to general mobilization. He reiterated the technical arguments of the great danger that Russia would not be ready for war with Germany, which he believed inevitable, if there was further delay; because later general mobilization would be very seriously dislocated by the partial mobilization already ordered; this dislocation could only be avoided by an immediate general mobilization. As a further means of putting pressure on the Tsar he suggested that Sazonov use a political argument: Russia's French ally would be displeased and would regard Russia as failing to live up to the obligations of her alliance; the Kaiser would coax out of the French a promise of neutrality; and he would then fall upon Russia when she was entangled in the midst of her partial mobilization. Finally, he begged Sazonov, the moment he was successful in persuading the Tsar, to inform him at once by telephone from Peterhof, so that he could take immediately the necessary measures, and, before it was too late, convert the partial into a general mobilization. "After this," added the Chief of Staff, "I will retire from sight, smash my telephone, and generally take all measures so that I cannot, be found to give any contrary orders for a new postponement of general mobilization."



Sazonov then talked with Buchanan and Paleologue, telling them of an interview with Pourtales, at which the German Ambassador, "seeing that war was inevitable, broke down completely and appealed to Sazonov to hold out a last straw and to make some suggestion which Pourtales could telegraph to his Government." Sazonov then

said in substance to the two Ambassadors: "If Austria rejects this proposal (Austria should change their demands to Serbia), preparations for a general mobilization will be proceeded with, and European war will be inevitable. For strategical reasons Russia can hardly postpone converting partial into general mobilization, now that she knows Germany is preparing, and excitement in the country has reached such a pitch that she cannot hold back if Austria refuses to make concession." Buchanan evidently made no effort to deter Sazonov from his purpose of converting partial into general mobilization ; his failure to do so must have been an encouragement to the Russian Minister.

Izvolski had telegraphed to Sazonov that Margerie, an official in the French Foreign Office, had said that the French Government, without wishing to interfere in Russian military preparations, thought they should be carried on in the least open and provocative manner ; and that the French Minister of War advised Russia to strengthen her military preparations, but to avoid as much as possible the appearance of doing so. Sazonov then lunched with Basili and Krivoshein, the Minister of Agriculture, who also besought him to wring from the Tsar a consent to general mobilization. After lunch Sazonov went out to Peterhof with Tatishchev at 2:00 P.M. He found the Tsar pale and nervous, now fully conscious of the awful seriousness of the responsibility resting upon him. "Think of the responsibility which you are advising me to take;" said the Tsar. "Think of the thousands and thousands of men who will be sent to their death;" In reply Sazonov tried to prove to him that he would have nothing with which to reproach his conscience, if war broke out, because it had clearly become inevitable. Diplomacy had finished its work. It was time for His Majesty to think of the safety of his Empire. To fail to order general mobilization would only dislocate the whole Russian military organization, and disconcert Russia's allies.

For almost an hour the Tsar's firm desire to avoid war at all costs made him hesitate to adopt measures which, however indispensable from a military point, were calculated, as he clearly saw, to hasten the catastrophe. The tenseness of feeling which he lived through in these minutes expressed itself among other ways in the irritability, unusual for him, with which he snubbed General Tatishchev. The latter, who had taken no part in the conversation, remarked in a moment of silence: "Yes, it is hard to decide." The Tsar replied in a sharp and displeased tone: "I will decide," and gave his decision for an immediate general mobilization. Sazonov thereupon hurried to the telephone on the ground floor of the palace, notified Ianushkevich, who was waiting impatiently for the news, and added: "Now you can smash the telephone. Give your orders, General, and then—disappear for the rest of the day."

In the Warsaw Military District, for instance, bordering on Germany, various Russian commanding officers received the mobilization telegrams at 7:55 P.M., 8:02 P.M., 8:15 P.M., and acted upon them at once. In a remote Siberian village an English traveller was awakened a few hours later, at 4:00 A.M. July 31, by a great commotion outside

his window, and was asked by an excited peasant: "Have you heard the news? There is war." During the night the red mobilization placards, calling men to the colors, had been posted up everywhere on the street corners. No further change of mind on the part of the Tsar was now possible. Russia was committed to the step which military men everywhere, just as the Siberian peasant, understood meant war. What were the reasons for this fatal decision to order general mobilization? The Entente Powers, in their efforts to excuse and justify it, have often alleged various reasons—which are false.

One story is that the Russian decision was brought about by a telegram from Sverbeev, the Russian Ambassador in Berlin, stating: "The order for the mobilization of the German army and navy has just been issued." It was occasioned by the publication of news to this effect soon after one o'clock by an "extra" of a Berlin newspaper, the *Lokal-Anzeiger*. This, it is said, was a trick on the part of the Germans to precipitate general mobilization in Russia and so make her seem to be the aggressor. But the news had been immediately contradicted by the German Foreign Office and the "extra" had been suppressed. The Russian Ambassador had thereupon quickly sent a second telegram, unciphered, cancelling the first, and followed it by a third, ciphered, explaining the circumstances. It has now been conclusively established that none of these three telegrams reached St. Petersburg until after the Tsar had given his decision. They could therefore have had no influence in causing it. Nor did Sazonov or any of the Russian authorities at the time, in July, 1914, allege this *Lokal-Anzeiger* episode as an excuse for the Russian general mobilization. It was a later invention, first given notoriety by Sir Edward Grey in 1916.

Another reason, alleged by the French Ambassador at St. Petersburg in his somewhat untrustworthy memoirs, is that the decision was caused by a menacing telegram from the Kaiser. According to this legend, Sazonov, on arriving at Peterhof, found that the Tsar "had received a very bad impression from a telegram sent him the night before in an almost menacing tone: 'If Russia mobilizes against Austria, my role as mediator, which I accepted at your express prayer, will be endangered, if not ruined. The whole weight of the decision lies on your shoulders now, who have to bear the responsibility for peace or war.'" Having read and reread this telegram, Sazonov made a gesture of despair," and proceeded to urge general mobilization upon the Tsar, on the grounds that war was already inevitable and Germany was only pretending to mediate in order to gain time to complete secretly her preparations for attack. After hesitation, continues Paleologue, the Tsar reluctantly yielded and gave his decision. "The clock marked exactly 4:00 P.M." 68 But this telegram from the Kaiser was not sent until 3:30 P.M., and was not received at Peterhof until 6:30 P.M. Being received more than two hours after the Tsar's decision, and half an hour after Dobrorolski had actually begun to send the general mobilization order over the wires, it can no more have been the cause of Russia's general mobilization than the *Lokal-Anzeiger* "extra." Either Sazonov gave Paleologue an untrue account of his audience with the

Tsar; or, more probably, the French Ambassador was again drawing upon his lively imagination.

Still another reason alleged for the Russian general mobilization is that it was caused by Austria's general mobilization and by mobilization measures taken secretly but continuously by Germany for the past six days. This legend was perpetuated by the falsified form in which the French Yellow Book published the belated telegram in which Paleologue finally notified his Government of Russia's fatal step. As the greater part of this document in the French Yellow Book is now admitted by the French authorities to be a pure fabrication, it is hardly necessary to note that the Austrian general mobilization was not ordered until eighteen hours after that of Russia, and that there is no truth in the statement that Germany had for six days been taking secret mobilization measures. That the officials of the French Foreign Office who edited the Yellow Book in 1914 should have thought it necessary to resort to such a deliberate distortion of the truth, suggests that they were conscious of how fatal Russia's action was, and how largely Paleologue and France were responsible for it, and therefore sought to excuse and justify it even by falsifying documents.

Thus it is not the *Lokal-Anzeiger* "extra," nor the Kaiser's telegram, nor Austrian mobilization which can explain or excuse the Russian general mobilization. What influence Buchanan and Paleologue had upon Sazonov on July 30 is uncertain. The Russian general mobilization was caused by the fact that Sazonov and the military officers on July 30 simply held the same views as on the evening of July 29, when they would have sent out the order for general mobilization had not the Tsar changed his mind. The situation had not changed essentially in the meantime, except that the partial mobilization, already ordered on the night of July 29, made the military authorities demand even more insistently an immediate general mobilization, because of technical military considerations.

Mobilization means War

By ordering general mobilization about 6:00 P.M. on July 30, Russia had now taken the step which military men everywhere clearly understood almost certainly meant war. This was also clearly understood by Sazonov and the Tsar, as appears from Schilling's account of their conversation at Peterhof and the Tsar's long hesitation to assume the terrible responsibility. Partial mobilization might be undertaken by a Great Power without leading to war, as had happened on several occasions in Russia and Austria in the preceding years. But general mobilization by a Great Power was generally understood to mean that it had only resorted to this final step of putting the great military machine in motion, with the automatic movement of the troops to the frontier with the greatest despatch, when it had finally concluded that war could no longer be avoided.

"Mobilization means war." This was a political maxim which for years had been

widely accepted by military men on the Continent everywhere. It had been plainly hinted at by Pourtales to Sazonov during the July crisis. It was stated by the French and Russian Chiefs of Staff, and accepted by the Tsar, as far back as 1892, as is seen from the records of the negotiations for the Franco-Russian Alliance:

“General Obruchev emphasized finally the necessity of the immediate and simultaneous mobilization of the Russian and French armies at the first news received by either of the two countries of a mobilization of the forces of the Triple Alliance. He understands further that this mobilization of France and Russia would be followed immediately by positive results, by acts of war, in a word would be inseparable from an 'aggression.’”

Similarly, General Boisdeffre, in talking with the Tsar the day after the Military Convention had been approved, remarked:

“The mobilization is the declaration of war. To mobilize is to oblige one’s neighbor to do the same. Mobilization involves the carrying out of strategic transportation and concentration. Otherwise, to leave a million men on one’s frontier, without doing the same simultaneously, is to deprive oneself of all possibility of moving later; it is placing oneself in the situation of an individual who, with a pistol in his pocket, should let his neighbor put a weapon to his forehead without drawing his own.” [To which Alexander III replied], “That is exactly the way I understand it.”

In a Russian secret order approved by the Tsar on March 12, 1912, at the moment Russia helped to secure the signing of the Serbo-Bulgarian Treaty which was to lead to the Balkan Wars, it was expressly stated that “the telegram announcing mobilization is also at the same time to be effective as the Tsar’s order for the opening of hostilities against Germany and Austria.”⁷⁹ Though this order, for technical and political reasons, was later cancelled, and the telegrams for mobilization and the opening of hostilities were to be issued separately, it still represented the conception of military men that general mobilization means war. Dobrorolski, for instance, speaking of the Russian mobilization of 1914, says explicitly: “The whole plan of mobilization is worked out ahead to its end in all its details. When the moment has been chosen, one only has to press the button, and the whole state begins to function automatically with the precision of a clock’s mechanism. . . . The choice of the moment is influenced by a complex of varied political causes. But once the moment has been fixed, everything is settled; there is no going back; it determines mechanically the beginning of war.”

7.24 Other Mobilizations and Declarations of War

In following the Russian diplomatic and military steps to the point where general mobilization was ordered on the afternoon of July 30, we have outrun the narrative of events in the other capitals of Europe. In Paris, London, and Berlin also, hopes

of peace and fears of imminent war had brought into opposition the activity of the diplomats and the pressure of the military authorities. The former still worked to save the situation, or at least, if that proved impossible, to make it appear that they and their allies were not responsible for the impending catastrophe. The latter pressed for military measures which they regarded as imperative to secure strategic advantages in the war which they were increasingly convinced was inevitable.

France and the 10 Kilometer Withdrawal

President Poincare and M. Viviani, who landed at Dunkirk on the morning of July 29, reached Paris about noon. They were quickly informed of the precautionary military measures in anticipation of war which the Cabinet and M. Messimy, the Minister of War, had been taking in their absence since the evening of July 25. The measures included the return to their standing quarters of troops in training, the recall of officers on leave, and provision for the transportation from Morocco of all possible troops.

These were all approved. They also learned of Austria's persistently intransigent attitude and of her declaration of war; of Germany's apparent complete support of Austria; of various visits which the German Ambassador had made to the French Foreign Office which did not inspire confidence as to Germany's desire for peace; of Sir Edward Grey's unwillingness definitely to commit himself as to England's future course; and of Sazonov's announcement that Russia was about to order partial mobilization.² At a Cabinet meeting in the afternoon Poincare says he found all the ministers "closely united in the resolution to do the impossible to avoid war and also to neglect no preparations for defense."

France kept in telegraph contact with Russia, giving them full support, as already described in earlier chapters. From these telegrams from Paris to St. Petersburg, it appears that the French Government was anxious that Russia should not precipitate a European war, but should still continue measures in preparation for it, since it appeared inevitable. Poincare must also have been aware that his renewal of the promise of full French support was likely to encourage Russia to defy Germany, and so lead to war. He did not wish to seem to interfere in Russian mobilization measures. Nevertheless, for diplomatic reasons, he did not want France or her ally to take any open and 'provocative military measures, which might seem aggressive, or might give Germany a pretext for mobilizing or—most important of all—which might make an undesirable impression on England and Italy. Apparently convinced that war was now inevitable, and remembering the French mistake of being the formal aggressor in 1870, he did not intend to have any similar mistake made in 1914; Russia and France should wait for Germany to take the initiative and thereby incur the odium of responsibility.⁹ Events were to prove his shrewdness, for Bethmann soon made the formal mistake of declaring war, which Ollivier had made in 1870. Therefore, for

the present, while diplomatic negotiations were still pending, Russia should conceal as far as possible “the precautionary and defensive measures which she considered it necessary to adopt.”

If President Poincare had expressed himself with his usual vigor and clarity—if he had said unmistakably to Russia: “Do not order general mobilization for the present while diplomatic negotiations are going on”—if he had even spoken as vigorously as Bethmann was speaking to Vienna —there is a possibility that war might still have been avoided. But Poincare was by now more concerned in securing England’s aid and in taking military precautions in France, than in holding back Russia. “It would be extremely desirable that England also, without losing time, should join France and Russia, for only in this way can she prevent a dangerous rupture of the European balance of power,” Sazonov had telegraphed. Poincare agreed. Several steps which he took on July 30, and page after page of his memoirs, indicate that henceforth his great aim was to get England definitely to announce that she would give France armed support.

Early on the morning of July 30 Paul Cambon in London was informed of Sazonov’s telegram indicating war as imminent and of the French reply to it. Cambon was instructed to tell Grey, and remind him of the letters exchanged in 1912, by which each had agreed, if peace was threatened, immediately to discuss with the other whether both Governments should act together, and, if so, what measures they would be prepared to take in common. But when M. Cambon reminded Sir Edward Grey of the 1912 exchange of letters, and “said that the peace of Europe was never more seriously threatened than now,” he met with disappointment. Though he acted with extreme caution and tact, not asking Grey to say directly that England would intervene, but only what he would do in certain circumstances, such as an aggression by Germany on France, Sir Edward would only say he would see him again next day after the Cabinet had met. Cambon also talked with Sir Arthur Nicolson, but found little encouragement. English public opinion, said Nicolson, was indifferent to the Austro-Russian Balkan rivalry; it was not yet time to consider British intervention; German financial interests were influential in the “City” and with some of the Cabinet; Asquith did not at present dare take a resolute attitude; but Nicolson himself was “personally a partisan of intervention.”

On the evening of July 30 Poincare himself spoke more bluntly and pressingly to Sir Francis Bertie, the British Ambassador in Paris. He argued very urgently that if England would make an immediate declaration of her intention to support France, “there would be no war, for Germany would at once modify her attitude. Bertie replied that the doubtful attitude of the House of Commons made it difficult to make any such declaration, and that anyway the orders to the British fleet not to disperse must be a pretty clear indication to Germany of England’s attitude. But in his private comment to Grey, Bertie observed: “The French, instead of putting pressure on the Russian Government to moderate their zeal, expect us to give the

Germans to understand that we mean fighting if war breaks out. If we gave an assurance of armed assistance to France and Russia now, Russia would become more exacting and France would follow in her wake."

Since Sazonov's telegram had said that he was hastening Russia's military measures and considered war imminent, Poincare, and especially the French Minister of War, wanted to take measures for increasing the frontier troops as fully and quickly as possible, and yet avoid the appearance of making military preparations which might lead to frontier encounters or which might make an unfavorable impression on England. This conflict between efforts to satisfy strategic and diplomatic interests was the origin of the famous "10-kilometer withdrawal." At the meeting of the French Cabinet on the morning of July 30, after the arrival of Sazonov's telegram, the French Minister of War urged that *couverture* should be adopted at once. This meant that the covering troops should take up their places on the frontier, and involved the mobilization of five army corps and all the French cavalry. But there was the diplomatic objection that this might seem to give France the role of aggressor and endanger the hopedfor British support and Italian neutrality. To reconcile the conflicting interests of strategy and diplomacy it was decided in principle to adopt a compromise. *Couverture* was to take place, but with restrictions. The covering troops were to move up toward the frontier, so far as was possible by moving on foot and horse; reservists were not to be summoned; horses were to be bought instead of requisitioned; and the troops were to keep back a short distance from the actual frontier.

This would lessen the danger of unfortunate incidents, which at this time of excitement and suspicion might be exaggerated into "aggressions" and "acts of war." As Viviani said in the Chamber of Deputies in 1919, replying to his critics who charged that the 10-kilometer order had enabled Germany to get an initial advantage and seize the French iron-ore districts: "We realized that everything might turn on some chance incident. A patrol might get on the wrong road and run up against an enemy patrol, a sergeant or a corporal might lose his head, a soldier might think himself in danger and fire off his rifle." In the French Yellow Book Viviani is represented as telegraphing to Paul Cambon in London on July 30: "We have held back our troops 10 kilometers from the frontier, forbidding them to approach nearer. ... In thus delivering a strip of territory undefended to the sudden aggression of the enemy, the Government of the Republic hopes to prove that France does not bear, any more than Russia, the responsibility for the attack." As a matter of fact, however, no limit of precisely 10 kilometers was fixed at all. Neither in the telegram which Viviani really sent to Paul Cambon on July 30, nor in the order which Messimy issued to five corps commanders at 4:45 P.M., is there any mention of "10-kilometers."

Viviani's telegram to Paul Cambon instructed him to call Sir Edward Grey's attention to the French and German military preparations. "England will see from them that, though France is resolute, it is not she who is taking aggressive measures. Draw

Sir Edward Grey's attention to the decision taken by the Cabinet this morning. Although Germany has taken up covering positions some hundreds of meters or some kilometers from the frontier, on the whole frontier from Luxembourg to the Vosges, and placed her covering troops in their war positions, we have not done so—although our plan of campaign, conceived for the offensive, contemplates that the war positions of our covering troops shall be as near the frontier as those of the Germans. We have thus left a strip of national territory without defense open to sudden attack. We have not done this for any other reason than to show the British Government and public opinion that France, like Russia, will not be the first to fire.“ Then follows a list of German frontier and other military preparations. Messimy's order to the corps commanders instructed them to carry out the order of 1909 concerning mobilization of the frontier troops.

Thus, there was no line drawn exactly ten kilometers from the frontier everywhere. At numerous points it was only four or five kilometers from the frontier, as Messimy stated to the Briey Committee in 1920.²⁰ General Joffre even “asked that he should not feel obliged to carry out the order in absolute strictness,” and the Government granted his request. Nevertheless, the fact that the French Government did hold back its covering troops a few kilometers from the frontier was a wise measure. It did tend to prevent unfortunate “incidents“ which might have precipitated a war. But it would be a mistake to regard it mainly as a proof of Poincare's love of peace. Rather it was a measure primarily calculated to win British approval and military support, and to minimize the fact that France was taking an important military measure preparatory to war.

The British Fleet and Warnings to Germany

In England the strategic problem was different from that of the military authorities on the Continent. By arrangements made many weeks earlier, England was fortunate in having her fleet already concentrated in the most powerful naval force which the world had ever seen. There was therefore no question of feverish haste to prepare it as quickly as possible to meet the enemy, but merely of whether orders should be given to keep it concentrated, instead of allowing it to disperse again to its normal positions as in time of peace.

On Saturday, July 25, Grey and his advisers learned from Buchanan that Sazonov “thought that Russia would at any rate have to mobilize,” and that Poincare's visit had established between France and Russia a “perfect community of views“ and a “solemn affirmation of the obligations imposed by the alliance.“ Upon this Sir Eyre Crowe commented: “We should decide now to mobilize the fleet as soon as any other Great Power mobilizes, and we should announce this decision without delay to the French and Russian Governments.“ Even at this early date he believed: “The moment has passed when it might have been possible to enlist French support in

an effort to hold back Russia." The mobilization of the fleet might also, he thought, serve as a warning to Germany. But Sir Edward Grey, who had just been told by Winston Churchill, the First Lord of the Admiralty, that the fleet could be mobilized in twenty-four hours, thought it premature to make any statement as yet to France and Russia. He still preferred to keep a non-committal attitude, neither encouraging the Russians and French, nor threatening the Germans.

But next day, after the arrival of more alarming news from Austria and Serbia, Winston Churchill and the First Sea Lord, on their own authority, decided that the fleet should not disperse. Grey approved, and a public announcement of the fact that the fleet was to remain concentrated appeared in the British papers on the morning of July 27. Grey intended this as a warning to dispel the current impression in Germany and Austria that England would remain neutral. The announcement did help to dispel the anxieties of the Russian Ambassador, Count Benckendorff, and was received "with great satisfaction" by his colleague, Paul Cambon. But in Austria and Germany it did not make as effective an impression as the British Foreign Office appears to have expected. And in Germany it was at first regarded as less important than the assurance which Prince Henry of Prussia had just brought from King George that England would remain neutral.

On July 28 the feeling at the British Foreign Office became more pessimistic. The officials were puzzled by the fresh proposals which Sazonov kept making almost daily. Finally on July 29, after the news of the Austrian declaration of war on Serbia, which made Sazonov regard "direct conversations" as illusory and state that partial mobilization would soon take place in Russia, officials in the inner circle in England came to regard a European war as almost inevitable. "What is the use of exchanging views at this juncture?" asked Sir Arthur Nicolson. "I am of the opinion that the resources of diplomacy are, for the present, exhausted." Four of Sir Edward Grey's despatches, dated July 29, though published in the British Blue Book of 1914 as if sent, are now revealed in the archives marked, "Not sent—War." Mr. Asquith stated in the House of Commons that the situation was one "of extreme gravity."

In fact, on the previous afternoon, July 28, at 5 P.M., Winston Churchill had ordered that the fleet was to proceed during the night at high speed and without lights through the Straits of Dover from Portland to its fighting base at Scapa Flow. Fearing to bring this order before the Cabinet, lest it should be considered a provocative action likely to damage the chances of peace, Mr. Churchill had only informed Mr. Asquith, who at once gave his approval. On July 29, the official "warning telegram" was dispatched from the Admiralty. The British Fleet was now ready, whatever happened, to meet and control the situation. On the morning, July 29, Sir Edward Grey at last decided to give Germany a more definite warning, as Russia and France had been continually urging. Quite characteristically he first told Cambon of what he was going to say to Lichnowsky, but at the same time reiterated that his warning to Germany would not mean that England had yet made up her mind what she

would do if France and Germany became involved.

Grey then gave to Lichnowsky, in the form of a friendly and private communication, the warning that, as long as the conflict remained confined to Austria and Russia, England could stand aside ; but if Germany and France should be involved, then the situation would be immediately altered and the British Government would be forced to rapid decisions. But before Grey's warning was deciphered and known in , Berlin, Bethmann took a step which caused the British Foreign Office to believe that Germany had practically determined to go to war, violate Belgium, and crush France.

Bethmann and Moltke

In Berlin, as in Paris and London, the situation was regarded as very critical on Wednesday, July 29. Bethmann had urged Austria to accept the "Halt in Belgrade" mediation plan, but had received no answer from Vienna. Such silence on the part of his ally was extremely irritating and embarrassing to the German Chancellor. Because of it, he was unable to show the Entente Powers that his pressure at Vienna was meeting with success and would bring a satisfactory solution of the crisis. Furthermore, the German military authorities, like the General Staffs everywhere, were pressing for early military measures to insure the safety of their country and the success of their strategic plans, in case the diplomatists could not preserve peace.

Helmuth von Moltke, who bore the name but lacked the genius of his more famous uncle, was now Chief of the German General Staff, having accepted that difficult office reluctantly in 1906 in succession to Count Schlieffen. In a long summary of the political situation on July 29, Moltke now pointed out the dangerous sequence of mobilizations which would probably take place, in case Russia carried out her announced intention of ordering partial mobilization in her southern districts if Austria advanced into Serbia, Russia, he said, had been making military preparations on the frontier against Germany, as well as against Austria, so that she would be able to move her armies forward in a very few days when she actually issued her mobilization orders. France also, according to his information, appeared to be taking measures preparatory to general mobilization. The situation thus was becoming daily more unfavorable to Germany, and might lead to fateful consequences if Germany, by a collision between Austria and Russia, should be forced to mobilize and fight on two fronts. Therefore, he concluded, "it is of the greatest importance to ascertain as soon as possible whether Russia and France intend to let it come to a war with Germany."

Bethmann, however, was still hoping that the "pledge plan" of "Halt in Belgrade" might bring a satisfactory solution. He therefore insisted on waiting for a reply from Vienna. He was vigorously opposed to taking any decisive military measures which might jeopardize his diplomatic efforts. According to the information or rumors gathered by the Bavarian Military Attache in Berlin on this day, Moltke "is exerting all

his influence in favor of taking advantage of the exceptionally favorable opportunity for striking a decisive blow," pointing out the momentary military embarrassment of France, the over-confidence of Russia, and the good time of year with the harvests mostly gathered and the annual training period of recruits completed. Bethmann, on the other hand, "is putting on the brakes with all his might, and is anxious to avoid everything which might lead to similar measures in France and England and start the ball rolling."

These opposing views were set forth to the Kaiser at Potsdam on the afternoon and early evening of July 29 in separate reports by the military and civilian authorities. But there was no "Potsdam Council," nor any decision in favor of German mobilization, such as was incorrectly reported next day by the suspicious French Ambassador and has been commonly assumed by later writers. 30 Bethmann was successful in "putting on the brakes," as is seen from his summary of the situation at the Prussian Council of Ministers at noon next day: "The military authorities had expressed the desire that a 'state of threatening danger of war' be proclaimed, but he had successfully defended before His Majesty the objections." The only precautionary military measures ordered by the evening of July 29 were the protection of railways and valuable buildings, the recall of officers and men on leave, the reinforcement of frontier fortresses, and other minor measures similar to, but less extensive than, those which had been going on in Russia since July 26 and which had already been ordered in France. While Bethmann thus succeeded in holding back the military authorities from any decisive and irreparable step, he made a number of important diplomatic moves on July 29, some with a view to averting war, others with a view to securing advantages if war proved inevitable.

Bethmann's optimism had been strengthened by news that the Kaiser's brother, Prince Henry, on a visit to England, had been assured by King George on July 26: "We shall try all we can to keep out of this, and shall remain neutral." But meanwhile the announcement on the 27th that the British fleet was not to be dispersed made it doubtful whether King George's statement could still be relied on. Prince Henry, who came to Potsdam on the afternoon of July 29, was "convinced that this statement was made in all seriousness," and that England would remain neutral at the start, but whether she would do so permanently he doubted, "on account of her relations with France." It was about 10:30 P.M. that Bethmann sent for Goschen and "made the following strong bid for British neutrality in the event of war." Provided Great Britain remained neutral, Germany was ready to give every assurance that she aimed at no territorial acquisitions at the expense of France in Europe, though she could give no such assurance concerning the French colonies. Germany would respect the neutrality of Holland, but as regards Belgium. Bethmann "could not tell to what operations Germany might be forced by the action of France, but he could state that, provided that Belgium did not take sides against Germany, her integrity would be respected at the conclusion of the war."

Bethmann's bid for British neutrality was a most unfortunate and foolish blunder. It made the worst possible impression in London. Sir Eyre Crowe noted: "The only comment that need be made on these astounding proposals is that they reflect discredit on the statesman who makes them." He concluded that "Germany practically admits the intention to violate Belgian neutrality," and "is practically determined to go to war." Sir Edward Grey, after securing the approval of Mr. Asquith, but without waiting to lay his answer before the Cabinet, replied to Goschen that the Chancellor's proposals "cannot be entertained for a moment." England's material interests made it impossible to allow France to be so crushed as to lose her position as a Great Power, even though Germany should not take territory from France as distinct from her colonies. "But apart from that, for us to make this bargain with Germany at the expense of France would be a disgrace from which the good name of this country would never recover." Nor could England bargain away her obligation and interest as regards the neutrality of Belgium.

Another step taken on July 29, probably as a result of the conferences at Potsdam, was Jagow's despatch of a message in a sealed envelope to the German Minister at Brussels. It was carried by a messenger, instead of being telegraphed in cipher, because there was no immediate haste, and because it was not desirable to reveal even to the Minister himself a demand on Belgium which after all it might never be necessary to make. On opening the envelope, the Minister merely found instructions to keep safely locked up another sealed document which he would find enclosed, but which he was to open only if subsequently instructed by telegram from Berlin. The inner envelope contained an ultimatum to Belgium, based on a draft which Moltke had written with his own hand on July 26. It stated the German intention to march through Belgium, if possible with the friendly consent of Belgium; but if Belgium offered opposition, "Germany would be obliged, to her regret, to regard the Kingdom as an enemy."

These two steps—the bid for British neutrality and the forwarding of the sealed ultimatum to Brussels—indicate how seriously the German authorities contemplated on the evening of July 29 the probability of war. They show that Bethmann had found himself forced to yield to Moltke's view of strategic necessity and to the violation of Belgium, if war should come. But they do not prove that Bethmann had yet yielded to the view that war was already inevitable, or that any decision for war had been reached.

Meanwhile Lichnowsky's later telegram had been deciphered, telling of Grey's suggestion of mediation on the basis of an Austrian occupation of Belgrade, and also of Grey's private and friendly warning that England might find it impossible to stand aside. As Grey's suggestion was very similar to Bethmann's own "Halt in Belgrade" plan, and as the warning put an end to all illusions as to the possibility of British neutrality, Bethmann welcomed Grey's suggestion as supporting his own efforts, and forwarded it to Vienna. In commenting on it, he pointed out in strong terms how

dangerous it would be for Austria to refuse all negotiations, and added: "Under these circumstances we must urgently and emphatically urge upon the consideration of the Vienna Cabinet the adoption of mediation in accordance with the above honorable conditions."

Then, finally, before catching a little sleep, he sent telegrams to St. Petersburg and London which he hoped would help to prevent war and secure mediation. To Pourtales he telegraphed: "Please tell Sazonov that we are continuing to mediate; condition, however, would be the suspension for the time being of all hostilities against Austria on the part of Russia"; and to Lichnowsky: "Kindly thank Sir E. Grey for his frank explanation and tell him that we are continuing to mediate in Vienna and are urgently advising the acceptance of his proposal." Accordingly, in his summary of the situation to the Prussian Ministry of State about noon, Bethmann gave an account of his efforts to bring about an understanding between Vienna and St. Petersburg, seconded by Grey's proposal of mediation based on the Austrian occupation of Belgrade, but had to admit that the result of his efforts was still uncertain. The Kaiser had consented, however, that no decisive steps toward mobilization should be taken until the move at Vienna had been brought to a conclusion. Nor would he himself give up his hope and efforts to maintain peace, as long as it had not been repelled.

Austria again explained to the Russian Ambassador in Vienna that Austria had no idea of making any territorial acquisitions in Serbia, and that, after the conclusion of peace, the occupation of Serbian territory would be merely temporary to secure the fulfilment of Austrian demands; to the extent that Serbia fulfilled the conditions of peace, evacuation would follow. But as to accepting Grey's suggestion for a mediation by a conference of the Powers, involving the cessation of hostilities, he could not give an answer until next day after an audience with Emperor Francis Joseph. While Bethmann had thus been trying in vain to get an answer from Vienna, Moltke had become increasingly nervous over the situation. On the morning of July 30 he was still willing to abide by the decision of Bethmann and the Kaiser, that Russia's partial mobilization did not necessitate Germany's mobilization, for he wrote out for Captain Fleischmann, whom Conrad had sent to Berlin as liaison officer, the following telegram for the Austrian Chief of Staff:

"Russia's mobilization is not yet a cause for mobilization. [Moltke meant for Germany's mobilization, but Conrad seems to have understood for Austria's mobilization. Not until state of war exists between Austria and Russia. In contrast to the mobilizations and demobilizations which have been customary in Russia, Germany's mobilization would unconditionally lead to war. Do not declare war on Russia, but await Russia's attack."

Moltke seemed to be convinced that Russia was forcing Europe into war, and, in order to make it clear that Russia was the aggressor, he believed that the initiative in the declaration of war should come, not from Austria or from Germany, but from Russia—a point of view exactly analogous to that of Poincaré, Paleologue and Jules

Cambon, who were convinced that Germany was forcing Europe into war and that the odium of the initiative must be carefully left to her. In the afternoon, however, after hearing that Sazonov had said that it was impossible to stop the Russian mobilization, and that the Tsar admitted that the preparatory measures had been going on for five days, Moltke became much excited and believed that the danger to Germany and Austria was critical. In the course of the evening of July 30, probably about 11:00 P.M., Moltke talked again with Bethmann. A little later—shortly after midnight—Moltke told Major Haeften that he had received “two reliable reports from independent sources, stating that mobilization of all Russia’s armed forces had already been ordered.” This was altogether likely, as Russian general mobilization had been ordered at 6 P.M., and the orders had been quickly transmitted to the Warsaw District on the German frontier. This caused Bethmann to waver momentarily in his hope to avoid war and his determination to keep “putting the brakes“ on the military authorities.

It was then when the Chancellor learned of the following telegram from the King of England to Prince Henry of Prussia:

“So pleased to hear of William’s efforts to concert with Nicky to maintain peace. . . . My Government is doing its utmost suggesting to Russia and France to suspend further military preparations, if Austria will consent to be satisfied with occupation of Belgrade and neighboring Serbian territory as a hostage for satisfactory settlement of her demands, other countries meanwhile suspending their war preparations. Trust William will use his great influence to induce Austria to accept this proposal, thus proving that Germany and England are working together to prevent what would be an international catastrophe. Pray assure William that I am doing and shall continue to do all that lies in my power to preserve peace of Europe.“

This telegram gave Bethmann new hope. Instead of sending the draft telegram, with Moltke’s alarming news which would have tended to make Austria decide for general mobilization, Bethmann sent on to Vienna King George’s friendly message. He directed Tschirschky to communicate King George’s telegram to Berchtold “without delay,” and again added: “A definite decision in Vienna during the course of the day is urgently desired.“

About 7 A.M., July 31, Moltke received a telephone message from a Staff Officer at Allenstein in East Prussia, stating that the frontier had been completely closed by the Russians and that the red placards ordering mobilization had already been posted up. Moltke replied: “It is necessary that you procure one of these posted orders. I must have certainty as to whether they are really mobilizing against us. Before having that certainty, I am not able to elicit a mobilization order.“ In other words, Moltke himself admits that Bethmann was unwilling to agree to a decision until Germany had conclusive and absolute evidence of the Russian general mobilization which was suspected and which in fact had been ordered some twelve hours earlier. This evidence was finally supplied in the telegram from Pour- , tales at 11:40 A.M.

Had Bethmann not received it—had the Tsar not yielded to Sazonov and the Russian militarists - it is probable that Bethmann would still have held out against Moltke and Falkenhayn, and a further breathing-space been given for consideration of the “Halt in Belgrade” proposal, or for Sazonov’s “formula,” or for other negotiations toward a peaceful solution.

However, as the events actually took place, it was the precipitate Russian general mobilization, and not any “military convention“ between Moltke and Conrad which determined Germany’s decision for “Threatening Danger of War,” followed by her ultimatums and mobilization, in view of the European War which even Bethmann recognized was made inevitable by Russia’s step.

Austrian General Mobilization July 31

In Vienna Berchtold and Conrad were dominated more by a determination to carry out a campaign against Serbia than by a fear of war with Russia. Hence the Austrian ultimatum, the partial mobilization exclusively against Serbia with careful avoidance of provocative measures in Galicia, and the declaration of war on Serbia, all of which have already been described. Even after moving against Serbia and bombarding Belgrade, Conrad had still assumed that Russia would not resort to armed intervention. He had therefore sent no troops to the Galician front. But upon Sazonov’s announcement that Russia would mobilize in her southern districts if Austria crossed the Serbian frontier, Conrad began to realize

that the Galician front was in danger. He regarded as grotesque Sazonov’s assurance that Russian troops once mobilized would stand idle on the frontier with arms stacked. He at once resolved that Austria ought to mobilize as a defensive measure of safety against superior Russian forces. Early on July 30, the German Ambassador in Vienna noted: “Here they are resolved to mobilize, as soon as Germany approves; firmly resolved to permit no further Russian mobilization. Proposal: say to St. Petersburg and eventually to Paris, that if the mobilization continues, general mobilization will begin in Austria and Germany.“ That is, Berchtold and Conrad proposed to rattle the German sword, by having Bethmann threaten Russia and France with general mobilization by the Central Powers, unless Russian mobilization measures ceased. But when the Austrian Ambassador in Berlin tried to persuade Germany to take such a step, Germany refused.

Germany advised Austria to make representations at St. Petersburg on her own account. But Conrad did not wait for the arrival of the discouraging German answer. Nor did he and Berchtold give serious heed to Bethmann’s renewed urgent advice to accept Grey’s peace proposal, which Tschirschky says he presented “most impressively“ after lunch on July 30. Conrad was also about to submit to Francis Joseph the order for Austrian general mobilization as the reply to the measures already taken by Russia. In spite of Bethmann’s advice which had just been urged by

Tschirschky, Berchtold and Conrad, at their audience with Emperor Francis Joseph later in the afternoon, persuaded the aged monarch to approve the following decisions. War against Serbia was to be carried out; Grey's proposal was to be answered very politely in form but without accepting it in substance. General mobilization in Austria was to be ordered on August 1, with August 4 as the first day of mobilization; but this question would be discussed again next day.

The final reservation, providing for discussion again next day of the date of mobilization, was probably mainly owing to the necessity of getting Count Tisza's approval. It may have also been partly owing to the arrival of Fleischmann's telegram from Moltke: "Russia's mobilization is not yet a cause for mobilization," and to Bethmann's continued urgent advice to accept Grey's mediation proposal. In fact, says Conrad: "While Emperor Francis Joseph, at this hardest moment of his life, was taking with deep solemnity and calm resolution the step whose heavy consequences were as clear to him as its inevitability, it seemed as if Emperor William was thinking of retreat, and as if the feeling in Berlin had changed on account of Italy's jumping out."

Meanwhile, in the course of the night of July 31, had come Bienerth's telegram, and at 7:45 A.M. Moltke's own telegram urging Austria to mobilization at once. 89 These telegrams did not cause Austrian mobilization, except in the sense that they removed any hesitation on Conrad's part concerning the order he had written the previous evening, and confirmed Berchtold in the decision taken in the audience with the Emperor the day before to reject the substance of Grey's proposal. When Conrad took Moltke's telegram to Berchtold and the other Ministers, Berchtold exclaimed: "Who is in charge? Moltke or Bethmann?" After reading aloud Emperor William's telegram to Francis Joseph, urging the "Halt in Belgrade" proposal, Berchtold turned to the others and said: "I called you together because I had the impression that Germany was drawing back; now I have the most satisfactory assurances from the highest military authority." Francis Joseph's final assent was thereupon secured to an order for general mobilization, fixing August 4 as the first day of mobilization. The order reached the Ministry of War on July 31 at 12:23 P.M., and was immediately published. It did not, however, immediately remove all misunderstandings between Conrad and Moltke in the course of the afternoon. Conrad, in ordering general mobilization, did not at first expect war with Russia. He had not yet heard of Russian general mobilization and believed he could still carry through the war against Serbia.

The Austrian general mobilization was not a decisive factor in the final chain of events causing the war. It was not ordered until eighteen hours after the Russian general mobilization had been ordered, and did not contribute to the steps which Germany took in answer to the Russian mobilization. After securing Francis Joseph's final approval of Austrian general mobilization, Berchtold now deceived Europe by the pretense of adopting a more conciliatory attitude, which is contradicted by his real intentions as revealed in the minutes of the secret Ministerial Council held about

noon. With the Russian Ambassador in Vienna he took up conversations again in a most friendly manner, and to all the Powers he pretended that Austria was ready to "approach nearer" Grey's proposal.

There is therefore no substantial truth in the widely accepted Entente version that Austria was at last ready to yield, when Germany intervened with her ultimatum and declaration of war, and so precipitated the general European War. Germany did intervene because of the Russian general mobilization. But Austria had no genuine intention of yielding to Grey's idea, or of abandoning the campaign against Serbia and being content with the occupation of Belgrade or even neighboring territory. One reason that Austria refused to be satisfied with the occupation of Belgrade was military necessity. Her plan of campaign did not make possible an immediate occupation of Belgrade, but provided that her main attack on Serbia should come from Bosnia from the southwest, and not directly upon Belgrade from the north across the Danube.

Threatening Danger of War in Germany July 31

Bethmann had restrained Moltke from taking any irremediable military steps until a decision should be made at noon on July 31 at a meeting between themselves and the Kaiser." By that time it was hoped that an answer would at last have come from Vienna as to the "Halt in Belgrade" plan, and that there would be definite information as to the military situation in Russia. A favorable answer from Vienna might open the way for peace. A confirmation of the reports of general mobilization in Russia would force Germany to take steps to protect herself against the danger of a war on two fronts.

While in the midst of this, the Kaiser received a telephone message from Berlin announcing beyond the slightest doubt that general mobilization was in progress in Russia. Without waiting to consult his Foreign Office, he telegraphed to King George:

"Many thanks for your kind telegram. Your proposals coincide with my ideas and with the statements I got this night from Vienna which I have had forwarded to London. I just received news from Chancellor that official notification has reached him that this night Nicky has ordered the mobilization of his whole army and fleet. He has not even awaited the results of the mediation I am working at and left me without any news. I am off for Berlin to take measures for ensuring safety of my eastern frontiers where strong Russian troops are already posted."

The definite news of the Russian general mobilization, ordered about 6:00 P.M. on July 30, was surprisingly late in reaching Berlin. In St. Petersburg neither Pourtales nor the German Military Attache, Eggeling, knew anything of it until the morning of July 31, after the news had already been printed in the newspapers and been posted

up in the streets for hours. Bethmann telephoned the news to Potsdam. The Kaiser motored at once to Berlin. A conference took place with Bethmann, Moltke and other officials. About 1:00 P.M. it was decided to proclaim "Threatening Danger of War" [drohende Kriegsgefahr]. This proclamation set in motion a number of precautionary measures preparatory to actual mobilization, and was somewhat similar to the Russian "Period Preparatory to War." It did not necessarily and inevitably involve mobilization, but it meant that the German Government expected it would be followed by mobilization within at least forty-eight hours, and mobilization would mean war. As Bethmann telegraphed to Vienna, in order to persuade Austria to divert her main effort against Russia instead of against Serbia:

"After the Russian total mobilization we have proclaimed "Threatening Danger of War," which will presumably be followed within forty-eight hours by mobilization. The latter inevitably means war. We expect from Austria an immediate active participation in the war against Russia."

It is often said that had the German Government really wanted peace, even after learning of the Russian general mobilization, it should have contented itself with declaring German mobilization and then standing on the defensive; that Sazonov would have lived up to his promises that the Russian army would make no attack but stand with arms grounded; and that this would have again given the diplomatists a chance to find a peaceful solution. It is said, in a word, that the proper answer to mobilization is countermobilization and not war. But this argument leaves out of view the fact that in St. Petersburg and Paris, as well as in Berlin, the maxim had long been accepted by military men, and by the highest political authorities like Tsar Alexander III, that "mobilization means war." It had been clearly hinted by Pourtales to Sazonov on the afternoon of July 29 before Russia ordered general mobilization. It was obviously clear to the Tsar on July 30 in view of his hesitation to yield to Sazonov's arguments and to accept the solemn responsibility which he realized would send thousands and thousands of men to their death. And it was explicitly stated by Bethmann to the Prussian Council of Ministers on July 30: "The declaration of 'Threatening Danger of War' meant mobilization, and this under our conditions—mobilization toward both sides - meant war."

The argument also leaves out of view the fact that in the plans of the General Staffs everywhere on the Continent mobilization was inextricably bound up with the "plan of campaign," which provided not only for the march to the frontier but in most cases the crossing of the frontier in order to get the advantage of the offensive and the waging of war in the enemy's country. Mobilization started the military machine in motion, and once in motion, for technical reasons, it was virtually impossible to halt it without dislocation of the long-prepared and minutely worked out plan of campaign. Though the civilian authorities might want to stop the machine at the frontier, and might promise that they would do so, as the Tsar promised the Kaiser, it was doubtful whether they would be able to do so, owing to the insistent arguments of the military

authorities that any interference with the carefully prearranged schedule would be disastrous. Even the Kaiser, whose authority in civil and military authorities was not least among monarchs, on understanding from Lichnowsky that England might guarantee the neutrality of France, for a moment on August 1, thought he could halt the German army, once in motion, from crossing the frontier into Luxemburg. But even he was quickly overborne by Moltke and by the news that Lichnowsky had made a "mistake," and made to realize that it was impossible. And, as a matter of fact, at this very moment, a detachment of German soldiers appeared already to have crossed the frontier and violated the neutrality of Luxemburg.

Furthermore, the argument leaves out of view the fact, just suggested, that when mobilizations have taken place, "military necessity" tends to prevail over the diplomatic considerations of the civilians. This was particularly true in Germany. It was perfectly recognized in St. Petersburg and Paris, as well as in Berlin, that as Germany would have to fight a war on two fronts, and as she was threatened by the superior number of troops which Russia and France could bring against her, she would have to strike her main blow first at one and then at the other. She could not divide her main forces and face both fronts at once. Taking advantage of the fact that she could mobilize more rapidly than Russia, she would have to make her first attack on France, in the West, while the Russian forces were slowly gathering in the East. She must equalize her inferiority in numbers by the greater speed of her military machine. For Germany merely to have answered mobilization by countermobilization, and to have stood on the defensive while diplomatic negotiations (probably futile) proceeded, would have meant that she would lose all her advantage in speed. The Russian armies would have had time gradually to mobilize and to concentrate on the East Prussian frontier, in overwhelming numbers, thus compelling Germany either to divide her forces and face superior numbers, simultaneously East and West, or to open her eastern territory to Russian invasion while she made her main effort against France in the West. These were military considerations, convincing to the German civilian as well as military authorities, and recognized by the military authorities in Russia and France, which made it obviously impossible for Germany merely to answer Russian general mobilization by countermobilization. It was not Germany's lack of desire for peace, but her "plan of campaign," arising from her inferior numbers and her double frontier, which compelled her, after proclaiming "Threatening Danger of War," followed by mobilization, to move at once beyond her frontier. Thus, Russia and France knew that when Russia would order general mobilization, it would lead to a German attack on Russia and France the moment she noticed said mobilization.

Germany's plan of campaign also contemplated going through the relatively flat and less strongly fortified territory of Belgium, in defiance of international law and of Prussia's guarantee of Belgian neutrality. Only in so doing, the militarists believed, could Germany strike and crush the French forces quickly, so that she could then turn against Russia. By going through Belgium it was calculated that a decisive

victory—a “Cannae”—could be won within six weeks. On the other hand, to attempt to reach the French armies by striking straight west, without touching the neutralized territories of Luxemburg and Belgium, would take months, on account of the hilly country, the rising escarpments, and the strong lines of defensive forts which France had built since 1870.

Bethmann, with his juristic training and upon the advice of a legal expert in the Foreign Office, wished to keep within the requirements of the Hague Convention of 1907, which declared that hostilities must not commence without previous warning, either in the form of a reasoned declaration of war or an ultimatum with a conditional declaration of war. Compelled to accept the German plan of campaign which provided for an ultimatum to Belgium, demanding passage across her territory, he desired to regularize it by a previous formal declaration of a state of war between Germany and Russia, in case Russia did not accede to an ultimatum to demobilize at once. Falkenhayn, and especially Tirpitz, were opposed to such a declaration of war against Russia. They thought it an unnecessary, foolish and clumsy mistake in diplomatic technique, which would make an unfortunate impression on public opinion and brand Germany before the world as the aggressor. Pourtales also was of this opinion. The course of events showed that he was right. But, at the moment, Bethmann and Jagow seemed to have believed that a violation of Belgian neutrality prior to Germany's being formally at war with Russia would affect world opinion more adversely than a German initiative in declaring war. So Bethmann decided at once to send an ultimatum to Russia and another to Russia's ally.

Pourtales was therefore informed that Russia's mobilization of her entire army and navy, undertaken while negotiations were still pending, and before Germany had taken any mobilization measures, had compelled Germany to proclaim Threatening Danger of War.“ Mobilization must follow in case Russia does not suspend every war measure against Austria-Hungary and ourselves within twelve hours and make us a distinct declaration to that effect. Please inform Sazonov of this, and telegraph the hour of your communication.“ Pourtales received this message shortly after 11:00 P.M., deciphered it, and delivered it to Sazonov at midnight.’ Sazonov replied to him, as the Tsar had done, that for technical reasons it was impossible to suspend the mobilization measures.

The proclamation of “Threatening Danger of War“ had been urged by Moltke and Falkenhayn since the evening of July 29. But Bethmann had held out against it until receiving definite news that Russia had ordered general mobilization. As the Russian order had been given because Sazonov and Ianushkevich had persuaded the Tsar that war was inevitable, so now the Russian mobilization was the decisive fact which at last convinced the civil as well as the military authorities in Germany that war was inevitable. News of the Russian step caused military considerations everywhere (except in England) to take precedence over political considerations, and rendered futile and illusory all the later diplomatic efforts. Some of these efforts were

made sincerely but without serious expectation of success; some were only diplomatic gestures calculated to give an appearance of pacific intentions and to throw the odium of responsibility upon the opposing side. Thus, neither the Russian "formula" which Sazonov had proposed to Pourtales, nor the personal appeal which Pourtales made in a visit on his own initiative to the Tsar at Peterhof, nor the final exchange of telegrams between "Willy" and "Nicky," nor Berchtold's pretense of being at last ready to make some concessions, could have any chance of success. As these last diplomatic efforts were futile and illusory, they need not be set forth in detail.

Mobilization in France and Germany, August 1

Shortly after Schoen had made his first communication concerning the Russian mobilization and the steps that Germany was forced to take in consequence, the French Government finally received, on July 31, at 8:30 P.M., Paleologue's belated telegram announcing it. This left no doubt that the news of it, which had already come from German sources through Jules Cambon, Schoen, and a telegraph agency, was correct. This news, coupled with that of the German "Threatening Danger of War" received from Cambon, left little doubt in the minds of the French Cabinet that a European War was inevitable. General Joffre demanded the complete mobilization of the eastern army corps. "Every delay of twenty-four hours in calling up reservists and sending the telegram for *couverture* means a retardation of the concentration forces, that is, the initial abandonment of fifteen to twenty kilometers of territory for every day of delay." At 5:00 P.M., therefore, before Schoen came to ask Viviani about French neutrality, the Cabinet decided to order that *couverture*, which had been already ordered with limitations on July 30 in connection with the "10-kilometer withdrawal," should now take place in its fullest extent. A little later at 1:00 A.M., the Russian Military Attache at Paris reported to St. Petersburg:

"The French Minister of War has declared to me in a tone of hearty enthusiasm the firm decision of the French Government for War, and begged me to confirm the hope of the French General Staff that all our efforts will be directed against Germany, and that Austria will be treated as a *quantite negligeable*."

There came also the secret assurance from Rome that the Italian Government considered itself freed by Austria's conduct from its Triple Alliance obligations. But Sir Edward Grey continued in a non-committal attitude which was most distressing to Paul Cambon in London and to the French Cabinet in Paris.

The telegram from Pourtales reporting that Sazonov had replied that it was impossible for technical reasons to suspend Russian mobilization had been received in Berlin on August 1 at 12:30 A.M. The time-limit for any further reply expired at noon. Schoen's telegram giving Viviani's final answer, "France will act in accordance with her interests," did not reach Berlin until 6:10 P.M. But his earlier telegrams made it seem almost certain, as Germany expected, that France would not remain



neutral, and certainly not hand over Toul and Verdun to German occupation. Germany therefore ordered mobilization August 1 at 5:00 P.M., quarter of an hour later than France. Germany was the last of the Great Powers to take this final and supreme military measure.

Expecting that Sazonov would maintain his view that Russia could not suspend mobilization and would fail to comply with the ultimatum, Bethmann forwarded to Pourtales a declaration of war. The Ambassador, receiving it about 6:00 P.M. went at once with it to Sazonov. Three times, with increasing signs of emotion at his painful duty, he asked the Russian Minister of Foreign Affairs whether he could not give him a favorable answer to his request of the day before. Three times Sazonov answered in the negative. "In that case, Sir," said Pourtales, drawing from his pocket a folded paper, "I am instructed to hand you this note," and gave him the declaration of war. Then losing selfcontrol, the Ambassador went to the window and wept, saying: "I never could have believed that I should quit St. Petersburg under these conditions." He then embraced Sazonov and went away, asking that he be informed at the Embassy concerning his passports and arrangements for his departure, as he was not capable at the moment of talking about anything.

The German declaration of war on France was not made until 6:15 P.M. on August 3. It alleged several hostile French acts: French troops had crossed the frontier in

the Vosges. “A French aviator, who must have flown across Belgium territory, was shot down yesterday in an attempt to wreck the railroad at Wesel. . . . Yesterday, French airmen dropped bombs on the railroads near Karlsruhe and Nuremberg. Thus France has forced us into war.” Schoen was therefore instructed to communicate the foregoing to the French Government, ask for his passports, and turn over the Embassy to the charge of the American Ambassador. The alleged hostile acts were based on false information which the German Government, in its haste, had taken no care to verify. Furthermore, the despatch to Schoen reached him in a very mutilated form, so that much of it was unintelligible. Though the declaration of war and the grounds for it were such a very serious matter, Schoen did not feel justified in taking the necessary time to get from Berlin a complete and exact text of the mutilated document. He had been told to deliver the declaration at 6:00 P.M. Bethmann again wished to be formally correct in notifying a state of war before the German forces crossed the frontier into France, as they were about to do in accordance with the pre-arranged and all-important plan of campaign. Schoen therefore put together, as best he could, a declaration of war based on his mutilated telegram, and handed it in to Viviani. It contained the untrue allegations as to the French aviators over Wesel, Karlsruhe and Nuremberg.

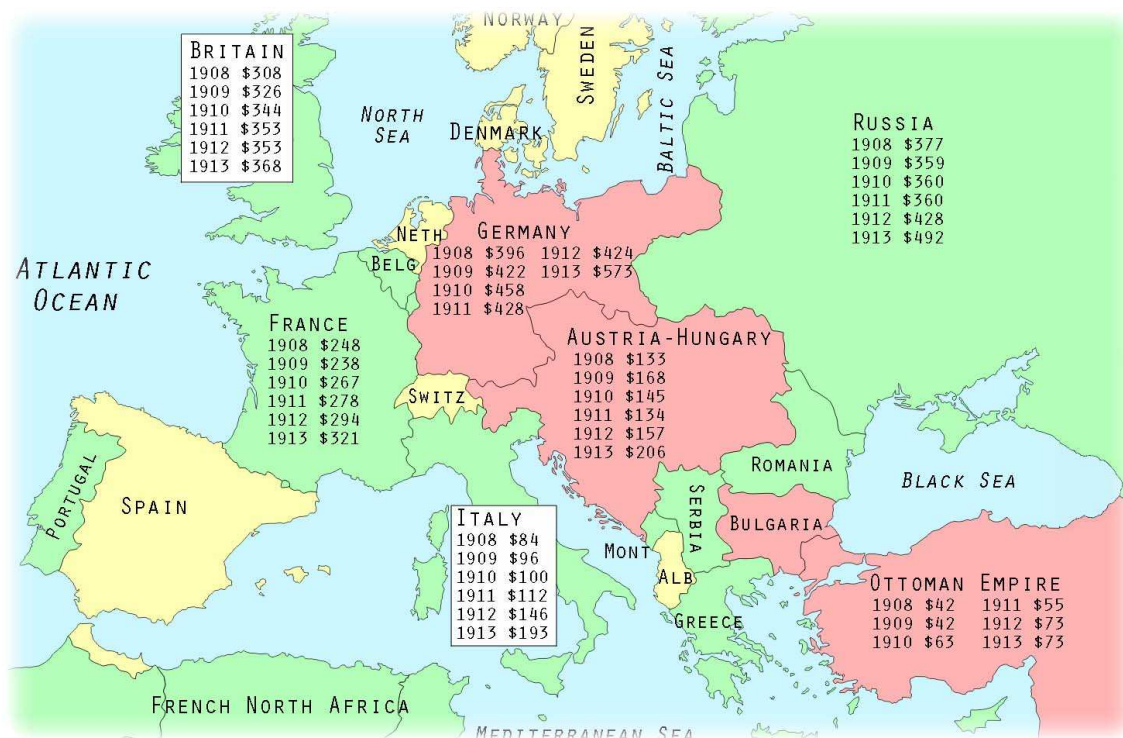


Figure 7.25: Military spending in Europe in millions of dollars.

England and Belgium

In spite of Paul Cambon's appeal to Grey on July 30, recalling their exchange of notes in 1912, 137 and in spite of a personal entreaty which President Poincare sent by special messenger to King George on the afternoon of July 31, the British Foreign Secretary still remained unwilling to give any pledge to France. As Grey notified the British Ambassador in Paris:

"I went on to say to M. Cambon that though we should have to put our policy before Parliament, we could not pledge Parliament in advance. Up to the present moment, we did not feel, and public opinion did not feel, that any treaties or obligations of this country were involved. M. Cambon expressed great disappointment at my reply. He repeated his question of whether we would help France if Germany made an attack on her. I said that I could only adhere to the answer that, as far as things had gone at present, we could not take any engagement. The latest news was that Russia had ordered a complete mobilization of her fleet and army. This, it seemed to me, would precipitate a crisis, and would make it appear that German mobilization was being forced by Russia."

Sir Edward Grey knew that the Cabinet was still sharply divided on the question of British participation in a European War. He was therefore taking care to be extremely cautious in avoiding any commitments to France until opinion in the Cabinet and in Parliament should be brought more decisively to the side of France by some new fact, such as a German ultimatum to France or a refusal to respect the neutrality of Belgium. On Friday, July 31, the day after receiving Bethmann's "bid," Grey decided to clarify the Belgian question by addressing to the French and German Governments a request asking each for an assurance that it would respect the neutrality of Belgium so long as no other Power violated it. France at once gave an unqualified assurance in the affirmative. But at Berlin Jagow told the British Ambassador that he could not possibly reply without consulting Bethmann and the Kaiser.

Already, however, on this same Friday, before hearing the dubious German reply in regard to Belgium, Sir Edward Grey determined in his own mind, in agreement with Nicolson and Crowe, that England's obligation of honor to France and her own material interests made it imperative for her to intervene on the Franco-Russian side. In the morning he had told the German Ambassador that if Germany could get any reasonable proposal put forward which made it clear that Germany and Austria were striving to preserve European peace, he would support it and go to the length of saying that, if France and Russia would not accept it, he would have nothing more to do with the consequences. "But, otherwise," he warned Lichnowsky, "if France became involved, we should be drawn in."

On August 1, Cambon, knowing of Germany's ultimatums and of the French intention to order mobilization, renewed his appeals to Grey. He urged very strongly the

British obligation to help France, both on account of the withdrawal of the French fleet to the Mediterranean, leaving the northern coast undefended except for British assistance, and on account of British interest. "If we [English] do not help France," Cambon said, "the Entente would disappear; and, whether victory came to Germany, or to France and Russia, our situation at the end of the war would be very uncomfortable." But Grey replied there was no obligation. That if France were forced into a war against her wish, it was because of her alliance with Russia. England had purposely kept clear of alliances in order not to be involved in this way. "This did not mean that under no circumstances would we assist France, but it did mean that France must take her own decision at this moment without reckoning on an assistance that we were not now in a position to promise." Cambon answered in dismay that he could not transmit this reply to his Government, and asked to be authorized to answer that the British Cabinet had not yet come to any decision.

August 2 was the "Sunday of Resolve" for England. The Cabinet sat almost continuously all day. In the morning it was still too uncertain as to British opinion and too divided against itself to come to a decision. Until luncheontime the danger that a considerable minority would resign from the Cabinet and thereby greatly weaken the Government at a critical moment, still caused the majority to hesitate, in spite of the arrival of news that German troops had entered Luxemburg. The neutrality of Belgium, as Grey told Cambon in the afternoon, "was a much more important matter" than the neutrality of Luxemburg. The violation of the latter did not of itself bring a decisive change in the attitude of the Cabinet. The decisive fact was that about noon a letter was brought from Mr. Bonar Law, the leader of the Unionist Party, assuring the Cabinet of support of his followers in Parliament. Such support had already been intimated unofficially to Winston Churchill in a letter three days earlier from another prominent Unionist, Mr. F. E. Smith, later Lord Birkenhead. But Mr. Bonar Law's letter might be regarded as official, and represented the expressed view of a number of most important Unionist leaders, including Lord Lansdowne, who had hurried up to London to make his influence felt. Mr. Bonar Law's letter was as follows:

"Dear Mr. Asquith—Lord Lansdowne and I feel it our duty to inform you that, in our opinion, as well as in that of all the colleagues whom we have been able to consult, it would be fatal to the honor and security of the United Kingdom to hesitate in supporting France and Russia at the present juncture; and we offer our unhesitating support to the Government in any measures that they may consider necessary for that object."

Upon the receipt of this promise of support Grey and the Cabinet determined to give Cambon the assurance concerning the north coast of France about which he had asked the day before. So, about 3 P.M., Grey informed the French Ambassador that "if the German fleet comes into the Channel or through the North Sea to undertake hostile operations against the French coasts or shipping, the British fleet will give

all the protection in its power.“ 155 This assurance was still subject to approval by Parliament, Grey added, and did not mean that England would send troops to France. It was merely a promise to make war against Germany, contingent upon a hypothetical action by the German fleet. It looked, however, like war, and led Lord Morley and Mr. John Burns to resign from the Cabinet. It gave also much comfort to the French, even though it did not go as far as they had hoped. The assurance was given before Germany presented her ultimatum to Belgium, news of which did not reach London until the morning of August 3. Thus, even two members of Parliament saw it as if war against Germany was already decided on.

About 7 P.M. on August 2 the German Minister at Brussels had handed to Mr. Davignon, the Belgian Minister of Foreign Affairs, the German demands drawn up by Moltke on July 26 and forwarded from Berlin on July 29 in a sealed envelope within a sealed envelope. It stated that Germany “is in receipt of reliable information relating to the proposed advance of French armed forces along the Mouse, route Givet-Namur. They leave no doubt as to France’s intention to advance against Germany through Belgian territory.“ As it was to be feared that Belgium would be unable, unaided, to resist the French advance, and as “it is for Germany a dictate of self-preservation that she anticipate the hostile attack,“ Germany regretted that she would be forced to enter upon Belgian soil. She contemplated no hostile activities against Belgium. If the Kingdom adopted “a benevolent neutrality toward Germany,“ the German Government promised at the conclusion of peace to guarantee Belgium’s sovereign rights and independence, to evacuate the territory, to buy for cash all the necessities required by her troops, and to make good every damage which they might cause. But should Belgium oppose German troops, or destroy railroads and tunnels, “Germany would be obliged, to her regret, to regard the Kingdom as an enemy.“ An unequivocal reply was demanded within twelve hours. Mr. Davignon on the morning of August 3 at once notified the Powers of Germany’s ultimatum and its rejection, but did not immediately appeal to the Guaranteeing Powers for support.

The news of the German ultimatum to Belgium and its categorical rejection reached Sir Edward Grey toward noon on Monday, August 3, shortly before he was to make his speech in Parliament announcing the British decision to oppose by force any German attack on the north coast of France. Sir Edward Grey began his speech with the question of Britain’s obligations to France, sketching the development of the system of alliances from the time of the first Morocco Crisis, and giving the House its first knowledge of the Anglo-French military and naval conversations and the exchange of notes in 1912. He came to the question of Belgian neutrality. He referred very effectively to Germany’s refusal to give an unequivocal promise to respect it, to the German ultimatum to Belgium and its rejection, and to the appeal of King Albert for “diplomatic intervention.“ If Belgium lost her independence, then Holland and Denmark would lose theirs; and if France were beaten to her knees and lost her position as a Great Power, England would be faced by the “unmeasured

aggrandizement“ of Germany.

Grey did not ask the House of Commons for definite endorsement of any precise measures. He was merely skilfully informing them of what he had done so far, assuring them that his hands were still free and that it was for Parliament to decide; but at the same time he persuasively placed before them his own conviction that England ought not to stand aside. The applause with which his speech was greeted left no doubt that Parliament would support him. After the speech and the Cabinet meeting in the evening, Grey confided to Cambon that the Cabinet had decided next morning to send instructions to the British Ambassador in Berlin to demand that the German ultimatum to Belgium be withdrawn. “If they refuse,” added Grey, “there will be war.”

The Cabinet’s decision was strengthened next day, August 4, by news that the Germans had actually violated Belgian territory. At 2 P.M. Sir Edward Grey sent the ultimatum to Berlin. He mentioned Germany’s ultimatum to Belgium and the report that “Belgian territory has been violated at Gemmenich.” Sir Edward Goschen took the ultimatum to the German Foreign Office about 7 P.M. Jagow told him that no such assurance as requested could be given. He had already explained to Goschen earlier in the day that Germany had been compelled by strategic necessity to go through Belgium to reach France in the quickest and easiest way—that it was a matter of life and death for her. Goschen then said he should like to go and see the Chancellor as it might be his last opportunity. Goschen’s narrative continues:

“I found the Chancellor very agitated. His Excellency at once began a harangue which lasted for about 20 minutes. He said that the step taken by His Majesty’s Government was terrible to a degree, just for a word “neutrality“ a word which in war time had so often been disregarded—just for a scrap of paper, Great Britain was going to make war on a kindred nation who desired nothing better than to be friends with her. All his efforts in that direction had been rendered useless by this last terrible step, and the policy to which, as I knew, he had devoted himself since his accession to office, had tumbled down like a house of cards....I said that in the same way as he and Herr von Jagow wished me to understand that for strategical reasons it was a matter of life and death to Germany to advance through Belgium and violate her neutrality, so I would wish him to understand that it was, so to speak, a matter of “life and death“ for the honor of Great Britain that she should keep her solemn engagement to do her utmost to defend Belgium’s neutrality if attacked. That solemn compact simply had to be kept, or what confidence could anyone have in engagements given by Great Britain in the future? The Chancellor said “But at what price will that compact have been kept. Has the British Government thought of that;” I hinted to his Excellency as plainly as I could that fear of consequences could hardly be regarded as an excuse for breaking solemn engagements, but his Excellency was so excited, so evidently overcome by the news of our action and so little disposed to hear reason, that I refrained from adding fuel to the flame by further argument.

As I was leaving he said that the blow of Great Britain joining Germany's enemies was all the greater that almost up to the last moment he and his Government had been working with us and supporting our efforts to maintain peace between Austria and Russia I admitted that that had been the case, and said that it was part of the tragedy which saw the two nations fall apart just at the moment when the relations between them had been more friendly and cordial than they had been for years."

As the clock struck midnight and no satisfactory answer had been given to Goschen, Germany and England were at war. The Sarajevo spark had started the fire which had now spread over Europe. Serbia and the Great Powers were involved in a life and death struggle.

7.25 Conclusion

For many of the Powers, to be sure, a European War might seem to hold out the possibility of achieving various desired advantages: for Serbia, the achievement of national unity for all Serbs; for Austria, the revival of her waning prestige as a Great Power, and the checking of nationalistic tendencies which threatened her very existence ; for Russia, the accomplishment of her historic mission of controlling Constantinople and the Straits; for Germany, new economic advantages and the restoration of the European balance which had changed with the weakening of the Triple Alliance and the tightening of the Triple Entente; for France, the recovery of Alsace-Lorraine and the ending of the German menace; and for England, the destruction of the German naval danger and of Prussian militarism. All these advantages, and many others, were feverishly striven and intrigued for, on all sides, the moment the War actually broke out, but this is no good proof that any of the statesmen mentioned deliberately aimed to bring about a war to secure these advantages.

Nevertheless, a European War broke out. Why? Because in each country political and military leaders did certain things, which led to mobilizations and declarations of war, or failed to do certain things which might have prevented them. In this sense, all the European countries, in a greater or less degree, were responsible. One must abandon the dictum of the Versailles Treaty that Germany and her allies were solely responsible. It was a dictum exacted by victors from vanquished, under the influence of the blindness, ignorance, hatred, and the propagandist misconceptions to which war had given rise. It was based on evidence which was incomplete and not always sound.¹ It is generally recognized by the best historical scholars in all countries to be no longer tenable or defensible. They are agreed that the responsibility for the War is a divided responsibility. But they still disagree very much as to the relative part of this responsibility that falls on each country and on each individual political or military leader.

Serbia felt a natural and justifiable impulse to do what so many other countries had



done in the nineteenth century— to bring under one national Government all the discontented Serb people. She had liberated those under Turkish rule; the next step was to liberate those under Hapsburg rule. She looked to Russia for assistance and had been encouraged to expect that she would receive it After the assassination, Mr. Pashitch took no steps to discover and bring to justice Serbians in Belgrade who had been implicated in the plot. One of them. Ciganovitch was even assisted to disappear. Mr. Pashitch waited to see what evidence the Austrian authorities could find. When Austria demanded cooperation of Austrian officials in discovering, though not in trying, implicated Serbians the Serbian Government made a very conciliatory but negative reply. They expected that the reply would not be regarded as satisfactory, and, even before it was given ordered the mobilization of the Serbian army. Serbia did not want war, but believed it would be forced upon her That Mr. Pashitch was aware of the plot three weeks before it was executed, failed to take effective steps to prevent the assassins from crossing over from Serbia to Bosnia, and then failed to give Austria any warning or information which might have averted the fatal crime, were facts unknown to Austria in July, 1914; they cannot therefore be regarded as in any way justifying Austria's conduct ; but they are part of Serbia's responsibility, and a very serious part.

Austria was more responsible for the immediate origin of the war than any other Power. Yet from her own point of view she was acting in self-defence—not against an immediate military attack, but against the corroding Greater Serbia and Yugoslav agitation which her leaders believed threatened her very existence. No State can be expected to sit with folded arms and await dismemberment at the hands of its neighbors. Russia was believed to be intriguing with Serbia and Rumania against the Dual Monarchy. The assassination of the heir to the throne, as a result of a plot prepared in Belgrade, demanded severe retribution; otherwise Austria would be regarded as incapable of action, “worm-eaten“ as the Serbian Press expressed it, would sink in prestige, and hasten her own downfall. To avert this Berchtold determined to crush Serbia with war. Berchtold gambled on a “local“ war with Serbia only, believing that he could rattle the German sword; but rather than abandon his war with Serbia, he was ready to drag the rest of Europe into war.

It is very questionable whether Berchtold’s obstinate determination to diminish Serbia and destroy her as a Balkan factor was, after all, the right method, even if he had succeeded in keeping the war “localized“ and in temporarily strengthening the Dual Monarchy. Supposing that Russia in 1914, because of military unpreparedness or lack of support, had been ready to tolerate the execution of Berchtold’s designs, it is quite certain that she would have aimed within the next two or three years at wiping out this second humiliation, which was so much more damaging to her prestige than that of 1908-09. In two or three years, when her great program of military reform was finally completed, Russia would certainly have found a pretext to reverse the balance in the Balkans in her own favor again. A further consequence of Berchtold’s policy, even if successful, would have been the still closer consolidation of the Triple Entente, with the possible addition of Italy. And, finally, a partially dismembered Serbia would have become a still greater source of unrest and danger to the peace of Europe than heretofore. Franz Ferdinand and many others recognized this, and so long as he lived, no step in this fatal direction had been taken. It was the tragic fate of Austria that the only man who might have had the power and ability to develop Austria along sound lines became the innocent victim of the crime which was the occasion of the World War and so of her ultimate disruption.

Germany did not plot a European War, did not want one, and made genuine, though too belated efforts, to avert one. She was the victim of her alliance with Austria and of her own folly. Austria was her only dependable ally, Italy and Rumania having become nothing but allies in name. She could not throw her over, as otherwise she would stand isolated between Russia, where Pan Slavism and armaments were growing stronger every year, and France, where Alsace-Lorraine, Delcasse’s fall, and Agadir were not forgotten. Therefore, Bethmann felt bound to accede to Berchtold’s request for support and gave him a free hand to deal with Serbia ; he also hoped and expected to “localize“ the Austro-Serbian conflict. Germany then gave grounds to the Entente for suspecting the sincerity of her peaceful intentions by her denial of any

foreknowledge of the ultimatum, by her support and justification of it when it was published, and by her refusal of Sir Edward Grey's conference proposal. However, Germany by no means had Austria so completely under her thumb as the Entente Powers and many writers have assumed. It is true that Berchtold would hardly have embarked on his gambler's policy unless he had been assured that Germany would fulfil the obligations of the alliance, and to this extent Germany must share the great responsibility of Austria. But when Bethmann realized that Russia was likely to intervene, that England might not remain neutral, and that there was danger of a world war of which Germany and Austria would appear to be the instigators, he tried to call a halt on Austria, but it was too late. He pressed mediation proposals on Vienna, but Berchtold was insensible to the pressure, and the Entente Powers did not believe in the sincerity of his pressure, especially as they produced no results.

Germany's geographical position between France and Russia, and her inferiority in number of troops, had made necessary the plan of crushing the French army quickly at first and then turning against Russia. This was only possible in the opinion of her strategists, by marching through Belgium, as it was generally anticipated by military men that she would do in case of a European War. On July 29 after Austria had declared war on Serbia and after the Tsar had assented to general mobilization in Russia (though this was not known in Berlin and was later postponed for a day owing to the Kaiser's telegram to the Tsar), Bethmann took the precaution of sending to the German Minister in Brussels a sealed envelope. The Minister was not to open it except on further instructions. It contained the later demand for the passage of the German army through Belgium. This does not mean, however, that Germany had decided for war. In fact, Bethmann was one of the last of the statesmen to abandon hope of peace and to consent to the mobilization of his country's army. General mobilization of the continental armies took place in the following order: Serbia, Russia, Austria, France and Germany. General mobilization by a Great Power was commonly interpreted by military men in every country, though perhaps not by Sir Edward Grey, the Tsar, and some civilian officials, as meaning that the country was on the point of making war,—that the military machine had begun to move and would not be stopped. Hence, when Germany learned of the Russian general mobilization, she sent ultimatums to St. Petersburg and Paris, warning that German mobilization would follow unless Russia suspended hers within twelve hours, and asking what would be the attitude of France. The answers being unsatisfactory, Germany then mobilized and declared war. It was the hasty Russian general mobilization, assented to on July 29 and ordered on July 30, while Germany was still trying to bring Austria to accept mediation proposals, which finally rendered the European War inevitable.

Russia was partly responsible for the Austro-Serbian conflict because of the frequent encouragement which she had given at Belgrade—that Serbian national unity would be ultimately achieved with Russian assistance at Austrian expense. This had led the Belgrade Cabinet to hope for Russian support in case of a war with Austria, and

the hope - did not prove vain in July, 1914. Before this, to be sure in the Bosnian Crisis and during the Balkan Wars, Russia had put restraint upon Serbia, because Russia, exhausted by the effects of the Russo-Japanese War, was not yet ready for a European struggle with the Teutonic Powers. But in 1914 her armaments, though not yet completed, had made such progress that the militarists were confident of success, if they had French and British support. In the spring* of 1914, the Minister of War. Sukhomlinov, had published an article in a Russian newspaper, though without signing his name, to the effect, "Russia is ready, France must be ready also." Austria was convinced that Russia would ultimately aid Serbia, unless the Serbian danger were dealt with energetically after the Archduke's murder; she knew that Russia was growing stronger every year; but she doubted whether the Tsar's armaments had yet reached the point at which Russia would dare to intervene; she would therefore run less risk of Russian intervention and a European War if she used the Archduke's assassination as an excuse for weakening Serbia, than if she should postpone action until the future. Russia's responsibility lay also in the secret preparatory military measures which she was making at the same time that she was carrying on diplomatic negotiations. These alarmed Germany and Austria. But it was primarily Russia's general mobilization, made when Germany was trying to bring Austria to a settlement, which precipitated the final catastrophe, causing Germany to mobilize and declare war.

The part of France is less clear than that of the other Great Powers, because she has not yet made a full publication of her documents (in 1928). To be sure, M. Poincare, in the fourth volume of his memoirs, has made a skilful and elaborate plea to prove "La France innocente" But he is not convincing. It is quite clear that on his visit to Russia he assured the Tsar's Government that France would support her as an ally in preventing Austria from humiliating or crushing Serbia. Paleologue renewed these assurances in a way to encourage Russia to take a strong hand. He did not attempt to restrain Russia from military measures which he knew would call forth German counter-measures and cause war. Nor did he keep his Government promptly and fully informed of the military steps which were being taken at St. Petersburg. President Poincare, upon his return to France, made efforts for peace, but his great preoccupation was to minimize French and Russian preparatory measures and emphasize those of Germany, in order to secure the certainty of British support in a struggle which he now regarded as inevitable.

Sir Edward Grey made many sincere proposals for preserving peace; they all failed owing partly, but not exclusively, to Germany's attitude. Sir Edward could probably have prevented war if he had done either of two things. It, early in the crisis, he had acceded to the urging of France and Russia and given a strong warning to Germany that in a European War, England would take the side of the Franco-Russian Alliance, this would probably have led Bethmann to exert an earlier and more effective pressure on Austria; and it would perhaps thereby have prevented the Austrian declaration of

war on Serbia, and brought to a successful issue the "direct conversations" between Vienna and St. Petersburg. Or, if Sir Edward Grey had listened to German urging, and warned France and Russia early in the crisis, that if they became involved in war, England would remain neutral probably Russia would have hesitated with her mobilizations, and France would probably have exerted a restraining influence at St. Petersburg. But Sir Edward Grey could not say that England would take the side of France and Russia, because he had a Cabinet nearly evenly divided, and he was not sure, early in the crisis, that public opinion in England would back him up in war against Germany. On the other hand, he was unwilling to heed the German pleadings that he exercise restraint at Paris and St. Petersburg, because he did not wish to endanger the Anglo-Russian Entente and the solidarity of the Triple Entente, because he felt a moral obligation to France, growing out of the Anglo-French military and naval conversations of the past years, and because he suspected that Germany was backing Austria up in an unjustifiable course and that Prussian militarists had taken the direction of affairs at Berlin out of the hands of Herr von Bethmann-Hollweg and the civilian authorities. Italy exerted relatively little influence on the crisis in either direction.

Belgium had done nothing in any way to justify the demand which Germany made upon her. With commendable prudence, at the very first news of the ominous Austrian ultimatum, she had foreseen the danger to which she might be exposed. She had accordingly instructed her representatives abroad as to the statements which they were to make in case Belgium should decide very suddenly to mobilize to protect her neutrality. On July 29, she placed her army upon "a strengthened war footing," but did not order complete mobilization until two days later, when Austria, Russia, and Germany had already done so, and war appeared inevitable. Even after being confronted with the terrible German ultimatum, at 7 P.M. on August 2, she did not at once invite the assistance of English and French troops to aid her in the defense of her soil and her neutrality against a certain German assault; it was not until German troops had actually violated her territory, on August 4, that she appealed for the assistance of the Powers which had guaranteed her neutrality. Belgium was the innocent victim of German strategic necessity. Though the German violation of Belgium was of enormous influence in forming public opinion as to the responsibility of the War after hostilities began, it was not a cause of the War except in so far as it made it easier for Sir Edward Grey to bring England into it.

In the forty years following the Franco-Prussian War, as we have seen, there developed a system of alliances which divided Europe into two hostile groups. This hostility was accentuated by the increase of armaments, economic rivalry, nationalist ambitions and antagonisms, and newspaper incitement. But it is very doubtful whether all these dangerous tendencies would have actually led to war, had it not been for the assassination of Franz Ferdinand. That was the factor which consolidated the elements of hostility and started the rapid and complicated succession of

events which culminated in a World War, and for that factor Serbian nationalism was primarily responsible.



But the verdict of the Versailles Treaty that Germany and her allies were responsible for the War, in view of the evidence now available, is historically unsound. It should therefore be revised. However, because if the popular feeling widespread in some of the Entente countries, it is doubtful whether a formal and legal revision is as yet practicable. There must first come a further revision by historical scholars, and through them of public opinion.

8. World War 1

8.1 A Short Overview

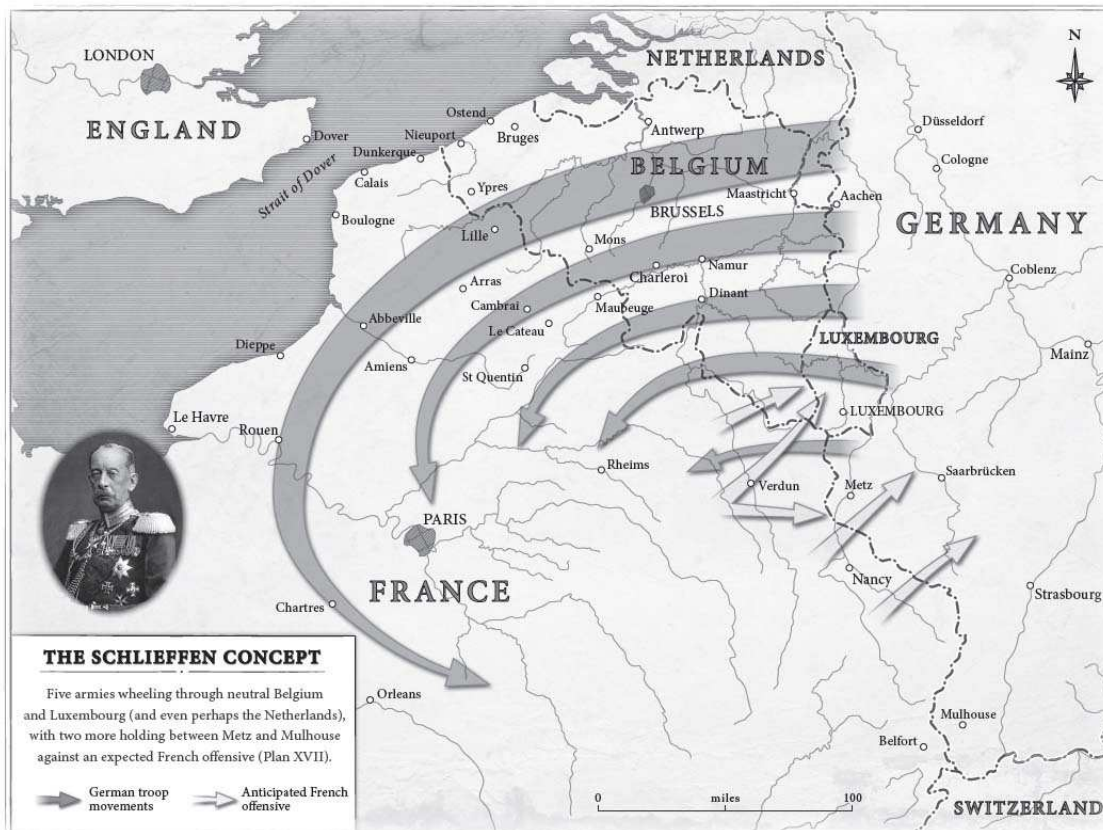
World War I took place between 1914 and 1918. Although the conflict began in Europe, it ultimately involved countries as far away as the United States and Japan. At the time, the English-speaking world knew it as the “Great War”—the term “World War I” was applied decades later. Historians still actively disagree over the fundamental causes of the war. The period leading up to the war was a complex tangle of diplomacy and political maneuvering—many countries debated over strategies and alliances until nearly the last minute—and the first few weeks of the conflict were similarly chaotic and confusing. However, historians agree nearly unanimously about the war’s consequences: World War I led almost directly to World War II and set the stage for many other important events in the twentieth century.

By conservative estimates, around 9 million soldiers died in battle—many of them defending entrenched front lines that were so stalemated that they rarely moved even a few yards in either direction. Civilian loss of life totaled an additional 13 million. Epidemics of influenza and other diseases, either induced or exacerbated by the war, raised the death toll by at least an additional 20 million. In total, counting battle casualties, civilian deaths, and victims of disease, the loss of life worldwide surpassed 40 million.

Political tensions ran high in early twentieth-century Europe. Abroad, Europe’s great powers were increasingly coming to impasses over the acquisition of new colonies. As the unclaimed lands of the earth ran short, the race to claim them became fiercely competitive. At the same time, the Turkish-ruled Ottoman Empire, which had existed for hundreds of years, was slowly decaying. Greece, Bulgaria, Romania, Serbia, and other southern European nations that had been under Ottoman rule became independent, changing the balance of power in Europe. The many ethnic groups of Austria-Hungary, inspired by these new southern European nations, began to agitate for their own independence. Furthermore, Serbia wanted back the territory of Bosnia-Herzegovina, lost to Austria in a previous war.

At the same time, technological and industrial developments in Europe were advancing with unprecedented speed. Military technology was at the forefront of this trend, and a horrible war using these new weapons was both feared and seen as inevitable. Indeed, World War I turned out to be a showcase of new technologies that would change the nature, speed, and efficiency of warfare in the century to come. Tanks, airplanes, and submarines changed the way wars were fought. Other types of motorized vehicles, such as trucks, cars, and especially trains, vastly improved the

speed with which troops and supplies could be deployed and increased the distance over which they could be transported. Guns in all categories, ranging from pistols to major artillery, greatly improved in accuracy and range of fire, enabling armies to fire upon each other across long distances and in some cases without even having to see each other. The machine gun made it possible for a single soldier to effectively take on multiple opponents at once. Chemical warfare was seen on a large scale for the first time, with results so gruesome that most countries vowed never to use such weapons again.



By war's end, the map of Europe began to resemble the one we know today. The German and Austro-Hungarian empires ceased to exist. Much of eastern Europe, in particular, was redivided along ethno-linguistic lines, and Hungary, Poland, Lithuania, Latvia, Estonia, and Finland all became independent countries. Several other nations were awkwardly combined into the countries of Yugoslavia and Czechoslovakia. A major reorganization of the Near and Middle East also took place following the war, establishing the forerunners of the countries we know today as Armenia, Turkey, Syria, Lebanon, Saudi Arabia, and Iraq.

The aftermath of World War I also marked the practical end of monarchy on the continent and of European colonialism throughout the rest of the world. Most European nations began to rely increasingly upon parliamentary systems of government,

and socialism gained increasing popularity. The brutality of the conflict and the enormous loss of human life inspired a renewed determination among nations to rely upon diplomacy to resolve conflicts in the future. This resolve directly inspired the birth of the League of Nations.

The Eastern Front

The Russian Army of World War One has become notorious for its reputation as a large, ill-equipped force, yet in 1914, Russia's Imperial Troops were actually well trained and equipped. The real problem with the Russian Army lay in its inadequate transportation infrastructure, which was not able to supply and maintain Russian field formations at wartime establishments. As far as equipment was concerned, the average Russian soldier in the 1st and 2nd Line had sidearms, rifles and machine guns equal to his German counterparts, and probably superior to the Austrians. The standard Russian Field Guns, the 76.2 mm and 122 mm, were robust enough to be used in World War Two and still be in reserve units in the 1980's.

Because of the many logistical disadvantages under which they labored, the Russian Army High Command had maintained a lively pre-war debate over what action would be taken in case of war with Germany. By 1910 it was decided to launch major offensive operations immediately upon the outbreak of any war. This decision clearly catered to the "spirit of the offensive" which then pervaded European military thought, and in pursuit of this doctrine, most Russian fortress units were deactivated. The age-old Russian strategy of defense-in-depth supported by counteroffensives was cast aside in favor of the latest trends. This was to exact a brutal toll in Russian lives, which in turn helped to spur later unrest.

The Austro-Hungarian Army of 1914 had been starved of proper equipment and resources throughout the pre-war period. It was also composed of an increasingly nationalistic soldiery, three-quarters of whom were from Slavic recruiting districts. The reluctance of these troops to follow Austrian officers into combat against their Russian brethren became a major liability, especially after the enormous losses suffered during the first year of war. The main German armies in the East operated with characteristic Teutonic efficiency. Indeed it was here that their troops enjoyed the luxury of fighting the battles of maneuver for which they had been trained. The Russian front also saw the rise of the great German "artillery virtuosos" of the war, men such as Lieutenant Colonel Georg Bruchmüller. Lieutenant Colonel Bruchmüller was capable of orchestrating artillery firepower with ferocious efficiency, but more importantly he undertook aggressive training measures to assure near perfect coordination between the artillery and infantry branches of the army.

The Eastern half of the Great War began on August 17, 1914, when Russian General Pavel Rennenkampf's First Army invaded Eastern Prussia in a full scale offensive. Two days later, General Alexander Samsonov's Second Army attacked around the



right flank of the German Eighth Army commanded by General Friedrich von Prittwitz. This was achieved despite the fact that Second Army was fighting at two-thirds strength due to the slow Russian mobilization. Prittwitz, who was certain that he could not hold against the two armies facing him, informed high command that he intended to withdraw to the Vistula River, abandoning most of East Prussia including Königsberg. He was immediately relieved of duty and replaced by Field Marshal Paul von Hindenburg and his new Chief-of-Staff, Erich Ludendorff. Along with the staff at East Prussian Army Headquarters, they planned a counteroffensive against the Russians. By August 27 they had already laid the plans and fallen on Samsonov's weak Army, taking it in both flanks in a near perfect double envelopment. The Battle of Tannenberg ended by August 30 when Samsonov's entire command disintegrated at a cost of 92,000 captured and tens of thousands of other casualties. Within a week, German forces under General August Mackensen defeated Rennenkampf at the Battle of Masurian Lakes, where the Russians lost another 100,000 casualties. As in previous wars, inadequate logistic support hampered Russian movement and supply. Now, against an industrialized opponent, these shortcomings quickly assumed catastrophic proportions.

In the south of Poland, Austrian Chief-of-Staff Conrad von Hoetzendorf launched his own attack northward toward Warsaw. The Russians however, had concentrated four fully supplied armies opposite the 39 Divisions of Austrian troops, and on August 30 they opened their offensive. By the third week in September, Hoetzendorf ordered a general retreat. and the province of Galicia was abandoned by the Austrians at a

cost of over 130,000 casualties! The year ended with limited attacks toward Warsaw by Mackensen and Russian probing assaults into the Carpathian passes.

While the winter of 1914-15 still had its grip on Europe, von Hoetzendorf appealed to the Germans to support an offensive which he hoped would force the Russians away from the crests of the Carpathian Mountains. After some debate, the German senior command agreed on a thrust deep into Russian lines out of East Prussia. The resulting “winter war“ inflicted another 190,000 casualties on the Russians, but petered out when the Austrian forces to the south utterly failed to dislodge the Russians. They instead suffered another embarrassing defeat, and even lost control of Dukla Pass, a prime route onto the Hungarian plains. Only severe weather and their unfortunate supply situation prevented the Russians from cracking into the core of the Dual Monarchy’s empire.

By May of 1915, the Germans took over command of the Eastern Front and used many of their units to support the increasingly fragmented Austrian formations. Their next offensive came on May 1, with a sharp attack on the Russian lines at Gorlice. This offensive penetrated more than two-hundred miles in two weeks and triggered the collapse of the entire Russian Southern Front. German and Austrian formations pushed northward in another thrust toward Warsaw, capturing it in August. In September, General Max von Gallwitz’ new Twelfth Army attacked into the Courland toward Riga. As the entire Russian front line fell apart, the Russian strongholds of Novo-Georgiesk and Brest-Litovsk both fell to the Germans. Only at the end of September did Russian resolve harden enough to allow a new line to form. Shortly after this, Russian Tsar Nicholas intervened and assumed personal command of the army, a decision which would have grave consequences. The territory captured by the Central Powers to date (shaded light yellow) included all of Poland, Lithuania and Latvia. Two million Russian troops were lost during the course of the year, half of them prisoners. The Central powers of Germany and Austria-Hungary lost a total of nearly one-million, another grim highlight of this theater’s impact on the war.

The next major offensive was undertaken by Russian General Alexi Brusilov. His preparations were far superior to those undertaken by previous senior officers, and for the first time during the war Russian units were trained to employ shock troops followed up by mutually supporting open order formations. Western Allied aid and Russian production had also replaced all of the equipment losses from the previous year, although the competing egos of fellow commanders and the still inefficient supply system placed a dead hand on any spectacular successes. By June of 1916, Brusilov’s four armies, the Eighth, Eleventh, Seventh and Ninth, were poised along the Galician border facing the Austrian Army. On the 4th the Russians attacked and immediately penetrated deep into Austrian positions, capturing 13,000 prisoners on the first day. By the time the offensive was two months old, the entire Austro-Hungarian Empire was in danger of falling. Romania then entered the war on the side of the allies, but greedily invaded Transylvania instead of preparing an adequate

defense. This mistake gave the Germans the opening they needed, and the ensuing counter-offensive achieved the total collapse of Romania to the Central Powers. Germany and Austria gained control of vast coal and wheat fields, although they also added over 200 miles of front to their lines.

Brusilov was urged by St. Petersburg to continue his summer gains even though the Russians had suffered horrible casualties in the process of attaining their goals. In September the offensive was continued, but without the same elegance as earlier, causing casualties to again climb toward the one-million mark. The offensive finally wound down after the seizure of Bukovina and Galicia (shaded in yellow). These accomplishments brought Russia just as many casualties as their defeats of the previous year, and discipline began to slide downward. To make matters worse, Russian industry proved unable to continue manufacturing new equipment in sufficient quantities to replace such staggering losses, especially in small arms and ammunition. All of this may have been inevitable given the trend of the war at that point. In late 1916, several nations across Europe began to suffer from mutinies and revolts as troops became disillusioned with the profligate loss of life. As the bad news at home mounted, Russia slowly edged toward open revolt and the dual monarchy of Austria-Hungary edged toward complete dissolution.

By 1917, the Russian Army's officer corps was increasingly demoralized by the poor progress of the fighting. Though grossly outnumbered, the Germans had proven to be dangerous and cunning opponents, and the Russian royal family's unfortunate intervention in affairs did not improve anything. The repeated catastrophes suffered by Russian field armies squelched what patriotism had existed three years earlier, slowly allowing the entire governing system to fall apart. By March of that year, some Army units began ignoring their orders, a situation made worse as growing Communist rebel groups exaggerated reports of minor events such as the revolt of a Russian Guard depot formation at Petrograd (this famous mutiny was carried out by trainees and depot troops, not by fully trained Imperial Guardsmen). After the Tsar abdicated his throne that same month, a provisional government was formed with Alexander Kerensky at its head. He made a short-lived attempt to uphold Allied obligations by putting General Brusilov in command of another offensive against the German Southern Army in Galicia. But despite his best efforts, Brusilov's 1917 offensive only cleared a few mutinous Austrian formations out of the way before running into the brick wall of German general's Hoffman and Hutier, who first held off, then counter-attacked the hesitant Russian troops. This was the last straw for the Imperial Russian Army, which virtually disintegrated as open civil war swept like a wave across Russia.

As the Communist revolt accelerated, both sides of the civil war continued sporadic negotiations with Germany. The Germans, who continued making territorial gains, eventually began aiding the pro-Tsarist White Russian forces, attempting to stem the very revolt they had helped to foster. However the damage to the Russian infrastruc-

ture was too great, and the “White“ Russians were eventually forced from power by the “Red“ Communists. The treaty of Brest-Litovsk was finally concluded with the new Bolshevik government on March 3, 1918, stripping their country of all provinces west of the Ukraine. That treaty was annulled by the Armistice of November 11, and the new government in Moscow eventually re-established its presence in all of the previously held lands. Ironically, one of the lasting actions by the Bolsheviks was the attempted indoctrination of German prisoners-of-war. Many of these troops were eventually transferred to the Western Front which was still raging in 1918, but some of them were virtually useless as soldiers. When the war ended, they returned to Germany, where many threw themselves into the post-war revolution then tearing at Germany’s social fabric. The opposing fascists eventually gained control of the country and added further tragic chapters to the history of Russia and Eastern Europe.

The Western Front

Late during the summer of 1914, train stations all over Europe echoed with the sound of leather boots and the clattering of weapons as millions of enthusiastic young soldiers mobilized for the most glorious conflict since the Napoleonic Wars. In the eyes of many men, pride and honor glowed in competition with the excitement of a wonderful adventure and the knowledge of righting some perceived infringement on the interests of their respective nation. Within weeks however, the excitement and glory gave way to horror and anonymous death, brought on by dangerous new machines of war which took control of the old fields of honor and turned them into desolate moonscapes littered with corpses and wreckage. This new great war, called World War One, began as a local disturbance in Southern Europe but eventually spread into a worldwide struggle which produced two of the greatest bloodlettings in history; the battles of the Somme and Verdun. The western portion of this conflict took place mostly in Belgium and France, and started as a war of “grand maneuvers“ as had been theorized before the fighting began. But when more troops were poured into an increasingly cramped area, there came a time when the antagonists could no longer maneuver against each other in any operational sense. When this occurred, the forces involved began entrenching in the face of more and more lethal concentrations of firepower, and the war of the machines and trenches had begun.

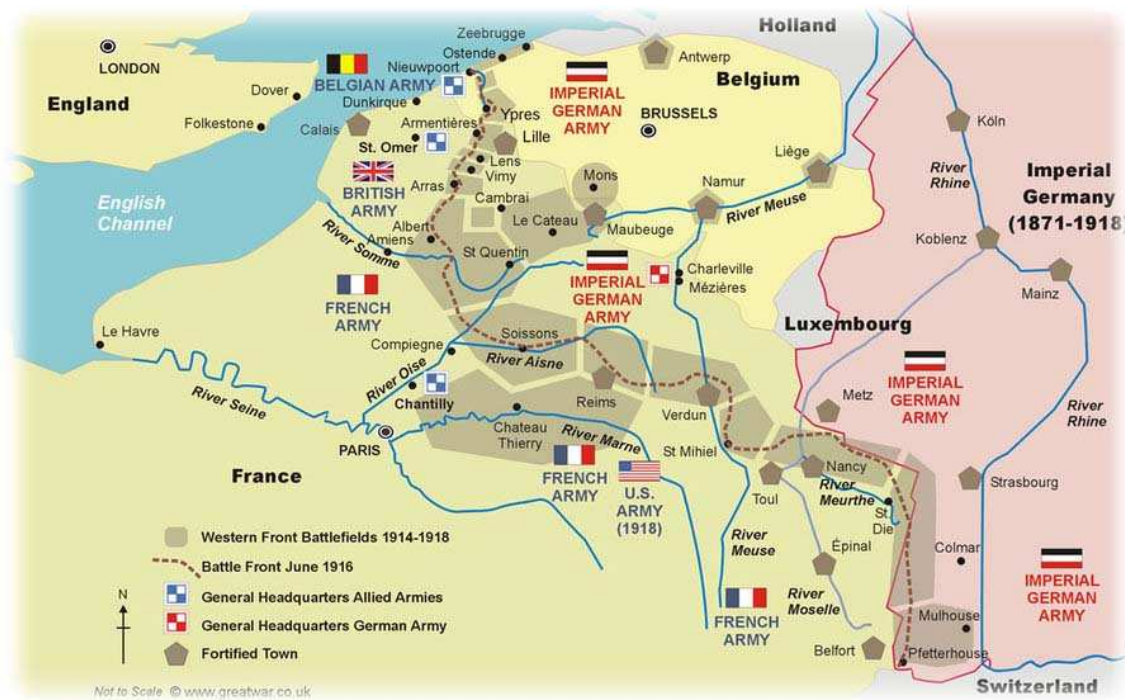
These conditions triggered a complex and difficult to trace series of evolutions in both battlefield tactics and technology. The Germans responded by creating what amounted to modern combined arms squad tactics, something their French and British opponents initially brushed off as infiltration tactics. After a long period of grim failure, the British managed the mass deployment of a new weapon called the tank, which also changed the nature of warfare and helped break the brutal dead-lock of position warfare. The French adopted both of these methods and weapons,

applying them is a combined form which appealed to the French leadership. It was however, Germany which finally succumbed to the drain of economic warfare, and by October of 1918, German field commanders declared that the war was militarily lost, and that a truce must be sought. From that point on, it was only a matter of time, and the end came on November 11, 1918. The Great War ended, having caused millions of deaths on the Western Front alone. Europe and the world would never be the same.

Militarily the war in the west began on August 4, 1914, when German troops from seven Armies swept into Luxembourg and Belgium as part of the "Schlieffen plan," which required a sweeping move through neutral Belgium and down to Paris from the North. Fortunately for the Allies, the plan did not work as expected, due both to its own limitations and German High Command's weakening of the crucial right attack wing. The result was a partial German success which failed in its ultimate goal of knocking the French army out of the war early. The German Armies swept into Belgium as planned, but the Belgian Army did not oblige by quickly losing. They instead put up a stiff fight, which delayed the rigid German campaign schedule. After overcoming the Belgians, the northern German armies marched into northern France, where they were again stiffly rebuffed in several places, both by the newly arrived British Expeditionary Force (BEF) and the French Third and Fourth Armies in the Ardennes region. The Fifth Army under French General Lanrezac, was caught outnumbered and nearly outflanked, thanks to French high command's refusal to acknowledge a German thrust from the north. Only at the last moment did Lanrezac receive permission to reposition part of his army to face the oncoming juggernaut. His freshly repositioned troops were hit with the full force of the German Second Army, and sent reeling back to the south. Soon after, as the BEF also withdrew south after their own travails, the entire front broke open as troops on both sides raced southward to the Marne, and the prize: Paris.

The German offensive was only blunted when German General Alexander von Kluck re-faced his First Army in order to turn the flank of the now exhausted French Fifth Army. French General Joseph Gallieni quickly assembled the newly formed Sixth Army and, coordinating with Fifth Army's commander, assaulted Kluck's exposed flank. In the process of defending himself, Kluck redirected his corps westward, allowing yet another dangerous gap to open between him and Bulow. These errors (which were sanctioned by General Headquarters) cost the Germans any further progress and they withdrew back to safe positions north of the Marne River, where they resisted attempts by the French to dislodge them. The fault lay not only with Kluck, but with the German Commander-in-Chief, Count Helmut von Moltke and probably with the Schlieffen plan itself, which failed to account for the limitations of infantry formations operating at such rapid tempos.

For months after the failure of the German offensive, both sides made various local attempts at achieving breakthroughs. Most of these attempts failed miserably in



the face of the unexpected effects of modern weapons. As each side attempted to outflank the other, the front expanded. Troops spontaneously began to dig in for better protection, and within a few months, a solid front stretched from the Swiss border to the English Channel. In November of 1914, the Kaiser personally ordered the commitment of the Imperial Foot Guards in order to guarantee a breakthrough. They attacked at Ypres and conducted a close-order frontal assault on new British trenches, losing hundreds of men and officers without securing an inch of ground. The failure of the Guards at the First Battle of Ypres marked the beginning of a major reassessment of battlefield tactics by the Germans. Despite this however, they began another series of offensives in February of 1915 in the Soissons region north of Paris, which secured little ground. The British then attacked in the Artois region and broke through at Neuve Chapelle, but were unable to exploit their fleeting advantage. The Germans quickly closed the gap and in April, successfully used gas for the first time on the Western Front at Ypres. This gas attack was not accompanied by any major breakthrough attempt, so its element of surprise was partially wasted. It did however, disrupt the plans for the second Allied campaign at Artois, which was a joint British/French operation. These assaults also failed at a cost of 300,000 Allied casualties. The French made one more attempt against the German lines in the Champagne region, preceded by a lengthy artillery bombardment and a simultaneous British attack at Artois. After 250,000 casualties, the French commander Joffre called off the assaults. In one year of fighting, the lines changed very little, and neither side was yet learning how to fight in this new, dangerous environment.

By early 1916, German units in the field had accumulated enough experience with

position warfare to allow a few aggressive young officers to begin asserting their new ideas. This was accomplished because of the German policy of “directive control,” by which officers were given broad instructions which they executed according to their own discretion. While this freedom of action resulted in a lack of standardized training, it also allowed men in the field to experiment with tactics in ways not allowed by their allied counterparts. By the time that the German offensive at Verdun was begun, many units in the field had spontaneously formed assault units which specialized in squad-level operations. The early proponents of these nascent combined arms tactics eventually ran a series of training centers immediately behind the lines. These centers assured that draftees arriving from Germany were trained in the methods of real war instead of the methods still being taught by people in Germany who had no idea of the changes occurring at the front.

The German Commander-in-Chief, Erich von Falkenhayn, now put into action his plan to “bleed white” the French Army. He intended to isolate a section of the front-line which the French would not allow to fall, and then assure that the area was ringed by the heaviest artillery coverage available. His target was the ancient French fortress of Verdun, which his troops first assaulted on February 21 after the most concentrated bombardment of the war. Falkenhayn however, correctly divined that his subordinates would not likely agree with such a “bleeding white” plan, and so he did not share with them his intent to purposefully avoid capturing Verdun itself. He thought that he could control the pace of the German advance, and hence the advance on Verdun itself, by withholding the vital reserves upon which his subordinates relied. Because of this appalling policy of calculated ignorance, attacking German field commanders launched wave upon wave of stop-at-nothing assaults against the Verdun fortresses without knowing that their attacks would not be followed up. The campaign carried on for five terrible months, during which 300,000 Germans and 460,000 French became casualties. This series of battles, one of the greatest slaughters in history until that time, did not achieve Falkenhayn’s goals, because his men, who had been trained to attack, continued attacking against all odds in the mistaken belief that their efforts would be followed up. The French were indeed “bled white,” but not as severely as hoped, and the Germans ultimately lost many of their best troops.

On July 1, 1916, the British and French launched the Somme Offensive. This offensive, which put an end to any German thoughts of continuing the Verdun Offensive, was launched against some of the heaviest German fortifications on the entire Western Front. The British commander, Field-Marshal Douglas Haig, protested the idea, but the French commander Joffre won the debate and the campaign was begun. This campaign saw the first use of tanks, and was preceded by the war’s greatest artillery barrage. Despite these advantages, the general slaughter of allied troops which occurred is famous, with the British suffering 65,000 casualties on the first day alone. When the October rains finally put an end to the prolonged carnage,

400,000 British, 200,000 French and 450,000 Germans had become casualties! The Allies only captured a few miles of ground, and the Germans soon withdrew to their new Hindenburg Line in early 1917.

The general retreat which the Germans carried out between February and April of 1917 did not prevent the Allies from renewing a series of attacks that summer. The British commander Haig thought he had the formula for achieving a breakthrough: more artillery! The ensuing attack at Arras on April 9, cost 84,000 casualties and achieved no breakthrough. Before this battle had ended, the new French Commander, Marshal Robert-George Nivelle, launched his own ill-advised offensive from Soissons to Reims. This attack ground to a halt on its first day, and by the time the assault was called off one month later, 220,000 more casualties had been added to the already overlong list of French losses for the war. This last failure helped to finally trigger long brewing discontent into open mutinies. This was not the first time during the war that such things had occurred. As the failure at Verdun became apparent, whole German units had also surrendered or mutinied. Nivelle was dismissed and the hero of Verdun, Marshal Petain, assumed command of the French Army. Slowly control was restored, but resentment continued to run high among combat troops headed for the front lines. Some units had developed the macabre habit of bleating like sheep when senior officers passed their road columns. This, and other equally disturbing behavior continued to put commanders on notice that the tolerance for their lavish expenditure of human life was running extremely thin.

The British, who enjoyed more freedom of action after Nivelle's dismissal, opened yet another assault at Ypres with a series of great mine explosions which totally disrupted the German lines. For once, the British inflicted more casualties than they received and pushed forward. But Haig's previous bloody commitments had made others wary of him and he was no longer given the great numbers of troops he had enjoyed previously. By the time he convinced his superiors that a breakthrough really had occurred, the Germans had patched up the lines and so yet another round of bloody fighting resumed. By the time Haig received his extra troops, the time for exploiting the breakthrough was long past, but the third battle of Ypres was launched anyway, causing one of the greatest slaughters of the war. The Germans used a new chemical called mustard gas to hold off the British, whose losses approached 400,000. Finally, in November, a new method was used against the German lines. The British launched an attack toward Cambrai using hundreds of "tanks," new machines of war which held great promise. All three lines of the Hindenburg Line complex were penetrated, yet even this success did not last. The conservative high command had not been convinced of the tank's possibilities, so reserves had not been allocated for the attack. Within days, German counterattacks drove the British back to their starting positions.

So 1917 ended with little change in the bloody stalemate. The Allies had spent the year bludgeoning themselves on the German defenses with little to show for it.

The Germans spent the winter of 1917/1918 retraining their Army in what was now widely accepted as the best new way to conduct positional warfare. The small assault groups needed early in the war spurred a complete reevaluation of unit behavior. The basic battlefield unit was no longer to be the company or battalion, but the squad. Each squad was no longer just a group of riflemen, but a combined arms formation of machine gunners, grenadiers and flamethrower troops supported by a few riflemen. This new way of thinking was only vaguely recognized by the Allies, who had also equipped their troops with more automatic weapons, but who did not re-train their men in a way which extracted the greatest advantage from these new weapons. The Allied failure to see the real change behind the German actions was to curse them for the rest of the war.

The last great German offensive was launched on March 21, 1918, with Operation "Michel". It was opened with an unprecedented 6,000 gun barrage which delivered a lethal gas attack deep into Allied lines. At one point, the Germans advanced 14 miles in one day, more than at any other time during the fighting in the West. During the first six weeks of fighting, the Allies lost 350,000 casualties, but more troops were rushed in from across the channel, and American units began arriving for the first time. The attack was quickly followed by a second offensive at Ypres, but this was halted after a brief threat against the channel ports. Another German blow to Allied lines fell with the twin operations "Blucher" and "Yorck," whose combined might drove south toward Paris, occupying Soissons and nearly cutting off Reims. The spearhead of their advance penetrated as far as Chateau-Thierry, only 56 miles from Paris. This operation however, suffered from the same flaw as many which had preceded it. Ludendorf had not planned for this offensive to succeed. It had been intended as a feint in order to draw French troops away from the main offensive to the north, and so the astounding achievements were not exploited because inadequate reserves were available. Still, the Allied situation was very grim, and the Allies were forced to issue a "backs to the wall" order.

The German troops however, were quickly tiring from the prolonged effort, as well as giving in to periods of looting. The economic blockade of Germany had cut off many vital supplies and back home, many people were literally starving. Many German troops were chronically undernourished, and whenever they encountered Allied food stocks, much time was lost as these desperately famished troops gorged themselves. So the last German offensive, an attempted pincer operation around Rheims, was finally stopped with concentrated artillery and aircraft attacks. By late June, German strength on the Western Front fell below that of the Allies, and the final Allied assault was not long in coming.

The first attacks were, amazingly, made in July by the French west of Rheims. This was followed by a British offensive at the Amiens Bulge and a general offensive toward the Hindenburg Line. The Americans under General John Pershing attacked the St. Mihiel Salient south of Verdun and then attacked through the Argonne west

of Verdun as part of a general advance. The Germans were now steadily pulling back, and even though the Allies continued to suffer tremendous losses (The Americans lost 100,000 casualties just fighting through the Argonne region), they were now inspired by the continued German retreat. The final position of the yellow line shows the approximate front at the time the Armistice was signed on November 11. The only German to keep fighting after this was Field Marshal Paul von Lettow-Vorbeck in East Africa, who was beginning his tiny invasion of Rhodesia. He surrendered on November 23, immediately upon hearing of the surrender.

Trench Warfare

Military tactics developed before World War I failed to keep pace with advances in technology and had become obsolete. These advances had allowed the creation of strong defensive systems, which out-of-date military tactics could not break through for most of the war. Barbed wire was a significant hindrance to massed infantry advances, while artillery, vastly more lethal than in the 1870s, coupled with machine guns, made crossing open ground extremely difficult. Commanders on both sides failed to develop tactics for breaching entrenched positions without heavy casualties. In time, however, technology began to produce new offensive weapons, such as gas warfare and the tank. Just after the First Battle of the Marne (5–12 September 1914), Entente and German forces repeatedly attempted manoeuvring to the north in an effort to outflank each other: this series of manoeuvres became known as the “Race to the Sea“. When these outflanking efforts failed, the opposing forces soon found themselves facing an uninterrupted line of entrenched positions from Lorraine to Belgium’s coast. Britain and France sought to take the offensive, while Germany defended the occupied territories. Consequently, German trenches were much better constructed than those of their enemy; Anglo-French trenches were only intended to be “temporary“ before their forces broke through the German defences.

Both sides tried to break the stalemate using scientific and technological advances. On 22 April 1915, at the Second Battle of Ypres, the Germans (violating the Hague Convention) used chlorine gas for the first time on the Western Front. Several types of gas soon became widely used by both sides, and though it never proved a decisive, battle-winning weapon, poison gas became one of the most-feared and best-remembered horrors of the war. Tanks were developed by Britain and France, and were first used in combat by the British during the Battle of Flers–Courcellette (part of the Battle of the Somme) on 15 September 1916, with only partial success. However, their effectiveness would grow as the war progressed; the Allies built tanks in large numbers, whilst the Germans employed only a few of their own design, supplemented by captured Allied tanks.

Neither side proved able to deliver a decisive blow for the next two years. Throughout 1915–17, the British Empire and France suffered more casualties than Germany,

because of both the strategic and tactical stances chosen by the sides. Strategically, while the Germans only mounted one major offensive, the Allies made several attempts to break through the German lines. In February 1916 the Germans attacked the French defensive positions at Verdun. Lasting until December 1916, the battle saw initial German gains, before French counter-attacks returned matters to near their starting point. Casualties were greater for the French, but the Germans bled heavily as well, with anywhere from 700,000 to 975,000 casualties suffered between the two combatants. Verdun became a symbol of French determination and self-sacrifice.



The Battle of the Somme was an Anglo-French offensive of July to November 1916. The opening of this offensive (1 July 1916) saw the British Army endure the bloodiest day in its history, suffering 57,470 casualties, including 19,240 dead, on the first day alone. The entire Somme offensive cost the British Army some 420,000 casualties. The French suffered another estimated 200,000 casualties and the Germans an estimated 500,000. Protracted action at Verdun throughout 1916, combined with the bloodletting at the Somme, brought the exhausted French army to the brink of collapse. Futile attempts using frontal assault came at a high price for both the British and the French and led to the widespread French Army Mutinies, after the failure of the costly Nivelle Offensive of April–May 1917. The concurrent British Battle of Arras was more limited in scope, and more successful, although ultimately of little strategic value. A smaller part of the Arras offensive, the capture of Vimy Ridge by the Canadian Corps, became highly significant to that country: the idea that Canada's national identity was born out of the battle is an opinion widely held in military and general histories of Canada.

The last large-scale offensive of this period was a British attack (with French support) at Passchendaele (July–November 1917). This offensive opened with great promise for the Allies, before bogging down in the October mud. Casualties, though disputed, were roughly equal, at some 200,000–400,000 per side. These years of trench warfare in the West saw no major exchanges of territory and, as a result, are often thought of as static and unchanging. However, throughout this period, British, French, and German tactics constantly evolved to meet new battlefield challenges.

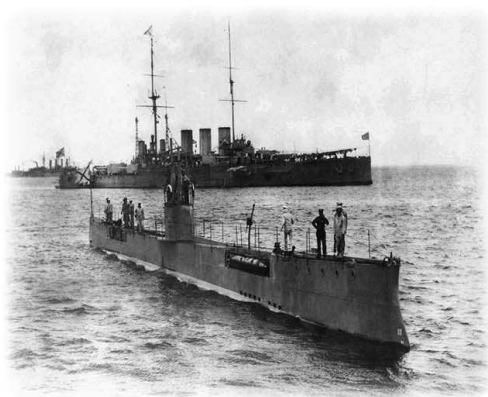
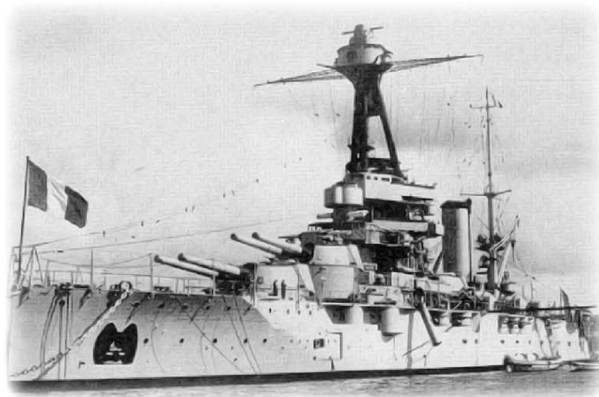
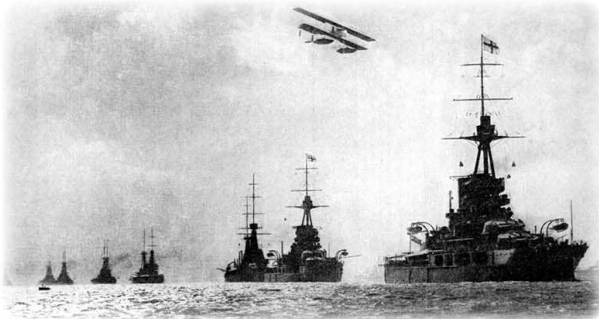
Naval War

At the start of the war, the German Empire had cruisers scattered across the globe, some of which were subsequently used to attack Allied merchant shipping. The British Royal Navy systematically hunted them down, though not without some embarrassment from its inability to protect Allied shipping. For example, the German detached light cruiser SMS Emden, part of the East-Asia squadron stationed at Qingdao, seized or destroyed 15 merchantmen, as well as sinking a Russian cruiser and a French destroyer. However, most of the German East-Asia squadron—consisting of the armoured cruisers Scharnhorst and Gneisenau, light cruisers Nürnberg and Leipzig and two transport ships—did not have orders to raid shipping and was instead underway to Germany when it met British warships. The German flotilla and Dresden sank two armoured cruisers at the Battle of Coronel, but was virtually destroyed at the Battle of the Falkland Islands in December 1914, with only Dresden and a few auxiliaries escaping, but after the Battle of Más a Tierra these too had been destroyed or interned.

Soon after the outbreak of hostilities, Britain began a naval blockade of Germany. The strategy proved effective, cutting off vital military and civilian supplies, although this blockade violated accepted international law codified by several international agreements of the past two centuries. Britain mined international waters to prevent any ships from entering entire sections of ocean, causing danger to even neutral ships. Since there was limited response to this tactic of the British, Germany expected a similar response to its unrestricted submarine warfare. The Battle of Jutland (German: Skagerrakschlacht, or “Battle of the Skagerrak”) developed into the largest naval battle of the war. It was the only full-scale clash of battleships during the war, and one of the largest in history. The Kaiserliche Marine’s High Seas Fleet, commanded by Vice Admiral Reinhard Scheer, fought the Royal Navy’s Grand Fleet, led by Admiral Sir John Jellicoe. The engagement was a stand off, as the Germans were outmanoeuvred by the larger British fleet, but managed to escape and inflicted more damage to the British fleet than they received. Strategically, however, the British asserted their control of the sea, and the bulk of the German surface fleet remained confined to port for the duration of the war.

German U-boats attempted to cut the supply lines between North America and

Britain. The nature of submarine warfare meant that attacks often came without warning, giving the crews of the merchant ships little hope of survival. The United States launched a protest, and Germany changed its rules of engagement. After the sinking of the passenger ship RMS Lusitania in 1915, Germany promised not to target passenger liners, while Britain armed its merchant ships, placing them beyond the protection of the “cruiser rules“, which demanded warning and movement of crews to “a place of safety“ (a standard that lifeboats did not meet). Finally, in early 1917, Germany adopted a policy of unrestricted submarine warfare, realising that the Americans would eventually enter the war. Germany sought to strangle Allied sea lanes before the United States could transport a large army overseas, but could maintain only five long-range U-boats on station, to limited effect.



The U-boat threat lessened in 1917, when merchant ships began travelling in convoys, escorted by destroyers. This tactic made it difficult for U-boats to find targets, which significantly lessened losses; after the hydrophone and depth charges were introduced, accompanying destroyers could attack a submerged submarine with some hope of success. Convoys slowed the flow of supplies, since ships had to wait as convoys were assembled. The solution to the delays was an extensive program of building new freighters. Troopships were too fast for the submarines and did not travel the North Atlantic in convoys. The U-boats had sunk more than 5,000 Allied ships, at a cost of 199 submarines. World War I also saw the first use of aircraft carriers in combat, with HMS Furious launching Sopwith Camels in a successful raid against

the Zeppelin hangars at Tondern in July 1918, as well as blimps for antisubmarine patrol.

World War I casualties

The total number of military and civilian casualties in World War I was more than 38 million: there were over 17 million deaths and 20 million wounded, ranking it among the deadliest conflicts in human history. The total number of deaths includes about 11 million military personnel and about 7 million civilians. The Triple Entente (also known as the Allies) lost about 6 million military personnel while the Central Powers lost about 4 million. At least 2 million died from diseases and 6 million went missing, presumed dead. This article lists the casualties of the belligerent powers based on official published sources. About two-thirds of military deaths in World War I were in battle, unlike the conflicts that took place in the 19th century when the majority of deaths were due to disease. Nevertheless, disease, including the 1918 flu pandemic and deaths while held as prisoners of war, still caused about one third of total military deaths for all belligerents.

Estimated Cost of WWI <i>(for each of the major countries involved)</i>				
Country	Troops Deployed	Killed	Wounded	War Cost in Dollars
Germany	11,000,000	1,773,700	4,216,058	\$37,775,000,000
Russia	12,000,000	1,700,000	4,950,000	\$22,293,950,000
Great Britain	8,905,000	908,371	2,090,212	\$35,334,012,000
United States	4,355,000	126,000	264,000	\$22,625,253,000
France	8,410,000	1,357,800	4,266,000	\$24,262,583,000
Belgium	267,000	13,716	44,686	\$1,154,468,000
Canada	619,500	66,655	172,950	\$1,665,576,000
Allied Powers	42,188,810	5,152,115	12,831,000	\$125,690,477,000
Central Powers	22,850,000	3,386,200	8,388,448	\$60,643,160,000
	Troops Deployed	Killed	Wounded	War Cost in Dollars
Sub Total	65,038,810	8,538,315	21,219,448	\$186,333,637,000

8.2 Media and Wartime Propaganda, Fomenting Hatred

The House of Rothschild purchased the London-based Reuters International News Agency in the late 1800s, in time to propagandize the masses for World War I. They

also owned the controlling interest of Havas of France, and Wolff in Germany. 1204 Propaganda includes deliberate distortions, exaggerations or outright fabrications in order to manipulate our emotions and/or prejudices or intentionally mislead the uninformed. Among other types of propaganda, there is political, economic, literary, drama and entertainment, all perpetuated during peaceful times but especially disseminated during wartime against a purported enemy. Even before Germany declared war, the hate-mongers began targeting the German people. They dehumanized them by portraying them as a “tribe of cannibals.” Charles Maurras, a French politician, denounced “the innate savagery of the instincts of flesh and blood” of the Germans. Henri Bergson, the prominent philosopher, proclaimed “the brutality and cynicism of Germany, a regression to the savage state.” Georges Clemenceau, a French diplomat, wrote, “I wish to believe that civilization will carry the day against savagery, and that is sufficient for me to rule out the German from a life of common dignity.”

Georges Clemenceau, in describing the Germans, implied that they were a bunch of drunkards who worshipped in the beer-gardens, including the men, women, and children. He said they were “just a conglomeration of buffoons, gluttons, and drunkards capable only of the eternal violence of fundamentally savage tribes for purposes of depredation by every means of barbarism.” When the war began, officials characterized the Germans as heinous and cruel to convince their armies that they were fighting against extreme evil. Those officials spread their hatred abroad, to win support and arouse the wrath of the world. The Allied media accused the German soldiers of slaughtering citizens as they marched through Belgium on their way to France in August 1914. Many villagers fired at them and the soldiers retaliated in kind and often burned down the homes of the Belgian aggressors. They reacted no differently than the British, the French, or the Americans in the same situation. Sometimes the villagers used sniper fire, provoking bloody reprisals. To conceal Belgian culpability, the media denied civilian participation while claiming the unmitigated massacre of innocents.

Baron Oscar von der Lancken, the German Political Minister in Brussels, consulted the official reports of the soldiers who the Belgian civilians had wounded. He thoroughly investigated the hospital records wherein every man wounded in Belgium received medical care in August 1914. They revealed that buckshot or shotgun pellets, not bullets or shrapnel injured hundreds of soldiers. The Hague Convention explicitly allows only recognizable soldiers, not civilians, to bear arms and engage in combat. The civilian use of a weapon was and is justification for execution. The international conventions do not allow unauthorized combatants such as civil guards or town militias. On August 4, 1914, authorities warned the Belgians not to organize such groups. Those who refused to comply created a newspaper, *Le Franc-Tireur* (The Sniper).

The same situation occurred in World War II, when citizens in Belgium, Holland,

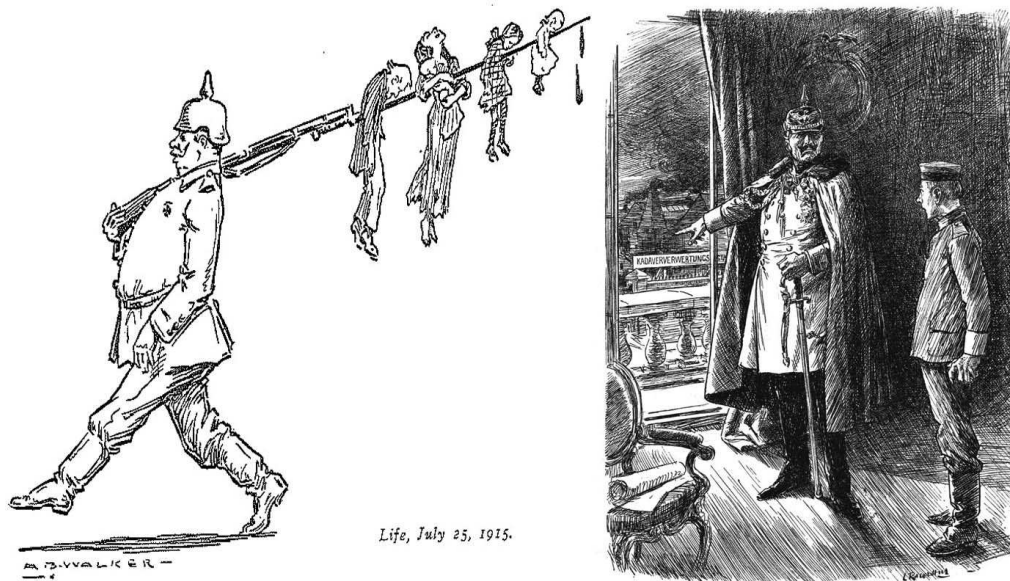


Figure 8.1: British Atrocity Propaganda against Germany: Left showing a German Officer stabbing women, children and babies to death, right the “famous” corpse-factory: Kaiser (to 1917 Recruit). “And don’t forget that your Kaiser will find a use for you—alive or dead.” *Punch*, 25 April 1917

and France killed German soldiers. They were members of the civilian “resistance.” Often, in such circumstances, the perpetrators, outside of international law, retreat as soon as they have attacked, and the enemy soldiers retaliate against ordinary citizens. In Belgium in 1914, the citizens and the media fabricated stories to create hatred against the Germans. The French even accused the Germans of cutting down their apple orchards. Such a campaign would take an enormous effort. Following the armistice, the Allies confiscated foodstuffs, cattle, and milk in Germany, where people were already starving, due to the British blockade during the entire four-year war. The *Times* published “Marching Songs” to escalate the outrage of the populace. The stanza of one song had the following lines,

He shot the wives and children,
The wives and little children;
He shot the wives and children,
And laughed to see them die.

Reportedly, thirty to thirty-five German soldiers forcefully entered David Tordens’ home in Sempst, Belgium. They bound Tordens, then five or six of them gang raped his thirteen-year old daughter in his presence, and then slaughtered her with their bayonets. They then bayoneted his nine-year-old boy, and murdered his wife. Some Belgian soldiers arrived just in the nick of time and saved his life. German soldiers reportedly ravished every young female in Sempst. Paul van Boeckpourt, the commune’s secretary and Peter van Asbroeck, the mayor and his son Louis,

testified on April 4, 1915, at Sempst, that no one by the name of David Tordens, or his family ever lived there. They also testified, under oath, that during the war, German soldiers had not killed any woman or child under the age of fourteen in Sempst. Given their position in the commune, they would certainly have been aware of such events.

War itself is an atrocity, with numerous individual acts of cruelty and barbaric violence. Exaggeration and blatant deceptions are a component of propaganda. Agents widely distributed tales of German brutality, to furnish sufficient evidence of the horrendous cruelty of their army, in order to foment outrage against them. James Bryce, a former US Ambassador and Member of Parliament, chaired a commission created to collect witness affidavits regarding atrocities, ostensibly conclusive proof. He used these to shape opinions. Gullible Americans accepted the heart-rending stories in those affidavits. On May 12, 1915, he issued his official Report of the Committee on Alleged German Outrages. Prime Minister Herbert H. Asquith commissioned it, suspiciously early in the war, but the purpose, to outrage American sensibilities, worked quite effectively. Emile Vandervelde, a Belgian diplomat, based on hearsay, claimed that Germans cut off the hands of thousands of Belgian children. Allied propagandists continued the enormous slander to poison the minds of entire populations. Establishment historians, among the Allies, repeated the dreadful tale for several decades, as if Vandervelde had conducted a scientific examination. Yet, no one ever found a single Belgian child, or other nationality, without hands. In 1915, shops in Italy sold statues of a little "Belgian girl with her hands cut off, holding out her bloody arms to Mary, the Holy Virgin, begging her to make them grow again."

In the spring of 1915, Vandervelde, head of Belgian's socialist party and the president of the Second International, visited Benito Mussolini, on behalf of the Allies, to persuade Italy to fight on their side. Mussolini admitted that his story about the children convinced him to commit his country to battle. Yet, there must have been other motives as Mussolini doubted the story and asked him if he had actually seen any of these pitiful children, or if he knew of any reliable man who had seen any of these children. He soon recanted his story. In the occupied areas, individuals observed that the Germans were generally kind and courteous to children. Despite the lack of physical evidence, the sinister story, traveled throughout the world and contributed to America's entry into the war. Following Germany's defeat, the allies could not find even one mutilated child who had experienced maiming by the Germans.

Britain did not have an official propaganda program at the beginning of the war, as it was theoretically antithetical to British values. In 1917, they established the Department of Information and on February 10, 1918, they created the Ministry of Information, headed by William M. Aitken. By the war's end, Britain had a highly developed propaganda apparatus, superior to any of their opponents. Their press played an integral role in the diffusion of misinformation before, during and after

the war. Reuters was a key component of Britain's media operations, especially in the overseas distribution of propaganda masquerading as news. H. G. Wells, a key spokesman of internationalism, intended to demoralize society by destroying the concept of God. An intelligence agent, he insisted that the elite should kill "the less worthy." During the war, he directed the propaganda operation of the British intelligence service and advised the British on the creation of military equipment in both world wars.

On April 13, 1917, Wilson, the so-called peace candidate, as directed by Colonel House, created the Committee on Public Information (CPI) to acquire support for the war. He appointed publisher George Creel as its director. He had a staff of persuasive wordsmiths, journalists, writers, intellectuals and advertisers, who later admitted they were quite willing to lie, use emotional appeal and enemy demonization to generate hate and fear to elicit support for the government's war. They used popular phrases like, "Bleeding Belgium," "The Criminal Kaiser," and the always-useful slogan, "Make the World Safe for Democracy." They filled propaganda posters and CPI pamphlets with fictitious atrocity stories, which proved useful in recruiting troops.

The CPI staff distributed 6,000 "news releases," emotionally charged propaganda, disguised as "news." It was so successful that the majority of citizens responded with inordinately self-righteous nationalistic enthusiasm, the kind of nationalism that avoids self-evaluation while glaring at government-targeted "evil-doers." Austrian-born Edward Bernays, master manipulator, headed the CPI's Export Section and co-headed the Latin American Section of the Foreign Press Bureau. Bernays, a close friend of H. G. Wells and Sigmund Freud's nephew, employed his uncle's views on behavior to manage people in the marketplace. Freud, a member of B'nai B'rith, when working on his psychoanalysis theory (1880-1890), used cocaine daily and freely gave it to his friends. Bernays, the "Father of Public Relations," contacted Ford, International Harvester and other US firms in order to distribute pro-war literature to foreign contacts. He concocted atrocity stories in Germany to engender dissent and affect morale. He organized rallies and printed propaganda in other languages for insertion into export journals. His tenacious persuasion skills changed America's views toward a very unpopular war. Bernays said, "If we understand the mechanisms and motives of the group mind, it is now possible to control and regiment the masses according to our will without their knowing it Those who manipulate this unseen mechanism of society constitute an invisible government, which is the true ruling power of our country It is they who pull the wires which control the public mind."

He apparently agreed with Benjamin Disraeli's Coningsby because he wrote, "We are governed, our minds are molded, our tastes formed, our ideas suggested, largely by men we have never heard of. This is a logical result of the way in which our democratic society is organized." To give the right spin on the war, a CPI press

team, including Bernays, attended the Paris Peace Conference. In 1920, Creel wrote *How We Advertised America*, in which he described how “he and his committee used the principles of advertising to convince Americans to go to war with Germany.” Hollywood portrayed the Germans in the same way that atheist Ilya Ehrenburg, the Soviet Minister of Propaganda, would in the next war when he told the Russian soldiers, “The Germans are not human beings.”

In 1922, Walter Lippmann, argued that the “so-called omni competent citizen making rational, objective judgments based simply on facts is a myth ... A democratic polity demands definers, people who give shape to our feelings and impressions, people who give meanings for our facts.”

Obviously, there were occasional Germans who committed unnecessary acts of violence. Just as the French, the Belgians, the British, and the Americans engaged in war crimes. Actually, the Allies committed more war crimes, and on a greater scale than the defeated Germans. However, the victors write the history, seize the glory, medals, and they collect the pensions. They attribute the most horrendous acts to the defeated nations. Decades after World War I, the Allies repeat the accusations of mutilation of children, civilian massacres, and the apple orchard destruction. These acts pale in comparison to the later terrorist bombings of Hamburg, Dresden, and dozens of other German cities, in addition to Tokyo, and the atomic bombings of Hiroshima and Nagasaki after Japan offered to surrender.

The Allies’ propaganda was so flagrant as to be wholly unbelievable under normal conditions but in wartime, even reasonable men accepted the falsehoods. Millions of naïve individuals fell for the deceptions and felt utter contempt and outrage. Children heard their parents discussing “the terrible Germans” which influenced them. It seemed that everyone believed that Germany was responsible for World War I, which made it easier to believe that they caused World War II. The media characterized the real warmongers as peace-loving heroes merely responding to the aggressive, savage Germans. The deceptive propaganda was so pervasive that naïve people simply accepted it. Because of popular perceptions, people thought Germans were totally evil and capable of any despicable act. History books in most nations repeat the atrocity stories. During and after World War II, people readily accepted lies because of the foundation cemented in the Great War. People, conditioned by false history, expected them to behave like murdering brutes.

8.3 Belgian Relief, a Platform for War, Profits and Position

In early 1914, Mansfield Smith-Cumming, the director of the Secret Intelligence Service (MI6), created in 1909, as a joint initiative of the Admiralty and the War Office, sent Sir William Wiseman, a future partner (1929-1960) of Kuhn, Loeb & Company to America to establish a branch. He enjoyed any-time access to Edward

M. House, Wilson's handler, and to President Wilson himself. House and Wiseman correlated British and US intelligence operations before and during the war. Max Warburg, Paul's (mastermind behind the Federal Reserve) brother, directed the German espionage system. Jacob H. Schiff's two brothers financed the war efforts in Germany. The bankers wanted to delay warfare until their agents could create America's central bank, the Federal Reserve, in order to guarantee a permanent, healthy fiscal return for financing continuous warfare thereafter.

Armies need food as much, or maybe even more, than they need ammunition. Germany had a bumper grain crop in 1914, but the nation had 67,000,000 people to feed which necessitated the importation of at least one-fifth of all of their food during normal times, requiring access to available ports. England, using one of its usual populationstarving strategies, blockaded all of those ports. British warmongers anticipated that Germany would go through neutral Belgium to attack France. On August 3-4, 1914, German troops did just that. British oligarchs, like David Lloyd George, expressed pious indignation. German soldiers lived off the land while they occupied Belgium. They rationed Belgian citizens and shipped the nation's produce to Germany. Belgium was a rich agricultural country that produced far more than her citizens consumed.

By March 1915, Germany, short of money, energy, and food, attempted to declare peace. However, absent Germany's participation, Britain's ambition to control oil, and exercise power in the Middle East following a certain victory at the war's end would not materialize. Britain had to crush Germany, so that Germany's ally, the Ottoman Empire would fall. Politicians planned to bring America into the war to subtly transfer its gold to Europe. Paul Warburg, Vice Governor of the Federal Reserve, rescued Germany monetarily, with credit arranged through his brother, Max Warburg, director of M. M. Warburg and Company. To resolve Germany's food problem and continue the war, they would resort to greater assistance from the banker-financed a front group, the profit-producing Belgium Relief Commission (BRC).

The German newspaper, *Nordeutsche Allgemeine Zeitung*, of March 4, 1915, reported the quantities of food arriving from Belgium, and applauded the German authority's efforts there for solving the food shortages through their relationship with the United States. Further, the newspaper reported, "The German government was therefore glad to help in obtaining provisions from neutral countries of the needy inhabitants in order to save German home supplies, and insure its own troops against going short." *Schmollers Yearbook for Legislation*, for 1916, reported the amounts of food shipped to Germany, just during the first four months of the war—963,600,000 pounds of meat, 1,445,400,000 pounds each of potatoes and bread, 400,000 tons of flour, and 121,000,000 pounds of butter, and other fats, and 1,000,000 tons of other provisions. Hoover's BRC shipped about 600,000 tons of US grain into Belgium, sustaining the German occupiers, and keeping them fighting.

While Germany had economically and militarily prepared for war, its military leaders apparently underestimated its length, and miscalculated the quantity of materials essential to fight a modern war. After Britain entered the war, Dr. Walther Rathenau, a top official in the Raw Materials Department of the War Ministry, in conjunction with the German War Office, revised their calculations for a longer war. Yet, as early as mid-1915, they experienced a munitions shortage. Germany, the most industrialized country in Europe, depended on imported raw materials. The nation's prosperity emanated from the diligence and technical ability of its people, who utilized the imported raw materials to manufacture products. They relied on the importation of industrial raw materials and semi-manufactured items and imported fabrics, cotton, wool, silk, flax, hemp and jute. By the fall of 1915, due to war shortages, Germans were wearing clothing constructed from paper-woven fabrics and used clothing. They were able, through these alternatives, to clothe the army. Germany also suffered a shortage of leather, furs, and rubber, despite the claims that they had discovered artificial rubber. They lacked shoe and boot leather, an absolute necessity for the army, especially when fighting in the Flanders mud. Ultimately, the German War Office requisitioned church bells and other articles, public or domestic, to melt down for military use.

In December, 1915, Dr. Rathenau, stated, "On the fourth of August of last year, when England declared war, a terrible and unprecedented thing happened—our country became a besieged fortress." Germany was isolated. On August 8, 1914, he had met with Colonel Heinrich Scheuch, the head of the War Department and explained to him that Germany, with limited materials, could only sustain a war for a few months. He asked him what measures they had taken "to avert the danger of the throttling of Germany." The Chief of the General Staff, Erich von Falkenhayn sent Rathenau a telegram inviting him to meet the next morning, during which they organized a department to procure sufficient raw materials. With this organization, Germany acquired the necessary supplies to execute the war, "at the expense of the civilian population," until December 1915. Regarding the BRC, Lewis L. Strauss of Kuhn, Loeb, Hoover's assistant managed the operation. Strauss was married to Alice Hanauer, daughter of Kuhn Loeb partner, Jerome J. Hanauer. Wiseman worked closely with Edward M. House who vowed to get the United States into the war ten months before the country reelected Wilson. The president had promised to keep America out of the war, yet he sanctioned our entry into the foreign war on March 9, 1916, while he was still campaigning.

On December 12, 1916, German officials approached US officials to see if President Wilson would persuade the Allies to meet together. Edward M. House ruled out the possibility of peace negotiations. December 18, 1916, US Ambassador to Britain Walter H. Page relayed a peace offer from Germany, and the other Central Powers, to British officials. On January 9, 1917, Prime Minister David Lloyd George repudiated the offering and declared that Britain would fight to the victory, which possibly

prompted the Germans to re-initiate submarine warfare. Given Britain's collapsing financial situation, the United States should have remained neutral. America's promised entry into the war would allow Britain to avoid financial disaster and continue the war. Winston Churchill had ignored every effort to avoid a war and refused to consider negotiating a quick end once it started. He obstinately opposed all of Germany's attempts to end the war. In 1916, David Lloyd George considered negotiations, but Churchill erupted in anger when he heard about Lloyd George's intentions. He argued, "Not to win decisively is to have all this misery over again after an uneasy truce and to fight it over again, probably under less favorable circumstances and, perhaps, alone." However, Germany wanted to compromise, especially after America had entered the conflict. Russia withdrew at the end of 1917.

Hoover, continuing the profitable food fraud, appealed to the governments of Britain and France for relief for Belgium, which actually needed no relief. It was, like now, a major shift of taxpayer funds, to well-connected scam artists. Britain granted £500,000 per month and France pledged 12,500,000 francs each month. French institutions also promised 25,000,000 francs per month, for the relief of the inhabitants in German-occupied Northern France. On June 1, 1917, the United States took responsibility for the contributions for the Belgian and Northern France relief efforts. The BRC received £89,500,000 from Britain and \$66,000,000 from the French, for Belgium and \$108,000,000 for use in the occupied territory. Private organizations and individuals in England donated \$16,000,000 in cash and clothing. US citizens donated \$11,500,000 while donations from the rest of the world totaled \$3,000,000. On June 1, 1917, the United States loaned \$75,000,000, payable in six monthly installments of \$12,500,000, of which \$7,500,000 was to go to Belgium, and \$5,000,000 to France.

Hoover and Francqui, both Rothschild front men, designed the BRC as a profitable commercial endeavor to enrich themselves. This sham kept the war going for two additional years, which enriched the banks that funded the war. By then, America had entered the war. This was very significant in that the United States had abandoned any semblance of isolationism and came to Britain's rescue. Britain, now economically drained, passed the warfare baton to the United States, the banker's new global enforcer for confiscating and controlling the world's resources. Justice Louis D. Brandeis, a friend of Paul M. Warburg, Colonel House, Lord Arthur J. Balfour, Louis Marshall, and Baron Edmond de Rothschild, lauded praise on Hoover. In early February 1917, Brandeis had arranged for Senator William G. McAdoo, Wilson's son-in-law, to help to secure Hoover's appointment as US Food Administrator. After America entered the war, Wilson issued Executive Order 2679-A, on August 10, 1917, to create the US Food Administration, operational in each state, actually part of the elaborate government expansion. Hoover became the agency's administrator, the food dictator.

Although Germany conquered Belgium, Poland, Serbia, Lithuania, Courland and

Friuli, the Allies held a stronger economic weapon, as they controlled cotton, wool, jute, leather, copper, and food. German diplomats recognized that the Allies, including the United States, with their control of the sea and a ready supply of goods, maintained economic leverage. The Allies' powerful economic weapon ultimately made them victorious. During war and peace, those who control the resources and the finances, control everything else, including who wins and who loses, deciding factors in every war before any soldier fires the first shot. On November 13, 1918, Hoover asked President Wilson to appoint his associate, Edgar Rickard, to function in his place while Hoover was in Europe, for the beginning of the Paris Peace Conference. Per the president's Executive Order, officials divided the US Food Administration into four factions—the Sugar Equalization Board, Belgian Relief, the US Grain Corporation, and the US Shipping Board. On December 16, 1918, Wilson directed the State Department to the US Food Administration's Grain Corp. \$5 million from his fund for National Security and Defense. Hoover insisted on directing the agency without oversight. He had Lewis L. Strauss, and two assistants, Prentiss N. Gray, and Julius H. Barnes, President of the Grain Corporation (1917-1918). Gray had collaborated with Hoover in the BRC swindle, which he adopted as a food relief model. Gray would become the president of J. Henry Schröder Banking in New York in 1923. Sullivan and Cromwell, where the Dulles brothers worked, represented Schröder. Barnes also had a post-war position with the bank. They both amassed huge fortunes, principally in grain and sugar.

Hoover told Americans to, "Go back to simple food, simple clothes, simple pleasures. Pray hard, work hard, sleep hard and play hard. Do it all courageously and cheerfully." The Lever Act, enacted August 10, 1917, authorized him to regulate the distribution, export, import, purchase, and storage of food. He called for patriotism and self-sacrifice. He set wheat prices, bought and distributed wheat, and supervised the federal corporations, and national trade associations. The Council of Defense exhorted all homeowners to sign pledge cards to verify their efforts to conserve food. Personal sacrifice psychologically binds people to the cause they are making the sacrifices for; in this case the government and its war. The Belgian National Committee reported that as of December 31, 1918, the BRC had spent \$260 million. During a 1921 audit, there was a \$182 million discrepancy between the amount collected and the amount expended. Francqui revised the figure. In December 1918, after the war, he submitted expenditures of \$40 million. On January 13, 1932, The New York Times revealed the extensive attacks made against Hoover in the Belgian media; it accused him of being part of the BRC scheme to make huge wartime profits. Barnes, Gray, and Hoover invested "their" funds in numerous US corporations. Gray had connections to the Prudential Investors, and International Holdings and Investment Corporation, two companies that Francqui's Société Générale de Belgique controlled.

Some researchers maintain that freemasons (many were actually involved) instigated World War I, causing millions of deaths, while 20,000,000 soldiers received serious

wounds and 3,000,000 were permanently disabled. In addition to the deaths, disease, and disabilities, the war cost \$100 million a day. The freemasons, along with the profit seekers, Hoover and others, sold food to Germany, just to prolong the war, at a time when Germany attempted to halt the war due to its inability to feed the nation.

Atrocity Propaganda

Atrocity propaganda, which aimed to mobilise hatred of the German enemy by spreading details of their atrocities, real or alleged, was used extensively by Britain in the First World War. It reached its peak in 1915, with much of the atrocities related to Germany's invasion of Belgium. Newspaper accounts of "Terrible Vengeance" first used the word "Hun" to describe the Germans in view of atrocities in Belgium. A continuous stream of stories ensued, painting the Germans as destructive barbarians, and many of the atrocities being reported were entirely fictitious.

One of the most widely disseminated documents of atrocity propaganda during the war was the Report of the Committee on Alleged German Outrages, or Bryce Report, of May 1915. This report, based on 1,200 witness depositions, depicted the systematic murder and violation of Belgians by German soldiers during their invasion of Belgium, including details of rape and the slaughter of children. Published by a committee of lawyers and historians, headed by the respected former ambassador Lord Bryce, the Report had a significant impact both in Britain and in America, making front-page headlines in major newspapers. It was also translated into 30 languages for distribution into allied and neutral countries. Its impact in America was heightened by the fact that it was published soon after the sinking of the *Lusitania*. In response to the Bryce Report, Germany published its own atrocity counter-propaganda, in the form of the 'White Book' (*Die völkerrechtswidrige Führung des belgischen Volkskriegs/The illegal leadership of the Belgian People's War*) which detailed atrocities committed by Belgian civilians against German soldiers. However, its impact was limited outside of a few German-language publications; indeed, some interpreted it as an admission of guilt. Other publications referring to the violation of Belgian neutrality were subsequently distributed in neutral countries. For example, Wellington House disseminated a pamphlet entitled *Belgium and Germany: Texts and Documents* in 1915, which was written by the Belgian Foreign Minister Davignon and featured details of alleged atrocities.

The Corpse Conversion Factory

On April 17, 1917, a report appeared in the British press, allegedly sourced in Belgium, concerning a "Corpse Exploitation Establishment" (*Kadaververwertungsanstalt*) near Coblenz, at which the bodies of German soldiers were allegedly converted into

various products, such as lubricating oils and pig food. One source was the Belgian newspaper published in London, *l'Indépendance belge*, which attributed the story to an undated, unverifiable newspaper, *La Belgique*, supposedly published in Leiden, the Netherlands. (There was a newspaper of that name published in Brussels, but it carried no such report.) The story is a vivid eyewitness description of German corpses being boiled down in a secret factory, with no explanation as to how the eyewitness gained entry. It gained credibility in the Northcliffe Press (notably the *Times* and the *Daily Mail*, April 17, 1917) by their juxtaposing to the Belgian account an excerpt from the official German newspaper, the *Lokal-Anzeiger*, in which a reporter, Karl Rosner reported experiencing the dull smell of boiling glue on his travels near the front.

This was a *Kadaververwertungsanstalt*, he explains, where carcasses (dead horses were in abundance) were boiled down. The German word for glue (*Leim*) was mistranslated as “lime,” leading readers to think of quicklime used to disinfect corpses. The idea that this and the other mistranslation of “*Kadaver*” as “corpse” instead of “carcass” were innocent mistakes is hardly credible given that the *Daily Mail* correspondent who acknowledged making the translation along with a colleague in the *Times*, were both seasoned correspondents from Germany and would have known the language well. Though this bit of propaganda gained credibility through the Northcliffe Press, the critical role of that press in disseminating the story in a credible way appears to have escaped proper historical appreciation. The story was used as propaganda in neutral and allied countries, and the Department of Information published a four-page pamphlet about the incident, entitled *The 'Corpse Conversion' Factory: A peep behind the German lines*.

8.4 Sykes-Picot Agreement

Bankers in Britain and France benefited through extending their financial influence into Turkish territory. They devised massive projects such as railroads, and the Suez Canal, which kept the Arab countries deeply in debt, allowing Britain and France to usurp authority over the Middle East. By 1900, Britain ruled Egypt, the Sudan, and parts of the Persian Gulf. France controlled Lebanon and Syria, where there was a significant Christian minority. The bankers behind the British government divided Iran between the British and Russians. The dismemberment of the Ottoman territories (from Turkey to the Arabian Peninsula), was the top priority of the imperialist powers.

In 1900, Theodor Herzl began negotiating with Abdülhamid, the sultan of the Ottoman Empire, for either a charter or an outright purchase of land in Palestine for the Zionists. The sultan rejected Herzl's request. Dr. Chaim Weizmann later headed the Zionist Movement. At the beginning of World War I, Edmond Rothschild told

Weizmann that the coming war would spread to the Middle East, where things of great significance to political Zionism would occur. Apparently, if the Zionists could not obtain a charter or buy land in Palestine, they would simply go to war and seize it. Politicians, provoked by influential Jews in England and America, used World War I as a political catalyst to gain Palestine as a Jewish homeland. Author Hasia R. Diner wrote, "The Jews of Palestine, regardless of whether they were yeshiva students in Jerusalem, halutzim (pioneers) in the Jordan River valley, or dwellers in the new Jewish cities of Tel Aviv and Haifa, like the Jews of central and eastern Europe, stood trapped among the great powers fighting for control of land, waterways, and resources of the crucial region. The direct clash between the British forces and those of the Ottoman Empire under whom the Jews of Palestine lived often put them in harm's way."

In the event of a World War I victory, per the Constantinople Agreement, of March 18, 1915, France and Britain officially promised the port city of Constantinople and the Dardanelles (occupied by the Ottoman Empire) to Russia, as supported in documents between Russia, France, and Britain. The other Allies, for their warfare efforts, would receive compensation elsewhere in Turkey, and Britain would maintain the neutral zone in oil-rich Persia. Later, when the Bolsheviks seized Russia, they relinquished the booty promised in the treaty. During the Peace Conference, Balfour described the Treaty of London, signed on April 26, 1915, as "unmatched in the annals of friendly international negotiations." Italy, for joining the Allies, received territory in the Austrian Empire, the finest port in Albania, territorial extensions in Africa, the Dodecanese Islands, and territory in Turkey. Italy also insisted on a share of the German reimbursement, and a £50 million loan from Britain. In the Agreement of St.-Jean-de-Maurienne, on April 26, 1917, the Allies promised Italy, represented by Sidney C. Sonnino, a Jew, an even larger area in Anatolia and Smyrna. They never executed the agreement but rescinded it because of the Bolshevik Revolution, financially and logistically supported by United States and British bankers. Lenin later discovered a copy of the agreement, the actual justification for the war, among Russia's state papers and made it public.

Given that Britain was engaged in war with Turkey, Sykes and Lord Herbert H. Kitchener saw fit to alter British policies, and develop new alliances. Many British leaders favored the Arabs over the Turks when considering the postwar settlements, because of the location of those states along the coast, adjacent to the sea route to India and in the Persian Gulf. Other diplomats wanted to retain their relationship to Turkey to avert any Russian influence in Constantinople, and in the Straits. Additionally, France wanted to acquire lands in the Middle East, particularly in Syria, which had a Christian minority. Italy wanted possession of the Aegean Islands to protect Christian minorities in Asia Minor. Russia wanted control of the Straits leading from the Black Sea to the Aegean to protect the Christians of Turkish Armenia and the Black Sea coast. Greece wanted to claim the historic Byzantine

territories of Asia, Minor and Thrace, which conflicted with the claims of Russia, Italy, and Turkey. British Prime Minister David Lloyd George (1916-1922) preferred to ally with Greece. There were also the Zionists who wanted to establish a Jewish homeland in Palestine.

Mark Sykes had the position of negotiating an agreement with Britain's most important ally, France, a country that was carrying a disparate responsibility in the war efforts against Germany. In July 1915, Sykes and François Georges-Picot worked on the secret agreement, which people later referred to as the Sykes-Picot Agreement, officially signed on May 16, 1916. Sykes was sympathetic toward the Armenians, Arabs, Turks, and Jews. As an officer, Sykes worked at the War Office as a protégé of Lord Herbert H. Kitchener, the Secretary of State for War. After negotiating the agreement, the British promised Sherif Hussein bin Alithat they would support Arab independence as a single unified state if the Arabs would join the British, under Lieutenant Colonel Thomas E. Lawrence (Lawrence of Arabia), against the Ottoman Empire, Germany's ally. Sir Arthur H. McMahon, the British High Commissioner in Egypt (1915-1917) and a British administrator to India, clarified this promise in a letter dated October 24, 1915 to India, to the Sherif, who thought that the promise included Palestine.

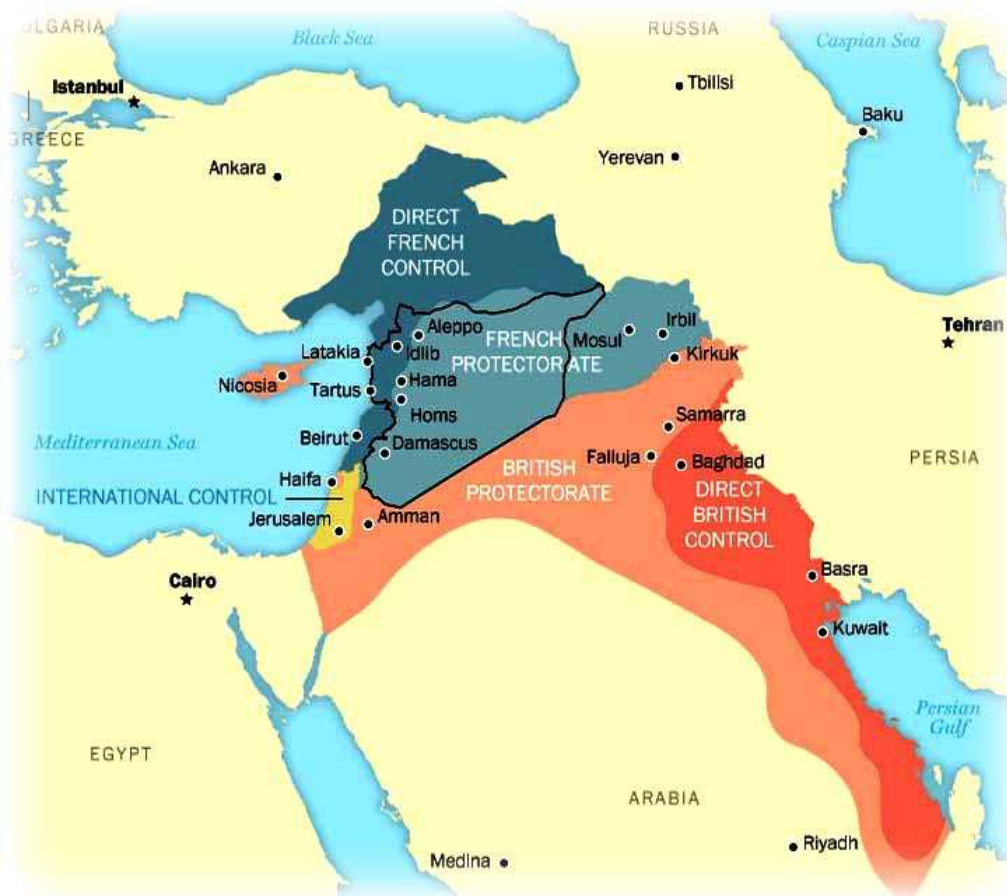


Figure 8.2: Redrawn borders by the Sykes-Picot Agreement.

Sherif was the sultan's regent in Mecca. Sherif's objective was the establishment of a single, independent, unified Arab state, stretching from Aleppo (Syria) to Aden (Yemen), including Palestine. Based on this understanding, the Arabs supplied the British with thousands of men, considered invaluable military assistance, during which their opponents slaughtered 100,000 of them. The Sykes-Picot Agreement deceptively internationalized the bulk of Palestine, and divided the land into protectorates, vehicles for resource exploitation by the victors. British politicians predictably reneged on every single promise. Sir Mark Sykes, a budding Zionist and co-author of the agreement, was good friends with Dr. Chaim Weizmann, the head Zionist. The Sykes-Picot Agreement conformed to the Rothschild agenda. Britain intended to seize control of all of the undeveloped oil-rich Arabian Gulf after the war. Ultimately, Britain gained Jordan, southern Iraq, part of Haifa and direct access to the Mediterranean Sea. France gained control of Syria, Lebanon, southeastern Turkey, northern Iraq and Mosul. Russia was supposed to get Constantinople, the Turkish Straits and the Armenian vilayets, the unique subdivisions within the Ottoman Empire. Leaders initially designated Palestine as an area for international administration after discussion with Russia and others, including the Sherif.

On November 7, 1918, even after the exposure of the double dealing duplicity of inducing Sherif's men to fight against the Ottoman Empire, France and Britain (both bankrupt), issued statements claiming that they were fighting for the freedom of those who the Turks had allegedly oppressed for such a long time. The predetermined divisions closely correspond to the current Middle East borders. Those partitions created the countries of Syria and Lebanon, designated as French protectorates, a status they held until 1946 for Syria, and 1943, for Lebanon, when they finally gained their freedom. Britain predictably betrayed Sherif Hussein bin Ali, and allotted him control only over Iraq, along with Trans-Jordan, and Kuwait, which were effectively British entities. The British ultimately handed Palestine over to the Zionists in 1948.

8.5 Britain's Middle East Objectives

British Prime Minister, Herbert H. Asquith and Herbert H. Kitchener, the War Minister, were not interested in fracturing Europe in order to help British bankers develop commercial interests or political influence in the Middle East. Lord Alfred Milner, an Anglophile, had alternative plans. On November 22, 1915, his Round Table placed a notice in the Manchester Guardian, which intimated, "The whole future of the British Empire as a Sea Empire" hinged on taking control of Palestine, a buffer state and peopling it with "an intensely patriotic race." They also claimed that Palestine was the missing link that would complete the boundaries of the empire, from the Atlantic to the Pacific. 1362 The war's major function was the destruction of the Ottoman Empire, to free Palestine in order to create the state of Israel. The dismemberment of that empire would include genocide and ethnic cleansing.

The Milner faction had to manipulate the United States into fighting against Germany. Given the growing influence of America's Jewish population, chances of dragging them into the war were good. Asquith and Kitchener opposed that plan. On June 6, 1916, Kitchener died on his way to Russia when his ship went down, apparently due to an explosion. Reginald B. Brett, who orchestrated many lethal reforms during World War I, as a member of the monarch's Privy Council, helped replace Asquith with a more willing pawn. Brett, a founding member of the Pilgrims Society, was close to the Rothschilds 1363 and a leading member of the Rhodes-Milner group. 1364 On December 7, 1916, David Lloyd George became Britain's Prime Minister. Before long, the Round Table had positioned several of their most effective members into government posts. Milner became the chief strategist of the War Cabinet. Soon British troops left for the Middle East to fight the Turks. Prime Minister Lloyd George's astute legal skills immeasurably enhanced his career in behalf of the World Zionist Organization. Sir Philip Sassoon, whose mother was a Rothschild, was his secretary. 1365 Winston Churchill and Arthur J. Balfour, of Milner's Round Table, were also elevated in power. Lord Rothschild, James de Rothschild, the son of Edmund de Rothschild of Paris, former owner of the Rothschild colonies in Palestine, and Sir Mark Sykes attended the first official meeting of the Political Committee, where they discussed the future mandates of Palestine, Armenia, Mesopotamia, and Arabia.

The Grand Chessboard, a major globalist blueprint by the audacious globalist, Zbigniew Brzezinski, describes the United States Geostrategic Imperatives in the Middle East. One key premise of the book is the control of the world's resources. Naval strategist, Alfred Thayer Mahan, long ago proposed that whoever secured Egypt would obtain all the coasts, and the islands in the Indian Ocean. Egypt, he felt, held the key to the East. 1367 Total control of all resources includes the protection and control of oil pipelines, and transportation routes such as the Suez Canal. This apparently necessitates a permanent US military presence, with dozens of bases, since the US military is currently the banker's global enforcers. Immediately after World War I, and every major conflict since, the elites shuffle territory and people, which generates turmoil, often requiring military control and occupation.

While thousands of ordinary French and German soldiers were slaughtering each other in Europe, British politicians, ostensibly concerned about the Suez Canal's security, removed 1,400,000 British soldiers. and scarce war materials to the Mediterranean and the Persian Gulf. The French were irate over this maneuver. They had already lost almost 1,500,000 soldiers while another 2,600,000 were severely injured. About a million British troops remained in the Middle East until after the end of hostilities, even in the French area, protecting petroleum resources. France's leader, Georges Clemenceau, agreed to the Prime Minister's request to allow the British to have complete control of the Mosul Wilayet (Iraq), and Palestine, from Dan to Beer-sheba. France would control Greater Syria and receive half of the Mosul oil, along

with the guarantee of British post-war support if Germany ever challenged France regarding the Rhine area.

By the last quarter of 1916, the allies depended wholly on American supplies, and Federal Reserve financing. By 1917, Britain was bankrupt, and ready to relinquish her imperialistic role to the United States, to transfer the wealth from America, as warfare requires huge amounts of cash and credit. They consummated the power transfer with the clear understanding that British officials would retain the exclusive right to command the current struggle. The United States would commit troops to prevent Britain from losing the war. Britain had a superior navy, and America was not yet ready to assume naval power. Britain owed money to the Federal Reserve, and had to win to pay the war debts, and keep the banks from losing the money they had loaned.

Colonel Edward M. House had managed Woodrow Wilson's political campaign, including his deceptive promise to keep the United States out of the war. However, he opted to comply with his handlers, which included appointing Louis D. Brandeis, a leading Zionist, to the Supreme Court. Warfare necessitated the removal of Zionist headquarters from Berlin to New York. Then, Wilson, House, J. Pierpont Morgan, Churchill, and others collaborated to provoke Germany into sinking the *Lusitania*, a passenger ship. Wilson, the man of peace, largely relying on Brandeis' opinions and encouragement, addressed Congress on April 2, 1917, where he poignantly pleaded for a declaration of war against Germany, which it granted on April 6, 1917. Brandeis was Felix Frankfurter's uncle. Later, Frankfurter dominated the Supreme Court. Wilson told Congress, "The world must be safe for democracy." The United States entered the war when Britain was close to defeat. The real reasons included the division of the oil-rich Ottoman Empire, and the seizure of Palestine for the creation of Israel, a prospective military presence in the oil-rich gulf. 1369 J. Pierpont Morgan was the US financial agent for all the Allied countries. He also funded France's participation in the war. 1370 Britain owed millions to US banks and businesses who sold war-related components, some shipped on the fated *Lusitania*. Aiding Britain, our debtor nation, protected the banker's loans and business profits. 1371 US citizens died for the bankers and the businessmen.

Vladimir Lenin, Russia's Bolshevik leader, announced an armistice, and sent Trotsky to Brest-Litovsk in November 1917, to negotiate a peace deal with Germany and Austria. They were unable to reach an agreement after nine weeks. As a result, on March 3, 1918, German troops moved toward Petrograd to encourage Russia to accept the terms of the Central Power's (Germany, Austria-Hungary, Bulgaria, and the Ottoman Empire) Brest-Litovsk Treaty. Because of the Brest-Litovsk Treaty, the Allies could not impose the Treaty of Versailles upon the new Bolshevik government in Russia, a great benefit. The Bolsheviks now controlled a huge quantity of untapped oil, which would not fall under the control of Standard Oil, British Petroleum, or Royal Dutch Shell, the world's first oil cartel. The Bolsheviks relinquished most of

their oil rights in Iran, and forgave all Iranian indebtedness owed to czarist Russia. With Russia out of the way in Iran, Britain and their Anglo-Persian Oil Company seized control of oil exploration and development. Britain extracted massive amounts of Iranian oil. Churchill called it “a prize from fairyland beyond our wildest dreams.”

8.6 Alexander Parvus and his German Accomplices

Alexander Parvus, who wanted to establish revolutionary fifth columns among the allies, befriended Baron Hans von Wangenheim, Germany’s Ambassador in Constantinople. Parvus presented a proposal to Germany via Wangenheim. He suggested that Germany finance Russia’s destabilization through a general strike during its war with Russia and its allies. On January 9, 1915, Wangenheim sent a telegram to Arthur Zimmermann, the Under State Secretary to the State Secretary. The ambassador told him that Parvus, who wanted to meet with them, was one of the main leaders of the last Russian Revolution, an exile from Russia, and that officials had, on several occasions, expelled him from Germany. Von Wangenheim sent Parvus to Berlin where he arrived on March 6, 1915. He met with certain officials and proposed a twenty-page strategy describing the implementation of massive political strikes in Russia. Parvus advised the division of Russia by supporting the Bolshevik faction of the Social Democratic Labor Party, by urging ethnic exclusivity in various Russian regions, and by championing writers who criticized the czar during the war. Considering his experience in 1905, he imagined that class division in Russia, following a devastating war defeat, would be the most effective method of instituting a socialist revolution. Alexander Parvus, after influencing and contributing to the fomenting of the Bolshevik Revolution of 1917 in Russia, would become an adviser to the Weimar Republic in postwar Germany. He joined the German Social Democratic Party, and he developed close relationships with Karl Kautsky, Clara Zetkin, Rosa Luxemburg, and Karl Radek. Parvus quickly became one of the best theoreticians of the party. Others regarded him, and Luxemburg, as hotheads. In the 1890s, and early 1900s, he participated in the politics surrounding German and Russian Marxism.

The German Foreign Ministry, controlled by Lenin assets, transferred the first five million marks to the Bolsheviks for revolutionary propaganda on June 7, 1915, via Aleksander Keskula, the Estonian agent who began his association with the Germans on September 12, 1914. He initially met Lenin on October 6, 1914.

Henry Morgenthau Sr., the US Ambassador to the Ottoman Empire (1913-1916), in his memoirs, and elsewhere, criticized Wangenheim and painted him as a villain. He claimed that Kaiser Wilhelm, who he claimed sought “world domination,” personally chose Wangenheim to try to subjugate Turkey, and transform its army, and its territory into “instruments of Germany.” He wrote, “Wangenheim worshipped the Prussian military system.” He claimed that Germany’s “ambitions had trans-

formed the world into a place of horror,” and “Wangenheim’s every act and every word typified this new and dreadful portent among the nations.” He claimed that Wangenheim “divided mankind into two classes, the governing and the governed” and believed that “Germany was inevitably destined to rule the world.” Morgenthau claimed, “For twenty years the German Government had been cultivating the Turkish Empire. All this time the Kaiser had been preparing for a world war and in this war it was destined that Turkey should play an almost decisive part.” 1386 He said of Wangenheim, “Like the government which he served so loyally, he was fundamentally ruthless, shameless, and cruel . . . with the realism and logic that are so characteristically German, (he) would brush aside all feelings of humanity and decency that might interfere with success.” The name Morgenthau seems to be affiliated with lies and propaganda as will also be seen when discussing world war 2.

A State Department document, dated February 15, 1916, discusses the czar’s overthrow and mentions Max Breitung and Isaac Seligman, both freemasons, as participating in that event. Max Warburg, a Zionist, a banker and a freemason, also worked for German intelligence, helped fund the communist propaganda in Russia. Warburg, one of the most powerful men in Germany, and other wealthy Jews supported Communism. Parvus planned for the Bolshevik seizure in 1916, and made certain that Lenin had sufficient money, as much as six million dollars in gold. Karl Kautsky, a German Jew, said that “the Jews in Russia had only one true friend—the revolutionary movement.” They comprised about thirty to fifty percent of the party.

The American International Corporation, headed by J. Pierpont Morgan Jr. also assisted the revolutionaries. Jacob H. and Mortimer Schiff, Felix Warburg, Otto H. Kahn, Max Warburg, Jerome J. Hanauer, Alfred Milner and the Guggenheim family also financed the Bolsheviks. Most of these people were Jews and freemasons. Max Warburg established a Russian publishing house, along with German industrialist, Hugo Stinnes, who, on August 12, 1916, agreed to contribute two million rubles for the financing of that publishing house. In April 1917, the German General Staff, and the German Supreme Command, unknown to the Kaiser, facilitated and financed Lenin and his revolutionaries on their train journey from Switzerland through Germany and Sweden, to Petrograd, Russia, with money funneled from Parvus through Jakob Fürstenberg (Yakov Ganetsky), both Jews. There, they would meet Leon Trotsky to complete the revolution, to destroy the Russian Army, and to eliminate it from World War I. Chancellor Bethmann-Hollweg, who, in 1917, lost the Reichstag’s support, directed State Secretary Arthur Zimmermann to approve of the passage of the Bolsheviks.

Lenin was not a German agent, despite the help that Chancellor Bethmann-Hollweg awarded him, because his objectives were then compatible with certain people in the Foreign Ministry. Additionally, each entity had alternative motives—Germany sought access to postwar markets in Russia, and Lenin sought to establish a Marxist dictatorship. 1394 Lenin and Parvus, who worked with German intelligence, pri-

vately collaborated but carefully avoided meeting in public. German intelligence established Parvus' financial network via offshore operations in Copenhagen, to shift money to Russia between front organizations. The majority of the transactions were genuine, yet still helped to conceal Bolshevik funds. Scandinavian fiscal and customs offices were overburdened, and inadequate for the booming black market during the war. There is no conclusive evidence showing that the Germans supplied the money for this financial network. Historians recently examined the records from Alexander Kerensky's Government and found them to be inconclusive or utter forgeries.

On October 27, 1917, Edgar Sisson, a former Chicago Tribune reporter, former managing editor of Collier's Weekly and past editor of Cosmopolitan, left the United States to become the Petrograd-based representative of the government's propaganda apparatus, the Committee on Public Information (CPI) or the Creel Committee, and a special envoy of President Woodrow Wilson. In early 1918, after the Bolsheviks had seized power, he acquired a set of 68 Russian-language documents. These papers appeared to provide evidence of a German-Bolshevik conspiracy during World War I, claiming that Trotsky, Lenin, and other Bolshevik leaders were agents of the German government. Sisson recruited Russians to disseminate US propaganda in Germany, in addition to distributing a million Russian-language prints of President Wilson's war message to the US Congress. Sisson returned to the United States in May, to head the CPI's Foreign Section. On May 9, 1918, President Wilson had Sisson's report on the Russian documents, which the CPI released to the media on September 15. The press dutifully and unquestioning reported that the German General Staff had hired Lenin and Trotsky. On September 21, 1918, The New York Evening Post questioned the validity of the Sisson Documents, and claimed that Santeri Nuorteva, member of the Finnish Socialist Federation, and a former Soviet propagandist, actually wrote them. The New York Times, certainly a biased opinionmaking newspaper, reported that the Sisson Documents, in possession of the CPI, verified that Lenin and Trotsky, heads of the Bolshevik government, were German agents. Further, that the German Great General Staff arranged for the German Imperial Bank, and other financial institutions, to fund the revolution. Moreover, German agents Lenin and Trotsky betrayed the Russian people by signing the Treaty of Brest-Litovsk.

Germany allegedly selected a commander to defend Petrograd against the German Army, and provided German officers to advise the Bolshevik government, command its armies, spy on the embassies of Russia, and to direct Bolshevik foreign and domestic policy. The New York Times claimed that the Bolshevik government was in fact German, representing the best interests of Germany. The CPI published a pamphlet, based on the Sisson Documents, The German-Bolshevik Conspiracy, of which it distributed 137,000 copies. John F. Jameson, a gatekeeper historian, associated with the Carnegie Institution, and the American Historical Association, founded by Andrew D. White (S&B), and Professor Samuel N. Harper, validated the authenticity of most of the documents. 1398 Not surprisingly, after World War

II, the Allies discovered documents in the German Foreign Office that purportedly confirmed that Imperial Germany had financed the Bolsheviks.

In 1956, George F. Kennan examined and scientifically evaluated the Sisson Documents, and categorically stated that they were forgeries. He wrote a very persuasive technical article but, by then, the public paid very little attention to a decades-old controversy. Some academics appreciated his scholarship but, for the most part, the entertainment and news media, the schools, and typical government officials raised on propaganda pabulum, continue to compare every totalitarian institution, or government, to Nazism or Communism, as if each shared the same characteristics, but with different names.

8.7 The Armenian Genocide, Relocation and Extermination

The Jews took power during their Young Turk Revolution, a movement entirely overshadowed by the Chinese Revolution (1911), and the Russian Revolutions (1905, 1917). Young Turk leaders then organized and executed the Armenian Genocide wherein between 600,000 and 1,500,000 perished. Henry Morgenthau Sr., a member of both the Pilgrims Society, and B'nai B'rith, was a Harlem real estate mogul and a leader in New York City's Reform Jewish community. His money helped to install Woodrow Wilson into the White House, and the new president asked him to accept the ambassadorship to Turkey.¹³⁹⁹ Though lacking experience, Morgenthau reluctantly accepted the position (1913-1916), with the encouragement of his good friend, Rabbi Stephen S. Wise, a founder, and leading member of the Zionist Organization of America, founded in 1897, to do everything necessary to secure a Jewish homeland in Palestine.

Not only do the United States and other industrialized countries send ambassadors, they also send intelligence agents, such as the CIA, to engage in terrorist activities. In March 1915, Eitan Belkind, Aharon and Sarah Aharonson, his sister, and Avshalam Feinberg founded Nili, a Jewish espionage network that provided information to the allied forces during World War I. Sir Mark Sykes assisted Belkind infiltrated the Ottoman army, and became an officer assigned to the headquarters of Ahmed Djemal, Minister of the Navy. Belkind, the British agent, relates that, in early 1915, a few Circassian soldiers ordered some Armenians to gather sufficient thorns and thistles to create a tall pyramid. Thereafter, the soldiers tied almost 5,000 Armenians together around the pyramid and then torched it. He fled in order to escape the tortuous screams but returned two days later to find the charred bodies. Belkind was a cousin to the Chief Rabbi of Turkey, Chaim Nahum, who "rejected any involvement or contact" in the Armenian issue.

Belkind also wrote, "On Friday in late March 1915, about 10,000 Jewish were exiled from Israel. They were taken to Jaffa and forced to board ships belonging to neutral

states such as Italy, USA, etc. The deportation was carried out with great cruelty. The deportees left all their property behind, women and children were hurled into the ships. It was a tragic and oppressing sight. Feinberg, a witness to the deportations, went to Jerusalem to the Anti-Locust Department, and urged Aharonson to start an uprising; because the Jewish settlements were on the brink of annihilation. Avshalom insisted that, in his opinion, that it had been the Germans that advised Turkey to deport the Jews.”

On April 24, 1915, Mehmed Talaat Pasha, a freemason, while posing as an orthodox Moslem, was actually descended from a Spanish- Jewish family. He had collaborated with the Young Turks, also Jews. He ordered the closure of all Armenian political organizations within the Ottoman Empire, and the arrest of all Armenians associated with those organizations. On the night of April 24/25, 1915, Young Turk authorities arrested between 235 and 270 Armenian leaders in Constantinople, including politicians, clergymen, physicians, authors, journalists, lawyers, and teachers. Several weeks earlier, the government allegedly organized the mass killings of Armenian civilians in the Van vilayet. On May 27, 1915, Talaat Pasha, CUP Minister of the Interior issued the Tehcir Law or Temporary Law of Deportation authorizing the government to deport anyone that it “sensed” was a threat to national security. The order covered the period from June 1, 1915 to February 8, 1916. It legalized the mass deportation of Armenians from the empire’s eastern provinces to Syria. Many historians maintain that Ismail Enver Pasha should share equal responsibility for the “extermination” of the Armenians. Reportedly, Ismail Enver Pasha told Ambassador Morgenthau, “I have accomplished more toward solving the Armenian problem in three months than Abdülhamid accomplished in thirty years!” Ismail Enver Pasha, because the Armenians were plotting against the government, introduced repressive measures against them, and implemented the deportation of about 2,000,000 Armenians, which culminated in a massacre. Ethnic Turks and Kurds attacked their villages and murdered vulnerable refugees. Many Armenians relocated in Iran, now the residence of about 100,000 of them.

The German Ambassador to the Ottoman Empire, Baron Hans von Wangenheim stated that a systematic genocide of the Armenians would have obstructed the war effort. It would have withdrawn troops and military supplies, needed by the Central powers, and weakened the army. He did not want to insult the Young Turk rulers and their efforts to win the war. On May 31, 1915, he notified officials in Berlin to block Armenian espionage and their extensive risings. İsmail Enver Pasha intended to close many Armenian schools, suppress their correspondence and newspapers as well as relocate uninvolved Armenian families to Mesopotamia. He requested that Germany not interfere. Governments hostile to Germany, would exploit anything that Turkish officials did. He said that he thought that Germany should try to modify its methods, but not hinder the Turkish government on its principles.

On June 17, 1915, Wangenheim changed his opinions. He wrote, “It is obvious that

the banishment of the Armenians is not due solely to military considerations.” Talaat Bey (born Mehmed Talaat), the minister of the interior, told Dr. Johannes Mordtmann of the embassy that “the Porte intended to make use of the world war to deal thoroughly with its internal enemies, the Christians in Turkey, and that it meant not to be disturbed in this by diplomatic intervention from abroad.” Wangenheim sent a memo to the grand vizier telling him that Germany would not hide the consequences “created by these harsh measures and mass deportations, which include guilty and innocent without distinction, especially when they accompany these measures by acts of violence, such as massacres and pillages.” Young Turk officials subjected the Armenian Christians, as part of the deportation, to forced marches, massacres, starvation and rape.

Wangenheim said that it was imperative that the provincial authorities take measures to protect the life and property of evacuated Armenians, during their deportation and in their new location. He reminded the Turkish authorities that their activities could damage German interests, and asked that the deportees be given a grace period before they were actually deported. The Turkish government rejected the Austrian or German appeals. On July 12, 1915, Wangenheim again wrote to Talaat Pasha demanding that he take measures against Reshid Bey, who was organizing large-scale massacres. Wangenheim also wrote to Chancellor Bethmann-Hollweg telling him that diplomatic pressure failed to influence the government and therefore, “Turkey must accept full responsibility for her actions.” Wangenheim soon left for Berlin and his successor, Paul Wolff Metternich, reiterated Germany’s opposition to the Ottoman’s treatment of the Armenians. The Young Turk government allegedly did not provide the deportees with shelter, food, water or supplies during the march. The Turkish guards accompanying them reportedly robbed, raped, and killed many of them and allowed bystanders to participate. On August 18, 1915, *The New York Times*, published by Adolph S. Ochs, reported, “The refugees will have to traverse on foot a distance, requiring marches of from one to two months . . . the roads and the Euphrates are strewn with corpses of exiles, and those who survive are doomed to certain death. It is a plan to exterminate the whole Armenian people.” *The Times* reported, “Hundreds of women and young girls . . . have been pillaged, defiled and destroyed. At the beginning of this month all the inhabitants of Karahissar were pitilessly massacred, with the exception of a few children.” Bahaeddin Şakir said, “We are in war, there is no threat of intervention by Europe and the Great Powers, and the world press either will not be able to voice a protest. Even if we do not succeed, the problem will become an accomplished fact, the voices will calm down, and no one will dare to express a protest. We should make use of this exceptional situation as much as possible. This kind of opportunity is not always available . . .”

Samuel S. McClure wrote, “The shortest method for disposing of the women and children concentrated in the various camps was to burn them. Fire was set to large wooden sheds in Alidjan, Megrakon, Khaskegh, and other Armenian villages, and

these absolutely helpless women and children were roasted to death . . . And the executioners, who seem to have been unmoved by this unparalleled savagery, grasped infants by one leg and hurled them into the fire . . . the stench of the burning human flesh permeated the air for many days after." In the Baibourt area, "The worst and most unimaginable horrors were reserved for us at the banks of the Euphrates and in the Erzindjan plain. The mutilated bodies of women, girls, and little children made everybody shudder." The Young Turks also allegedly used cattle cars to transport the Armenians, at least 20,000 by August 1, 1915. Peter Balakian, an author on *The New York Times* Best Seller's List, relates that there was a twenty-five mile stretch between Urfa and Arab Pournar, where "the beaten paths are lined with corpses of the victims."

After deportation, the government could legally confiscate the abandoned properties, livestock, and land and assets, as sanctioned by the new Temporary Law of Expropriation and Confiscation, enacted on September 13, 1915. 1414 On September 29, 1915, Jesse B. Jackson, American Consul in Aleppo, sent Morgenthau many charts and tables enumerating the railway deportations by city, town, and Armenian religious sect . . . giving the numbers of children and adults." Jackson wrote, "The deportation of Armenians from their homes by the Turkish government has continued with a persistence and perfection of plan." Almost all of the Armenians, Catholics, Caldeans and Protestants, from the provinces of "Van, Erzaerum, Bitlis, Diarbekir, Mamouret ul-Aziz, Angora and Sivas . . . have already been practically exterminated." The death toll was reportedly already over 500,000 by August 15, 1915. The survival rate of the forced marches was about fifteen percent; about one million Armenians were missing. 1418 Military personnel who refused to kill defenseless Armenians were relieved of duty and court-martialed or murdered.

On October 6, 1915, Lord James Bryce, former Member of Parliament, a former Ambassador to the United States (1907-1913), a friend of President Woodrow Wilson, and a popular figure in America, told Parliament about the premeditated murder of "around 800,000" Armenians. He said that officials in Constantinople ordered the massacres, which carried a penalty for non-compliance. Aneurin Williams, of the British Parliament, presented a similar account on November 16. Denys Cochin, a French writer, wrote about the massacres. He was the Minister of State (1915-1916) under Aristide Briand, a leader of the French Socialist Party. Cochin was then undersecretary for foreign policy matters responsible for dealing with the blockade of Germany. Other writers disseminated Cochin's material. One such individual wrote, "Germany's ally was committing the vilest atrocities," and compared the fate of the Armenians to that of the Belgians.

Ambassador Morgenthau gave a speech at the Wise Center Forum in Cincinnati on May 21, 1916, regarding the sale of Palestine, after the war. As ambassador, he said he broached the subject of the Armenians with Turkish officials who were very receptive, even eager. He said, "Turkish officials will do anything if they have no

fear of punishment or censure. The Turks gladly would have made a bargain with me that they would protect the Jews and do what they desired with the Christians.” He went on to say, “It is utterly impossible to place several millions of people in Palestine. There would be grave danger from the Arabs. It is a good idea to have a model colony here. If Jews continue there as at present, at the end of the war there will be no friction. I believe the Zionists will not provoke the Government. Turkey needs the Jews. They have lost the Armenians and must fill the gap.”

While Morgenthau was US Ambassador, though he claimed otherwise, he remained relatively silent during what people refer to as the systematic Armenian Genocide. In June 1917, he and Felix Frankfurter, representing the War Department, traveled to Turkey on a secret mission to convince its leaders to abandon the Central Powers. After the war, Morgenthau attended the Paris Peace Conference as an advisor regarding Eastern Europe and the Middle East issues. Perhaps Morgenthau’s statements in Cincinnati were an attempt to push the British to accept the Zionist goals.

In 1919, Morgenthau wrote an incredibly anti-Muslim book detailing the genocidal horrors of the Armenian genocide, actually carried out by the Dönmes, which, at the time, the United States and Britain apparently ignored. He described Sheik-ul-Islam’s alleged appeal for a total Jihad or Holy War against all infidels. The Sheik’s proclamation purportedly summoned the complete Muslim world to arise and annihilate their Christian oppressors, except for the Germans and Austrians. Interestingly, certain parties, attempting to ignite hatred, republished his book in 2003, perhaps to provoke US sensibilities against the Muslims.

8.8 Making Money the Old Fashioned Way, War Profiteering

Evidently, the financial cost of World War I amounted to almost \$38 billion for Germany alone; Britain spent \$35 billion, France \$24 billion, Russia \$22 billion, USA \$22 billion and Austria-Hungary \$20 billion. In total, the war cost the Allies around \$125 billion and it cost the Central Powers about \$60 billion.

On November 23, 1913, John D. Rockefeller, Andrew Mellon, Andrew Carnegie, and J. Pierpont Morgan, Frank A. Vanderlip and other bankers, financiers, and industrialists created the American International Corporation (AIC), capitalized with \$50 million specifically to assist the Bolsheviks in their revolution. AIC’s objectives were to develop and promote US foreign trade. AIC soon acquired interests in the Panic Mail Steamship Company, the International Mercantile Marine Company, United Fruit Company, and the New York Shipbuilding Company. It owned all of the stock in the Allied Machinery Company of America, invested in other companies and had controlling interest in many others. AIC created, controlled, owned, or purchased the following companies to fulfill their objectives,

Allied Machinery Company of America; American International Shipbuilding Corporation; American International Steel Corporation; American Balsa Company; Allied Construction Machinery Corporation; Allied Sugar Machinery Corporation; American International Terminals Company; Carter Macey & Company; F. W. Horne & Company; The China Corporation; The Latin American Corporation; Ulen Contracting Company; Grace Russian Company; Holbrook, Cabot & Rollins Corporation; International Merchant Marine; International Products Company; New York Shipbuilding Corporation; Pacific Mail Steamship Company; Rosin & Turpentine Export Company; Siems Carry Railroad and Canal Company; United Fruit Company; United States Rubber Company; United States Industrial Alcohol Company; Jones Laughlin Steel Corporation; Midvale Steel Corporation; G. Amsinck & Company; Symington Forge Corporation; Remington Arms; and the Robert Dollar Company. Many companies that focused on military efforts and food.

Individuals associated with the Federal Reserve and Wall Street assumed control of AIC, all attempting to profit from imminent war. The AIC Directors, all powerful bankers, politicians or industrialists. By 1915, AIC was doing business in Australia, Argentina, Uruguay, Paraguay, Colombia, Brazil, Chile, China, Japan, India, Ceylon, Italy, Switzerland, France, Spain, Cuba, Mexico, and other Central American countries. By 1917, AIC's foreign investments totaled over \$27 million and it had agents in London, Paris, Buenos Aires, Peking, and Petrograd, Russia. AIC's United Fruit Company played a role in various Central American Marxist revolutions in the 1920s. By November 1917, AIC owned Amsinck and Company, also located at 120 Broadway. Amsinck funded German wartime espionage in the United States and supported the Bolshevik Revolution.

Churchill's US counterpart, Navy Secretary Franklin D. Roosevelt claimed that US industry had been preparing for war for about a year. The Army and Navy Departments started purchasing supplies by early 1916. In 1916, AIC purchased New York Shipbuilding, a navy contractor that, by 1918, owned the world's biggest shipyard. President Woodrow Wilson placed the nation's monetary system into the hands of the international bankers through the Federal Reserve System. When the United States entered into World War I against Germany, on April 6, 1917, Wilson relinquished further economic control of the government to three of his financial backers, all Jews, Eugene I. Meyer, Paul Warburg, and Bernard Baruch. In 1890, Bernard Baruch had worked on Wall Street for A.A. Housman & Co. In 1896, he merged the six top US tobacco companies into the Consolidated Tobacco Company, which forced James Duke and the American Tobacco Trust into another trust. He delivered the copper industry to the Guggenheim family, and collaborated with Edward H. Harriman, Jacob H. Schiff's agent in managing America's railway system for the Rothschild family. Baruch and Harriman seized control of the New York City transit system. Baruch Brothers of New York changed their name to Hentz Brothers in 1917 when Bernard became Chairman of the US War Industries Board, established

on July 28, 1917. Baruch wrote, "... in the view of many, I became a virtual dictator."

On February 8, 1918, some senators convened a committee to hear the views of Treasury Secretary William G. McAdoo regarding Senate bill No. 3714, providing for the establishment of a War Finance Corporation. Other attendees who favored the bill's passage were banker, William Proctor Gould Harding, Chairman of the Federal Reserve (1916-1922) and Paul M. Warburg, Vice Governor Federal Reserve Board. Warburg relinquished his \$500,000 a year job at Kuhn, Loeb to accept the paltry \$12,000 a year job as governor of the Federal Reserve. On March 7, 1918, the Senate passed the bill, which authorized the extension of \$4 billion in credit to firms and corporations engaged in war-related industries. Eugene I. Meyer directed the War Finance Corporation. The President would later propose his name as the Governor of the Federal Reserve Board. Congress created the US Government agency on April 5, 1918 in order to give financial support to industries deemed essential for World War I, and to the banks that financed them. It functioned in that capacity, between the wars, until Congress abolished it on July 1, 1939.

Regarding his personal interests, Baruch admitted, "I carried through the war three major investments, Alaska Juneau Gold Mining Company, Texas Gulf Sulphur, and Atolia Mining Company (tungsten)." On February 21, 1921, Representative Mason told the House of Representatives that Baruch made over \$50 million just in copper during the war. Baruch, as chairman of the War Industries Board, directed the affairs of all US factories. He chose Clarence Dillon, a Wall Street lawyer as his assistant. William P. G. Harding, Chairman of the Federal Reserve, was the Managing Director of the War Finance Corporation under Meyer. George R. James, member of the Federal Reserve Board (1923-1924) had been Chief of the Cotton Section of the War Industries Board.

On September 13, 1937, in a congressional investigation, Baruch testified before Congress and admitted that all wars are economic in nature, despite the political or religious reasons repeatedly used to justify war. He made \$750,000 in just one day during World War I when he headed the purchasing agency for the Allies. In that capacity, he spent \$10 billion per year and was the primary member of the Munitions Price-Fixing Committee, and as such, he determined how much money the US government spent and the companies from which they would purchase. President Wilson also gave him a letter authorizing him to seize any US industry or plant. During Congress' investigation, officials asked him about the specific skills that qualified him for the job. He responded that he was a speculator.

There were at least two Congressional investigations, in 1925 and 1930-The Select Committee to Investigate the Destruction of Government Bonds. On March 2, 1925, it was reported, "Duplicate bonds amounting to 2,314 pairs and duplicate coupons amounting to 4,698 pairs ranging in denominations from \$50 to \$10,000 had been redeemed to July 1, 1924. Some of these duplications have resulted from error and some from fraud." This chicanery enabled Meyer to purchase control of Allied

Chemical and Dye Corporation and The Washington Post. The duplication of bonds, “one for the government, one for me” in denominations as high as \$10,000 each, amounted to a fortune. Meyer’s daughter Katharine Graham later became publisher of the Washington Post. President Herbert Hoover appointed Meyer as Chairman of the Federal Reserve (1930-1933). In 1920 Meyer and William H. Nichols, owner of General Chemical, merged five smaller chemical companies to create the Allied Chemical and Dye Corporation later known as the Allied Chemical Corp. After World War II, President Harry S. Truman, a freemason, appointed Meyer as the first head of the World Bank in June 1946.

Samuel P. Bush, father of Prescott Buch (father of George H. W. Bush, Grandfather of George W. Bush) was president of Buckeye Steel Castings (1908-1927), a railroad equipment-manufacturing firm that had supplied the Morgans, Harrimans, and Rockefellers and the railroads they controlled. Frank Rockefeller, brother of John D. and William, was Buckeye’s former president. Bush, who helped co-found Columbus Academy, a private prep school, made certain that his own children had superior educations at private schools. He was a director of the Pennsylvania Railroad’s Ohio subsidiaries, of the Hocking Valley Railway, the Norfolk & Western Railway, and the Huntington National Bank. He was also a director of the Federal Reserve Bank of Cleveland. Bush was associated with the US Chamber of Commerce and was the first president of the National Association of Manufacturers He worked with Baruch on the War Industries Board where he was the national chief of the Ordnance, Small Arms, and Ammunition Section. He negotiated with the nation’s munitions companies, including Remington Arms, in securing weaponry. The War Industries Board directed the militarization of the country’s civilian industry. The National Archives destroyed most of the War Industries Board records relating to his activities. Bush knew top executives at Du Pont, Remington, Winchester and Colt Arms. Between the wars, he was an advisor to President Herbert Hoover. Unlike the Spanish American War, World War I brought together the nation’s industrial, military and business components. These connections grew even stronger with the next war and helped to further militarize America.

It was AIC then; now it is Carlyle and other such groups. On May 16, 2008, Booz, Allen & Hamilton, a privately held corporation owned by about 300 senior executives announced the sale of the majority of its US government business division to the Carlyle Group (established 1987), a multibillion dollar private equity firm for \$2.54 billion. Carlyle Group invested in the Bin Laden family’s extensive construction projects in Saudi Arabia and other areas in the Middle East. In September 2007, the Mubadala Development Company, a sovereign wealth fund of the Abu Dhabi government specializing in acquisitions, paid 1.35 billion for a 7.5 percent ownership stake in Carlyle. The politically connected, bi-partisan, buyout firm, Carlyle Group, is stacked with war profiteers, numerous former politicians, and has massive assets. George H. W. Bush, a profiteer like his progenitor, joined Carlyle in 1993, and was

the Senior Advisor to their Asia Advisory Board (April 1998-October 2003). He reluctantly resigned, under pressure due to the company's massive Iraqi war profits. He retained his Carlyle stock, and gave speeches in Carlyle's behalf, for a \$500,000 fee. Carlyle is notorious for buying defense companies and "doubling or tripling their value" due to abundant, frequently no-bid, defense contracts. In 2002, Carlyle got at least \$677 million in government contracts, and by Bush's 2003 Iraqi invasion, Carlyle contracts were worth \$2.1 billion, netting sizeable profits for the investors—friends and family.

Notable people associated with Carlyle include James Baker III, former US Secretary of State under George H. W. Bush. Baker was also a staff member under George W. Bush. Others associated with Carlyle include Frank C. Carlucci, Deputy Director of the CIA under Carter; Richard Darman, former Director of the US Office of Management and Budget under George H. W. Bush; Randal K. Quarles, former Under Secretary of the US Treasury under George W. Bush; Allan Gotlieb, Canadian ambassador to the United States; William Kennard, Chairman of the Federal Communications Commission (FCC) under Clinton; Arthur Levitt, Chairman of the Securities and Exchange Commission (SEC) under Clinton; Mack McLarty, White House Chief of Staff under Clinton, President of Kissinger McLarty Associates and many others. After 9/11, no-bid contracts and privatization, accelerated. The war on terror, the creation of numerous new agencies and bureaucracies was never about freedom or security. All of it, the programs, and the Iraq reconstruction are all a colossal assault on the federal budget, facilitated by the politically connected, selectively efficient contractors who collect up-front then frequently, sub-contract projects to unskilled workers who often never complete the work.

8.9 The Sinking of the Lusitania

The sinking of the Cunard ocean liner RMS Lusitania occurred on Friday, 7 May 1915 during the First World War, as Germany waged submarine warfare against the United Kingdom of Great Britain and Ireland. The ship was identified and torpedoed by the German U-boat U-20 and sank in 18 minutes. The vessel went down 11 miles (18 km) off the Old Head of Kinsale, Ireland, killing 1,198 and leaving 761 survivors. The sinking turned public opinion in many countries against Germany, contributed to the American entry into World War I and became an iconic symbol in military recruiting campaigns of why the war was being fought.

The next step in the maneuvering of the United States into the war came when the Cunard Lines, owner of the ocean liner, the Lusitania, turned the ship over to the First Lord of the Admiralty, Winston Churchill. It now became a ship of the English Navy and was under the control of the English government. The ship was sent to New York City where it was loaded with six million rounds of ammunition,

owned by J.P. Morgan & Co., to be sold to England and France to aid in their war against Germany. It was known that the very wealthy were interested in involving the American government in that war, and Secretary of State William Jennings Bryan was one who made note of this. "As Secretary [Bryan] had anticipated, the large banking interests were deeply interested in the World War because of wide opportunities for large profits. On August 3, 1914, even before the actual clash of arms, the French firm of Rothschild Freres cabled to Morgan and Company in New York suggesting the flotation of a loan of \$100,000,000, a substantial part of which was to be left in the United States, to pay for French purchases of American goods."

England broke the German war code on December 14, 1914, so that "By the end of January, 1915, [British Intelligence was] able to advise the Admiralty of the departure of each U-boat as it left for patrol...." This meant that the First Lord of the Admiralty, Winston Churchill, knew where every U-boat was in the vicinity of the English Channel that separated England and France. The fact that the Lusitania was a passenger ship is misleading. Although she was built as a luxury liner, her construction specifications were drawn up by the British Admiralty so that she could be converted, if necessary, into a ship of war. Everything from the horsepower of her engines and the shape of her hull to the placement of ammunition storage areas were, in fact, military designs. She was build specifically to carry twelve six-inch guns. The construction costs of these features were paid for by the British government. Even in times of peace, it was required that her crew include officers and seamen from the royal Navy Reserve. In May of 1913, she was brought back into dry dock and outfitted with extra armor, revolving gun rings on her decks, and shell racks in the hold for ammunition. Handling elevators to lift the shells to the guns were also installed. Twelve high-explosive cannons were delivered to the dry dock. All this is a matter of public record at the National Maritime Museum in Greenwich, England, but whether the guns were actually installed at that time is still hotly debated. There is no evidence that they were. In any event, on September 17, the Lusitania returned to sea ready for the rigors of war, and she was entered into the Admiralty fleet register, not as a passenger liner, but an armed auxiliary cruiser] From then on, she was listed in Jane's Fighting Ships as an auxiliary cruiser and in the British publication, The Naval Annual, as an armed merchant man.

Part of the dry dock modification was to remove all the passenger accommodations in the lower deck to make room for more military cargo. Thus, the Lusitania became one of the most important carriers of war materials — including munitions — from the United States to England. On March 8, 1915, after several close calls with German submarines, the captain of the Lusitania turned in his resignation. He was willing to face the U-boats, he said, but he was no longer willing "to carry the responsibility of mixing passengers with munitions or contraband."

Churchill set a Trap

From England's point of view, the handwriting on the wall was clear. Unless the United States could be brought into the war as her ally, she soon would have to sue for peace. The challenge was how to push Americans off their position of stubborn neutrality. How that was accomplished is one of the more controversial aspects of the war. It is inconceivable to many that English leaders might have deliberately plotted the destruction of one of their own vessels with American citizens aboard as a means of drawing the United States into the war as an ally. Surely, any such idea is merely German propaganda. Robert Ballard, writing in *National Geographic*, says: "Within days of the sinking, German sympathizers in New York came up with a conspiracy theory. The British Admiralty, they said, had deliberately exposed Lusitania to harm, hoping she would be attacked and thus draw the U.S. into the war." Let's take a closer look at this conspiracy theory. Winston Churchill, who was First Lord of the Admiralty at that time, said:

"There are many kinds of maneuvers in war. There are maneuvers in time, in diplomacy, in mechanics, in psychology; all of which are removed from the battlefield, but react often decisively upon it.... The maneuver which brings an ally into the field is as serviceable as that which wins a great battle. The maneuver which gains an important strategic point may be less valuable than that which placates or overawes a dangerous neutral. "

The maneuver chosen by Churchill was particularly ruthless. Under what was called the Cruiser Rules, warships of both England and Germany gave the crews of unarmed enemy merchant ships a chance to take to the lifeboats before sinking them. But, in October of 1914, Churchill issued orders that British merchant ships must no longer obey a U-boat order to halt and be searched. If they had armament, they were to engage the enemy. If they did not, they were to attempt to ram the sub. The immediate result of this change was to force German U-boats to remain submerged for protection and to simply sink the ships without warning. Why would the British want to do such a stupid thing that would cost the lives of thousands of their own seamen? The answer is that it was not an act of stupidity. It was cold blooded strategy. Churchill boasted:

"The first British countermove, made on my responsibility,... was to deter the Germans from surface attack. The submerged U-boat had to rely increasingly on underwater attack and thus ran the greater risk of mistaking neutral for British ships and of drowning neutral crews and thus embroiling Germany with other Great Powers."

To increase the likelihood of accidentally sinking a ship from a neutral 'Great Power,' Churchill ordered British ships to remove their names from their hulls and, when in port, to fly the flag of a neutral power, preferably that of the United States. As further provocation, the British navy was ordered to treat captured U-boat crew

members not as prisoners of war but as felons. “Survivors,” wrote Churchill, “should be taken prisoner or shot— whichever is the most convenient.”² Other orders, which now are an embarrassing part of official navy archives, were even more ruthless: “In all actions, white flags should be fired upon with promptitude.” The trap was carefully laid. The German navy was goaded into a position of shoot-first and ask questions later and, under those conditions, it was inevitable that American lives would be lost.

After many years of investigation, it is now possible to identify the cargo that was loaded aboard the *Lusitania* on her last voyage. It included 600 tons of pyroxyline (commonly called gun cotton), six-million rounds of ammunition, 1,248 cases of shrapnel shells (which may not have included explosive charges), plus an unknown quantity of munitions that completely filled the holds on the lowest deck and the trunkways and passageways of F deck. In addition, there were many tons of “cheese,” “lard,” “furs” and other items which were shown later to be falsely labelled. What they were is not now known, but it is certain they were at least contraband if not outright weapons of war. They were all consigned through the J.P. Morgan Company. But none of this was suspected by the public, least of all those hapless Americans who unknowingly booked a passage to death for themselves and their families as human decoys in a global game of high finance and low politics.

The German embassy in Washington was well aware of the nature of the cargo being loaded aboard the *Lusitania* and filed a formal complaint to the United States government, because almost all of it was in direct violation of international neutrality treaties. The response was a flat denial of any knowledge of such cargo. Seeing that the Wilson Administration was tacitly approving the shipment, the German embassy made one final effort to avert disaster. It placed an ad in fifty East Coast newspapers, including those in New York City, warning Americans not to take passage on the *Lusitania*. The ad was prepaid and requested to be placed on the paper’s travel page a full week before the sailing date. It read as follows:

“NOTICE!

TRAVELERS intending to embark on the Atlantic voyage are reminded that a state of war exists between Germany and her allies and Great Britain and her allies; that the zone of war includes the waters adjacent to the British Isles; that, in accordance with formal notice given by the Imperial German Government, vessels flying the flag of Great Britain, or of any of her allies, are liable to destruction in those waters and that travelers sailing in the war zone on ships of Great Britain or her allies do so at their own risk.

IMPERIAL GERMAN EMBASSY

Washington, D.C., April 22, 1915. “

Although the ad was in the hands of newspapers in time for the requested deadline, the State Department intervened and, raising the specter of possible libel suits, frightened the publishers into not printing it without prior clearance from State

Department attorneys. Of the fifty newspapers, only the Des Moines Register carried the ad on the requested date. What happened next is described by Simpson:

George Viereck [who was the editor of a German-owned newspaper at that time and who had placed the ads on behalf of the embassy] spent April 26 asking the State Department why his advertisement had not been published. Eventually he managed to obtain an interview with [Secretary of State, William Jennings] Bryan and pointed out to him that on all but one of her wartime voyages the *Lusitania* had carried munitions. He produced copies of her supplementary manifests, which were open to public inspection at the collector's office. More important, he informed Bryan, no fewer than six million rounds of ammunition were due to be shipped on the *Lusitania* the following Friday and could be seen at that moment being loaded on pier 54. Bryan picked up the telephone and cleared the publication of the advertisement. He promised Viereck that he would endeavor to persuade the President publicly to warn Americans not to travel. No such warning was issued by the President, but there can be no doubt that President Wilson was told of the character of the cargo destined for the *Lusitania*. He did nothing, but was to concede on the day he was told of her sinking that his foreknowledge had given him many sleepless hours.

The Final Voyage

While Morgan and Wilson were setting the deadly stage on the American side of the Atlantic, Churchill was playing his part on the European side. When the *Lusitania* left New York Harbor on May 1, her orders were to rendezvous with a British destroyer, the *Juno*, just off the coast of Ireland so she would have naval protection as she entered hostile waters. When the *Lusitania* reached the rendezvous point, however, she was alone, and the captain assumed they had missed each other in the fog. In truth, the *Juno* had been called out of the area at the last minute and ordered to return to Queenstown. And this was done with the full knowledge that the *Lusitania* was on a direct course into an area where a German submarine was known to be operating. To make matters worse, the *Lusitania* had been ordered to cut back on the use of coal, not because of shortages, but because it would be less expensive. Slow targets, of course, are much easier to hit. Yet, she was required to shut down one of her four boilers and, consequently, was now entering submarine-infested waters at only 75% of her potential speed.

As the *Lusitania* drew closer to hostile waters, almost everyone knew she was in grave danger. Newspapers in London were alive with the story of German warnings and recent sinkings. In the map room of the British Admiralty, Churchill watched the play unfold and coldly called the shots. Small disks marked the places where two ships had been torpedoed the day before. A circle indicated the area within which the U-boat must still be operating. A larger disk represented the *Lusitania*

travelling at nineteen knots directly into the circle. Yet, nothing was done to help her. Admiral Coke at Queenstown was given perfunctory instructions to protect her as best he could, but he had no means to do so and, in fact, no one even bothered to notify the captain of the Lusitania that the rendezvous with the Juno had been canceled.

THE WEATHER TODAY
Essential: Occasional Showers
Light rain 7.21; wind velocity 7.81
High tide 7 A. M., 1.20 P. M.
Post Office reg. Post 8.

BOSTON JOURNAL EX. 1.

VOLUME LXXXII. NO. 26,656. BOSTON, SATURDAY, MAY 8, 1915—SIXTEEN PAGES. PRICE ONE C.

HUNDREDS OF LIVES ARE LOST ON THE TORPEDOED LUSITANIA

FORMER QUEEN OF THE SEAS SUNK BY TORPEDO IN "WAR ZONE"



GERMAN'S WARNING AND CUNARD REPLY

The Imperial German embassy published in New York papers of April 23, nine days before the Lusitania sailed on May 1, the following advertisement, as a warning to passengers on Cunard and other English steamship lines:

"Travelers embarking on an Atlantic voyage are reminded that a state of war exists between Great Britain and Germany; that the zone of war includes the waters adjacent to the British Isles; that, in accordance with formal notice given by the Imperial German government, vessels flying the flag of Great Britain are liable to destruction in these waters, and that travelers embarking in the war zone on ships of Great Britain do so at their own risk"—Imperial German Embassy, Washington, D. C., April 22.

The answer of the Cunard company to the advertisement was as follows:

"The Germans have been trying for some time to put English lines out of commission. We anticipate that from this time on every possible means will be used by the Germans to prevent people traveling on English lines. The fact is that the Lusitania is the safest ship afloat. She is not fast for German warships or submarines. She will reach Liverpool as per schedule, and arrive in New York on time as long as we care to run her."

Capt. W. T. Turner of the Lusitania ridiculed the German warning. His statement, made as the liner was about to sail, was:

"I wonder what will be the Germans' next move. It does not look as though they had frightened the people very much with their warnings from the appearance of the passenger list and the pier."

Survivors Landed Believed to Number Not More Than 500 Out of Total List of About 2000.

MANY BOSTON PEOPLE ON LINER'S PASSENGER LIST

German Embassy Had Given Warning to Passengers—Submarine Sunk Her Prey Off Irish Coast.

Queenstown, May 8, 1.15 A. M.—Survivors of the Cunard liner Lusitania, torpedoed by a German submarine off the Irish coast today, landed here late in the night. Fear that hundreds of lives have been lost in the sinking of the steamship.

Dispatches received from County Kerry and other points where passengers have been landed, also indicate that the magnitude of the disaster may be appalling. It is certain that the toll of lives will be heavy.

Many of the rescued are terribly injured or suffering from shock and exposure. Everything possible is being done to relieve their condition, and the resources of the authorities and the Cunard company are being taxed.

Only about 30 minutes was given for the work of rescue. In that brief time, from all accounts thus far available, the officers of the liner did magnificent work. Most of them, it is believed, gave up their lives to aid the escape of the passengers.

SUBMARINE GAVE NO WARNING

No warning whatever was given by the German submarine responsible for the work of destruction. It was believed by passengers

One of the officers present in the high-command map room on that fateful day was Commander Joseph Kenworthy, who previously had been called upon by Churchill to submit a paper on what would be the political results of an ocean liner being sunk with American passengers aboard. He left the room in disgust at the cynicism of his superiors. In 1927, in his book, *The Freedom of the Seas*, he wrote without further comment: "The Lusitania was sent at considerably reduced speed into an area where a U-boat was known to be waiting and with her escorts withdrawn." Further comment is not needed. Colonel House was in England at that time and, on the day of the sinking, was scheduled to have an audience with King George V. He was accompanied by Sir Edward Grey and, on the way, Sir Grey asked him: "What will America do if the Germans sink an ocean liner with American passengers on board?" As recorded in House's diaries, he replied: "I told him if this were done, a flame of indignation would sweep America, which would in itself probably carry us into the war." 2 Once at Buckingham Palace, King George also brought up the subject and was even more specific about the possible target. He asked, "Suppose they should

sink the Lusitania with American passengers on board...”

Even though Wilson proclaimed America’s neutrality in the European War, in accordance with the prior admonitions of George Washington, his government was secretly plotting to involve the American people by having the Lusitania sunk. This was made public in the book *The Intimate Papers of Colonel House*, written by a supporter of the Colonel, who recorded a conversation between Colonel House and Sir Edward Grey of England, the Foreign Secretary of England:

Grey: What will America do if the Germans sink an ocean liner with American passengers on board?

House: I believe that a flame of indignation would sweep the United States and that by itself would be sufficient to carry us into the war.

On May 7, 1915, the Lusitania was sunk off the coast of County Cork, Ireland by a U-boat after it had slowed to await the arrival of the English escort vessel, the Juno, which was intended to escort it into the English port. The First Lord of the Admiralty, Winston Churchill, issued orders that the Juno was to return to port, and the Lusitania sat alone in the channel. Because Churchill knew of the presence of three U-boats in the vicinity, it is reasonable to presume that he had planned for the Lusitania to be sunk, and it was. 1201 people lost their lives in the sinking. This sinking has been described by Colin Simpson, the author of a book entitled *The Lusitania*, as “the foulest act of wilful murder ever committed on the seas.”

But the event was not enough to enable President Wilson to declare war against the German government, and the conspirators changed tactics. They would use other means to get the American people involved in the war, as the “flame of indignation” did not sweep the United States as had been planned. Robert Lansing, the Assistant Secretary of State, is on record as stating: “We must educate the public gradually — draw it along to the point where it will be willing to go into the war.” After the sinking of the Lusitania, two inquiries were held, one by the English government, in June, 1915, and one by the American government in 1918. Mr. Simpson has written that “Both sets of archives... contain meager information. There are substantial differences of fact in the two sets of papers and in many cases it is difficult to accept that the files relate to the same vessel.” But in both inquiries, the conclusions were the same: torpedoes and not exploding ammunition sank the Lusitania, because there was no ammunition aboard. The cover-up was now official. But there have been critics of these inquiries. One was, of course, the book written by Colin Simpson, who did the research necessary to write his book in the original minutes of the two inquiries. The *Los Angeles Times* reviewed Mr. Simpson’s book and concluded: “The Lusitania proves beyond a reasonable doubt that the British government connived at the sinking of the passenger ship in order to lure America into World War I. The Germans, whose torpedo struck the liner, were the unwitting accomplices or victims of a plot probably concocted by Winston Churchill.” President Wilson was seeking

re-election in 1916. He campaigned on his record of “keeping us out of the War” during his first term of office from 1912 to 1916.

8.10 The Bankers of World War I

The City of London, the financial core within London, financed America’s trade before World War I, which made the United States a debtor nation, a country that had invested fewer resources in other countries than they had invested in America. With the advent of World War I, and the creation of the Federal Reserve, the bankers transformed the United States into a net creditor nation of \$3.7 billion. American banks established foreign branches and made foreign loans. Europe shifted their investments from the United States while the US government and banks extended loans to the Allies, France and Britain. With the war, J. P. Morgan, National City Bank and others exploited the new federal legislation to enlarge their foreign operations.

Cordell Hull, House of Representatives (1907-1921; 1923-1931), who authored the federal income tax laws of 1913 and 1916, remarked in his memoirs, that the enactment of the income tax law and the Federal Reserve System had to be rushed through, “just in the nick of time,” to meet the economic demands of the war. Further, administrators had to train bank staffs to meet the demand of their services. The drafters of the Federal Reserve Act decided that Federal Reserve Banks would function as fiscal agents of the government.

Beginning in July 1913, a steady exportation of gold concerned US bankers, some of which had fallen below their required gold reserves. This was serious because drafts, payable in gold, were due on railway and industrial securities sold abroad starting on July 31, 1914. The bankers and the US Treasury created a gold fund of \$100 million to protect the country’s foreign credit. The warring nations were purchasing huge amounts of American products, which normalized the inequitable exchange rate. Then gold started flowing into the United States. In 1915, President Woodrow Wilson informed the banks, “The government sees no objection in opening banking credits to all belligerents.” While that might have sounded neutral, the international bankers made 95 percent of their loans to the Allies and only 5 percent to Germany. Professor Pierre Renouvin admitted, “American economic and financial relations were almost exclusively tied to Great Britain and France. How could such a situation not have political consequences? The neutrality of the United States is no longer impartial.” Colonel Edward M. House said, “We will act not only to save civilization but also for our own benefit.” In September 1915, New York bankers loaned England and France a combined amount of \$500 million, payable on April 15, 1917. Then, between September 1, 1915 and April 17, 1917, they loaned England and France over \$1,650 billion dollars. The net balance of gold imports into the United States

in that same period was \$1,075 billion. Our entry into the war required funding the US military, either through taxation or the sale of a series of four “liberty” bonds, a voluntary contribution which functioned as a loan to the government. The Treasury Secretary, William G. McAdoo, a former New York lawyer, the first Chairman of the Federal Reserve Board, issued Liberty Loan bonds. They had varying maturation dates, some as long as thirty years.

German loans generated within the United States included \$400,000, from Kuhn, Loeb & Company in September 1914, backed by the collateral of twenty-five million marks deposited with Max M. Warburg, Kuhn, Loeb’s German affiliate. Chase National Bank, part of the Morgan group, loaned Germany \$3 million. Mechanics and Metals National Bank loaned \$1 million dollars. These loans funded Germany’s espionage activities in Mexico and the United States Felix A. Sommerfeld, a German agent, had an account with the Guaranty Trust Company, which made direct payments to Western Cartridge Co. of Alton, Illinois, for ammunition used in Mexico by Pancho Villa’s bandits.

The Central Liberty Loan, within each of the twelve Federal Reserve Districts Committees, aggressively marketed the bonds to the American public. Benjamin Strong, head of J.P Morgan’s Bankers Trust Company and governor of the Second Reserve Bank (1914- 1928) headed the Committee in his district, assisted by J. P. Morgan, Jacob H. Schiff, and Frank A. Vanderlip and others. Trusted men directed the bond sales in each Federal Reserve District. The nationwide National Woman’s Liberty Loan Committee enrolled about 800,000 women.

People competed against each other and got on the patriotic bandwagon to support the war by selling and buying bonds. Loyalty typically follows one’s money. Every man, woman and child was encouraged to do their part for the war effort. There were bands, parades, processions, and airplanes dropping leaflets. They used every imaginable selling device, including the use of endorsements from movie stars, Douglas Fairbanks and Mary Pickford, with phrases like “Your money must win the war.” They filled newspapers and magazines with full-page ads to “Buy a Bond.” It was the cultural slogan of the day, in every public place—restaurants, theaters, clubs and schools. Purchasing a bond was not about earning the promised interest but about “helping” the country in its patriotic fight for freedom. Purchasers without available funds could borrow money—“Borrow, buy and save.” One could even buy bonds on the installment plan using coupon books. After the Armistice, prices for all commodities increased and merchants required more cash to increase their inventories. People redeemed their bonds below par.

On October 1, 1895, Paul Warburg had married Nina Loeb, the daughter of Solomon Loeb of Kuhn, Loeb and Company, an international banking firm. Felix M. Warburg, a senior partner at Kuhn, Loeb, married Frieda Schiff, the daughter of Jacob H. Schiff, also of Kuhn, Loeb. The Schiffs and the Rothschilds were neighbors in Frankfurt. Schiff used Rothschild money to secure a partnership with Kuhn, Loeb and Company.



Figure 8.3: From top left to bottom right: Kuhn, Loeb, Bernard Baruch, J.P. Morgan, Eugene Meyer; Paul Warburg, Max Warburg, Jacob Schiff, Louis Brandeis, Alfred Rothschild.

After frequent trips to the United States, Paul Warburg, along with his brother Felix, immigrated to the United States from Germany in 1902.

American citizens, in 1915 and 1916, were anti-British and pro-German. Paul Warburg, a naturalized citizen (1911), and Kuhn, Loeb Company were prominent United States fixtures. Max, Paul's brother stayed at home in Frankfurt to manage the family business, M.M. Warburg & Company, which their great-grandfather founded in 1798. Paul was a partner in the family firm in 1895. Max supervised the German Secret Service during the war. He was working in Switzerland for German Intelligence. 1531 From the proceeds of the First Liberty Loan, J. P. Morgan advanced Britain \$400 million at the beginning of the war. By 1917, the Morgans and Kuhn, Loeb Company had loaned the Allies \$1.5 billion in addition to financing numerous front organizations designed to embroil America into warfare. Morgan also offered to give the Allies credit. On October 13, 1917 Woodrow Wilson gave an address, "It is manifestly imperative that there should be a complete mobilization of the banking reserves of the United States. The burden and the privilege (of the Allied loans) must be shared by every banking institution in the country. I believe that cooperation on the part of the banks is a patriotic duty at this time, and that membership in the Federal Reserve System is a distinct and significant evidence of patriotism."

On December 12, 1918, after they signed the armistice, the US Naval Secret Service presented a report detailing Paul Warburg's questionable connections while we were at war with Germany. The report noted that he had resigned from the Federal Reserve in May 1918. In June 1918, he wrote to Wilson, "I have two brothers in Germany who are bankers. They naturally now serve their country to their utmost

ability, as I serve mine.” According to the New York Times, dated August 10, 1918, he resigned because his term expired, not because of his brother’s position. He assumed Morgan’s position on the Federal Advisory Council and continued to administer the Federal Reserve for the next ten years. Paul Warburg was a Council on Foreign Relations (CFR) Director since its founding in 1921, until his death and was trustee of the Institute of Economics (1922), which merged with the Brookings Institution (1927), for which he was a trustee until his death. He promoted German-American relations and helped found the Carl Schurz Memorial Foundation in 1930. James Warburg, Paul Warburg’s son, was one of Franklin D. Roosevelt’s financial advisers. Kuhn, Loeb Company was the country’s biggest owner of railroad properties in the United States and Mexico and had controlling interest in The New York Times. They instructed President Wilson to establish the US Railroad Administration, under the jurisdiction of McAdoo, Comptroller of the Currency in order to protect their interests during the war. In 1918, the Federal Transportation Council replaced this agency. These agencies prevented railroad workers from earning suitable wages, a travesty, given the increased profits that Kuhn, Loeb was making from the US government as a result of the war.

On May 1, 1918, Sir William Wiseman sent a cable to Colonel House from London suggesting Allied assistance to help organize the Bolshevik forces. During the years 1917-1920, Lt. Col. Norman Thwaites often consulted with Otto H. Kahn on political and economic issues. He also sought advice from Wiseman, the advisor on United States issues to the British delegation at the Peace Conference. He functioned in Britain in the same capacity as House did in this country. Wilson appointed House to head the American War Mission to the Inter-Allied War Conference in the summer of 1917. Gordon Auchincloss, House’s son-in-law, was his assistant. Paul Cravath, a Kuhn, Loeb Co. lawyer accompanied House and Auchincloss on a European tour, guided by Wiseman. He was a protégé of Canadian Round Table founder Lord Beaverbrook, and was prominent in the Zionist movement.”

Representative Charles A. Lindbergh, of the House Banking and Currency Committee, impeached five members of the Federal Reserve Board. Lindbergh said that Paul M. Warburg, of the Federal Reserve Board, the National City Bank and other banking firms conspired to enact currency legislation in the interest of big business in order to make industrial slaves of the population. However, the House did not act on the impeachment resolution.

G.B. Shaw has reduced the First World War to this nullity: ”The present destruction of the German military power is [...] a completely regular operation of British foreign policy, which was executed according to plan with all the resolve, patience, cunning and power which we in England are accustomed to use, and with overwhelming success. But likewise also, however, with the amazing English talent of veiling from oneself what one is doing. The Englishman never knows what the ’Foreign Office’ is up to; [...] An instinct tells him that it is better for him [...] not to know.” According

to all that is known today, the First World War of 1914 would not have happened. Germany would have been able to calmly put up with the parade from Russia toward its borders!

After the First World War, a foreign diplomat expressed to Churchill: "In the twenty years of my residency there, I was witness to a profound and total revolution in England, even as the French Revolution was. The ruling classes in your country have been almost completely robbed of their political power and, to a large extent, their prosperity and property as well; and all this [...] without the loss of a single human life."

8.11 The Balfour Declaration

Decades before World War I, the Zionist movement was predisposed to be pro-German. Theodor Herzl, formerly an assimilated Jewish journalist in Vienna, was part of the German-speaking world, whose first supporters resided in Germany and Austria. There were, in Germany, approximately 600,000 Jewish citizens who were better educated, a bit more assimilated, and enjoyed superior social standing compared to Jews living in Eastern Europe. Germany was the prominent power in Europe and Jews in Germany viewed themselves as the natural leaders of Jewry. Additionally, the Jewish aristocrats in America originally came from Germany and maintained cultural loyalties to that country and when war erupted, they naturally allied with Germany.

Prior to 1914, Berlin had been the foundation of Zionist activity. The Israel Institute of Technology, located in Haifa, looked to Germany for support and protection. Arthur Zimmermann, who became Under Secretary of State in 1911 in the German Empire, was in China during the Boxer Rebellion, and as acting secretary, he participated in the deliberations in 1914, with Kaiser Wilhelm and Chancellor Theobald von Bethmann-Hollweg (1909-1917), to support Austria-Hungary after the assassination of Franz Ferdinand. Hollweg, Max Warburg, and Albert Ballin advised Wilhelm to declare war. Zimmerman, famous for the Zimmerman telegram, later helped the communists to undermine czarist Russia and appreciated his close connections to the German Zionists.

Jews living in America and Britain, including Baron Walter Rothschild, favored Germany in 1914 and 1915, even to the point that Rothschild sent the Kaiser an encouraging cable when the war broke out. At the beginning of the war, most Jews favored Germany because it had attacked Russia, their mortal enemy. They viewed Kaiser Wilhelm, who treated them with deference, as the man who might potentially deliver Palestine to them. Despite minor altercations against them in Germany, they still felt more at ease there than anywhere else in Europe. They had acquired substantial influence in finance, business, and the news media and

in the universities. Their language, Yiddish, was similar to German and they were culturally comfortable. The most influential members of the Reichstag were Jews.

Dr. Chaim Weizmann understood that the British government would relinquish the organization of the Jewish commonwealth in Palestine to the management of the Jews, but first a powerful government must militarily conquer Palestine. Thereafter, the Zionists would require the protection of the armies of that same powerful government to protect them from the indigenous population. In 1915, Dr. Weizmann already knew what would occur in the next twenty years following the war. The British would establish a protectorate and the Jews would take over the country.

On June 1, 1916, Louis D. Brandeis joined the US Supreme Court as an Associate Judge. By October 1916, the war-torn British were exhausted and unable to expel the German Army from France. Prime Minister Herbert H. Asquith (1908-1916), was ready to negotiate to end the war. However, the Zionists, via Weizmann and Arthur J. Balfour, offered British officials another possibility. If Britain would establish a secret alliance with the Zionists, in order to transfer Palestine to them for the establishment of a Jewish state, the Zionists would maneuver America into the European war in behalf of the Allies, which would guarantee an Allied victory, an arrangement that probably occurred in October 1916. This agreement would necessitate changes in the political and military personnel in Britain and Germany, so that specific people would be in place to facilitate the necessary circumstances. 1652 In November 1916, the American citizens reelected Woodrow Wilson who campaigned on the deceptive slogan—He kept us out of war.

In early December 1916, Prime Minister Herbert H. Asquith resigned under pressure. On December 6, 1916, King George V gathered numerous politicians, including Balfour and David Lloyd George, to a special meeting at Buckingham Palace. That night, a delegation approached Balfour to see if he would accept the office of Foreign Minister under a new Prime Minister, Lloyd George. Dr. Weizmann wrote a memorandum to the British Government in which he demanded that it officially recognize “The Jewish population of Palestine” as the Jewish Nation.” A committee composed of nine Zionist leaders, and Sykes, the government’s representative, convened privately to draft an official document, later known as the Balfour Declaration. Balfour immediately scheduled a trip to America to promote an Anglo-American protectorate but he never spoke directly to President Wilson.

The new Prime Minister David Lloyd George, under the strong influence of the Zionists, wanted war, not negotiations. On December 10, 1916, Lord Balfour replaced Sir Edward Grey as the British Foreign Minister. Baron Sidney C. Sonnino became the Foreign Minister in Italy. Bernard Baruch enlarged his influence within President Woodrow Wilson’s Administration. Georges Mandel’s real name was Jeroboam Rothschild. Though reportedly unrelated to the infamous banking family, he was prosperous and Jewish. 1660 He was Georges Clemenceau’s handler, just as Edward M. House managed Woodrow Wilson. Louis-Lucien Klotz, a radical Jewish socialist,

became French Minister of Finance, and was later responsible for negotiating reparations from Germany. House was elated with all of these changes. Balfour visited the United States in 1916, to establish the foundation among financial and media connections. 1661 Balfour was very impressed with the strength of the US Jewish lobby and their powerful influence in financial circles.

Financial networks were already set up as well as the media that used every propaganda slogan imaginable. Colonel House, supported by American Jews, informed the British government of President Wilson's every move. House literally controlled the United States; Wilson was just a figurehead and everyone but the public knew it. On December 12, 1916, German officials stated that they were anxious for peace and wished to talk with their adversaries and hoped Wilson would persuade the Allies to meet together. House ruled out the possibility of peace negotiations. On December 18, 1916, US Ambassador to Britain, Walter H. Page, relayed a peace offer to the Allies from Germany, the Austro-Hungarian Empire, the Ottoman Empire, and Bulgaria. On January 9, 1917, Prime Minister Lloyd George quickly repudiated the offering, and declared that Britain would fight to the victory, which possibly prompted the Germans to re-initiate submarine warfare. Ambassador Page, in touch with President Wilson and Secretary of State Robert Lansing, defended British policies. This was after William Jennings Bryan's resignation, after he described Britain's collapsing financial situation, and the need for American neutrality. America's entry into the war would allow Britain to avoid financial disaster.

Arthur Zimmermann, the German foreign minister, informed the German ambassador in Washington, Count Johann Heinrich von Bernstorff that Germany was going to engage in submarine warfare so that the ambassador could alert US officials. On January 19, 1917, Zimmermann sent a second telegram to the German Embassy in Mexico City. The British intercepted and de-coded it. The Kaiser and Chancellor Hollweg were unaware of Zimmermann's telegram, as he had acted on his own authority. Later, officials called him to testify about his behavior before the Reichstag. Bernstorff advised the German government to reconsider their decision to start unrestricted submarine warfare, which it refused to do. On February 1, 1917, Bernstorff told the US government that Germany was beginning submarine warfare the next day. On February 14, 1917, the US government suspended all diplomatic relations with Germany and demanded that Bernstorff leave the country, which he did.

In early 1917, three obstacles prohibited Zionist efforts from acquiring a promise from the British government to support their objectives in Palestine—1) the 1915 agreement made with Sharif Husain of Arabia regarding an independent Arab state, including Palestine; 2) the Sykes-Picot agreement; 3) an influential faction of British Jews opposed political Zionism. However, Prime Minister Lloyd George directed Sykes to negotiate with the Zionists which resulted in the British Government issuing the Balfour Declaration. Additionally, the Jews allegedly used their substantial influence to maneuver the United States into the war. The secretive details of the

Balfour- Weizmann agreement of October 1916 remain a mystery. On April 8, 1917, Dr. Weizmann wrote and requested Judge Brandeis to counsel Wilson to oppose a joint protectorate but to confirm America's support of Balfour. Brandeis, author of *The Jewish Problem* (1915), no longer directed the American Zionist movement but functioned as Wilson's advisor on all Jewish issues. Weizmann requested Brandeis to counsel Wilson to favor a British protectorate. Although Balfour did not meet with Wilson, the president talked with Rabbi Stephen S. Wise who had also informed Edward M. House of their wishes. The Zionists had already recruited House to their cause.

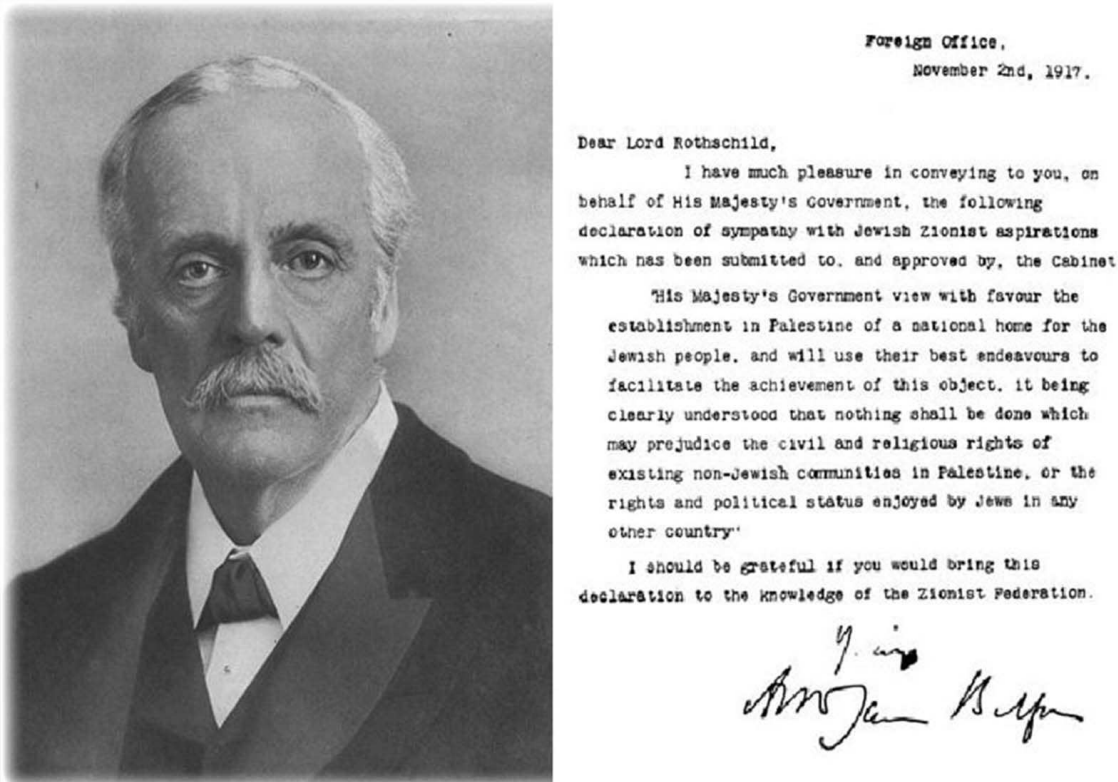


Figure 8.4: Balfour's letter to Rothschild.

Balfour, Brandeis, House, and Weizmann were all dedicated to establishing a British administration in Palestine. Balfour, now the British Foreign Secretary, despite a conflict of interests, personally supported Zionism. Brandeis, also in an official position, had selfinterests that countered his official obligations. Brandeis and House, on behalf of Wilson, and in accordance with Weizmann's request, issued a statement denouncing secret treaties. Americans, upon hearing their announcement, assumed that their government was transparent and trustworthy, exactly the illusion that the Zionists sought. The British and the French had to defeat Turkey and win the Arabs to their side, using the deceptive Sykes-Picot agreement, a contract that would create an independent confederation of Arab States. Unfortunately, for the Zionists, that agreement would also facilitate the establishment of an international administration

for Palestine rather than an exclusive British protectorate. However, Weizmann made certain that President Wilson, despite his denunciation of secret treaties, would insist that England assume the protectorate of Palestine, which targeted the Arab inhabitants.

The British government sent Sir William Wiseman to Washington to advise Edward M. House about Britain's desires. He informed House, "It is impossible to negotiate with the Germans since they did not specify any conditions," the very purpose of negotiations, to define the conditions. US Ambassador Walter H. Page told British officials that President Wilson was not interested in negotiating, which was a blatant lie. Wilson had written letters to British and German officials, behind House's back saying, "The belligerents each insist on certain conditions. They are not incompatible, contrary to the fear of certain persons. An exchange of views would clear the air." This was just the circumstances that the German officials wanted, but the Allies rejected this suggestion. House was not pleased when he read Wilson's note and disassociated himself from Wilson's correspondence because "the Allies were obviously not in a mood to welcome it."

After the Bolshevik Revolution of October 1917, Russia capitulated. The Kaiser's Turkish allies probably would have delivered Palestine to the Zionists. Then, the Zionists no longer needed Germany, especially since they had an alliance with Britain. Thus, Balfour viewed Germany as expendable. The Zionists were now looking at Britain as their total benefactor, to get Palestine as a Jewish homeland, especially after House and Balfour brought America into the war to guarantee an Allied victory. Balfour's only challenge was to sway the US Jews to support Britain and relinquish their longtime loyalties to Germany.

They were going to take Palestine, no matter who won the war, Britain or Germany. However, the Zionists played both sides of the war to guarantee their own objectives, despite the costs to anyone else. On November 12, 1917, The New York Times reported that the Germans recognized that Morgenthau, Walter Rothschild, Frankfurter and President Wilson had conspired to get the United States to enter the war in exchange for the Balfour Declaration. In August 1919, Woodrow Wilson sent General James Harbord on a fact-finding mission to the Middle East to investigate the feasibility of the Balfour Declaration, in support of a Jewish state.

Morgenthau explained how the Turkish government instigated the massacre, and reiterated how officials "enthusiastically approved this treatment of the detested race." They had "even delved into the records of the Spanish Inquisition and other historic institutions of torture and adopted all the suggestions found there." He claimed that the atrocities "were merely the preparatory steps in the destruction of the race." The Turks preferred to use death through deportation instead of wholesale slaughter by announcing their intentions "of gathering the two million or more Armenians living in the several sections of the empire and transporting them to this desolate and inhospitable region," to the desert of what is now Syria. They understood that "the

great majority would never reach their destination and that those who did would either die of thirst and starvation.” He wrote, “When the Turkish authorities gave the orders for these deportations, they were merely giving the death warrant to a whole race; they understood this well.”

The Balfour Deportation Declaration

Negotiations between the British politicians and the Zionists began as early as 1903, when Arthur J. Balfour was British Prime Minister (1902-1905). The Zionists retained the London law firm of Lloyd George, Roberts and Company, as David Lloyd George, a partner at the firm, was a Member of Parliament (1890-1945), allowing them influence in the Foreign Office. Politicians and moneyed individuals frequently form symbiotic relationships.

Theodor Herzl's successor, Dr. Chaim Weizmann, a freemason, recognized that Zionism could only succeed with the support of a world power. Weizmann, born in Belarus (then part of the Russian Empire), moved to England in 1905, developed an interest in Palestine and was the professed leader of a pro-Zionist faction. He was a member of the General Zionist Council. Weizmann, Chairman of the Zionist Administrative Commission in Palestine, and a chemist, offered his services to the Ministry of Munitions when war erupted. According to Lloyd George's memoirs, the Balfour Declaration was Weizmann's reward for his expertise in producing acetone. British officials told the citizens that they supported Zionism to show gratitude to Weizmann (Israel's first president). As the war became imminent, numerous politicians espoused Zionism and became co-conspirators while failing to inform the public about their intentions regarding Palestine. Weizmann advocated a British-Zionist alliance in October 1914. He lobbied every influential figure in the Anglo-Jewish hierarchy of the Rothschild-dominated British government, primarily Balfour, Baron James de Rothschild, Sir Herbert Samuel, and Sir David Lloyd George. Weizmann and Samuel persuaded a majority of sympathetic British citizens to create a British protectorate.

The plot that the Jews developed in Russia, could not get support there, or in Germany, but it took root in Britain. Weizmann and Balfour met again on December 14, 1914, right after war erupted. During the first few months of the war, many British and French soldiers lost their lives and by the end of the war, 3,000,000 of the youth of France and Britain would die thinking they were overthrowing Prussian militarism, or liberating small nations, and restoring freedom and democracy. Balfour told Weizmann, regarding Zionism and Palestine, “I was thinking about that conversation of ours (in 1906) and I believe that when the guns stop firing you may get your Jerusalem.” In referring to the protectorate, Dr. Weizmann repeatedly resorted to the phrase, “the Bible is our Mandate” which of course meant the utter destruction, of the indigenous population, a fact that western politicians acknowl-

edged, yet they continued to support the Zionists. 1738 Weizmann wanted to “make Palestine as Jewish as England is English.”

The Zionists assumed that Britain, France, Russia, Serbia, and Belgium would prevail in World War I and that they would dismantle the Ottoman Empire. In May 1917, Nahum Sokolow helped negotiate for the Balfour Declaration when he met with French officials who formally agreed to support the Zionists. They secured a promise from Britain that Palestine would be a national home for the Jews. In return, the World Zionist Organization would network and pressure Jews in Austria, Germany, France, and the United States to support the Allied war effort. America entered the war on April 6, 1917, a year before the war ended. That year, Lord Balfour, a crucially important Zionist patron and the British Foreign Minister, sent a letter, drafted by Leopold M. Amery, to Lord Rothschild, which ultimately grew into the Balfour Declaration, “the key which unlocks the doors of Palestine.” Lord Balfour wrote, “Zionism . . . is of far profounder import than the desires and prejudices of the 700,000 Arabs who now inhabit that ancient land.”

On June 27, 1917, Lord Edmund Allenby, took over as commander-in-chief of the Egyptian Expeditionary Force to conquer Palestine and Syria. He decided that it was inappropriate to publish the Balfour Declaration in Palestine, as his military forces had not yet subdued the area. He reorganized his troops, won the Third Battle of Gaza, October 31 to November 7, 1917, and captured Jerusalem on December 9, 1917 where he established martial law. Although the Zionists presumptuously drafted the Balfour Declaration before the end of the war, it did not become official until the San Remo Resolution on April 24, 1920, after the British Mandate established the Civil Administration.

People might be more accurate if they called the Balfour Declaration, the Lord Alfred Milner Declaration because he also helped draft the document, a fact that they concealed until July 21, 1936. Nathan M. Rothschild appointed him to chair the Round Table group to implement world government, and to promote the draft in the War Cabinet. The initial Zionist draft, of July 1917, was simple. It mandated that Britain would reconstitute Palestine as the National Home of the Jewish People. Further, Britain would use its power to reach that objective, in consultation with the Zionist Organization. Balfour wrote the contract between Britain and World Jewry as a letter to Baron Walter Rothschild who was a key figure in England’s Jewish community, and he would then transmit it to the Zionist Federation of Britain and Ireland, established in 1899, as a Zionist lobby. The actual final draft of the declaration had to be issued in the name of the Foreign Secretary, but the actual draftsman was Lord Milner.”

On December 23, 1917, at least 15,000 American Jews gathered at Carnegie Hall to celebrate the signing of the momentous Balfour Declaration on November 2, 1917. Another 25,000 American Jews paraded down the main streets of Newark, New Jersey. Anti-Zionist Jews did not celebrate but the majority of American Jews did and

they, most especially Colonel Edward M. House, had been influential in persuading President Woodrow Wilson to champion the Declaration. It was pompous, pretentious, generosity to promise a well-represented, well-connected ethnic group, land that another closely related ethnic group already inhabited, and had for decades. It was sure to cause chaos, death, and destruction that would certainly require a longterm military presence in the area.

8.12 The Brest-Litovsk Treaty

On April 6, 1917, Congress declared war on Germany obligating that country to fight a two-front war, which was even more formidable after America joined the battle. There was no way that Germany could possibly win. However, her defeat would end the war, the profit stream, the ongoing Marxist infiltration, and the subsequent destabilization of Europe. Vladimir Lenin, in order to prolong the war, had to somehow remove Russia from the equation. Thereafter, Germany and Austria-Hungary and its allies would exhaust themselves fighting France, Britain and the United States, the remaining allies. Meanwhile, Russia, on the sidelines, would add fuel to the fiery battle.

By 1917, provocateurs were busily engaged in Berlin where they infiltrated various organizations, including the government. On July 6, 1917, in the Reichstag, Matthias Erzberger passionately called for peace. In the fall of 1917, using seventy-five newspapers, the militaristic Bolsheviks began an “unprecedented campaign” for peace. On October 26, 1917, after they had seized St. Petersburg and gained control of the government, Lenin presented their first official document to the Second Congress of the Soviet, the Decree on Peace. The next day, he had it published in the *Izvestia*, which called for an abrupt end of Russia’s war with Germany and Austria-Hungary.

A continued war with Germany might cost Lenin the more important revolution in Russia. On November 23, 1917, in as much as their political survival was at stake, Lenin and Trotsky decided to negotiate with Germany at Brest-Litovsk, a city in Belarus. Germany finally persuaded Lenin to negotiate. Yet, for political expediency, he procrastinated for over four months. Lenin and Trotsky, implementing the total capitulation of Russia to Germany, directed the Russian army to abandon their trenches, leaving their guns, mortars, machine guns, millions of small arms, ammunition, uniforms, and other essential war supplies and return home. Lenin and Trotsky, two internationalists devoid of national loyalties to any country, with their Peace Decree betrayed Russia’s allies, allowed Germany to focus its attention on the western front while at the same time wreaking havoc within Germany and Austria-Hungary beginning in earnest in early 1918, through well-positioned agitators. Lenin and Trotsky then came to Germany’s assistance with the Brest-Litovsk Treaty.

The Bolsheviks stalled, from December 28, 1917 to January 7, 1918. Lenin faced massive opposition at home. The propagandized working classes had elected only 175 Bolsheviks out of 717 total seats in the Constituent Assembly. On January 18, 1918, Bolsheviks placed police armed with machine guns at the Taurid Palace to displace new assembly members as they arrived. They dissolved the Assembly the next morning. A few hours later, some workers organized a march to show their support for the people they had elected. The Bolsheviks machine-gunned twenty-one of them, the consequences of opposing Lenin. The Germans recognized that less than ten percent of the population had forced a dictatorship on Russia. Trotsky wanted to use those same tactics at Brest-Litovsk but that would not achieve their goals. On January 22, 1918, Trotsky, of the central committee, proposed that the Soviets should refuse to sign a peace treaty but have both sides demobilize.

On February 9, 1918, Ukrainians declared independence and soon negotiated the German-Austrian-Ukrainian treaty and then shipped a million tons of wheat to Austria. When Trotsky heard about it, he flew into a rage. He had hoped to leverage the Germans into a treaty more beneficial to the Soviets, using food, a desperate need of Germany and Austria. Germany then ordered troops to St. Petersburg, about a two-week march and they met no resistance along the way.

The Bolshevik arbitrators were Adolph A. Joffe, Lev Rozenfeld (Lev B. Kamenev) and Lev D. Bronstein (Leon Trotsky). 1724 When General Erich Ludendorff met them, he asked, "How can we negotiate with such people?" He would rather have taken his troops to St. Petersburg and Moscow and eradicated their stronghold. Yet, that would mean retaining a large German force in Russia and he could not spare the forces when he needed his greatest strength on the Western front. Erich Ludendorff wanted better territorial guarantees on the eastern border and the creation of a German protectorate in the Baltic States to halt the spread of Bolshevism. On March 3, 1918, they signed the Brest-Litovsk Treaty.

Lenin agreed to recognize the anti-communist areas that were once part of the Russian Empire, mentioned above, and Rumania (including Bessarabia), the Crimea, the Caucasus, Georgia, Armenia, Azerbaijan, the Urals, and all of Siberia. He agreed to limit his rule to Moscow and the adjacent area, in addition to the city of Leningrad. However, despite his promises, he intended to expand Communism as quickly as possible. Surrounded by anti-communist countries, if the west had really wanted to crush communism, they could have at this point.

Lenin's plans fell apart and he was about to have the anti-communist Germans too close to home. They would stop his revolution so he was ready to sign anything as long as he could retain part of Russia as a base. France, his ally, through their embassy, wanted Russia to stay in the war and even offered men and millions in gold which they accepted. However, the German Army was about 100 miles from his headquarters in St. Petersburg. Trotsky wanted to fight but finally agreed with Lenin that they should sign the treaties. Lenin viewed this as a defeat but had no

choice. It was either peace with Germany or extinction.

With the treaty, Lenin betrayed his allies, members of the Triple Entente, Britain, France, Belgium, Serbia, Italy, Japan, Greece, and Romania by signing the Brest-Litovsk Treaty with the Central Powers, the German Empire, the Austro-Hungarian Empire, the Ottoman Empire, and the Kingdom of Bulgaria (the Triple Alliance). Lenin relinquished Poland, Finland, Estonia, Latvia, Lithuania, Belarus, and over half of Ukraine. The treaty put Russia at a disadvantage but he focused on initiating a world revolution even if it meant sacrificing Russia's national interests. Lenin was quick to admit that establishing Communism in Russia and other countries was foremost and that it was above all national sacrifices. 1728 They also signed the Treaty of Bucharest with Austria-Hungary on May 7, 1918. In the treaty, the Soviets relinquished the Baltic countries, Poland, Byelorussia, Ukraine, Crimea and Tiflis to Germany, who now had access to food and other raw materials. According to author, Leon Degrelle, Germany might have won the war if the United States had not intervened. General Ludendorff, Marshal Paul von Hindenburg's best general, brought back 600,000 soldiers from the Eastern front to reinforce Germany's war efforts on the Western front.

Germany immediately acquired massive amounts of food to feed its starving population. In as much as they now occupied Russian land, Germans displaced Russians. Lenin and Trotsky had not consulted anyone about the forfeiture of their land and homes. Without the industrial and agricultural regions, millions of people in the remaining territory experienced severe famine. Lenin, to prolong the war, willingly sacrificed them. 1731 The stipulations of the treaty provided food and resources to Germans while it deprived Russians who adamantly opposed communism. Moreover, in as much as Germans were taking lands and homes, the fleeing Russians would develop resentment and be anxious and willing to fight Germans in another war, already planned by the communist cabal.

The French and British had blockaded Germany and her allies, cutting off all food and weapon supplies. Russia, with the Brest-Litovsk Treaty, like manna from heaven, relinquished about 387,000 square miles, about 25 percent of Russia's cultivated land to Germany. At least fifty-six million people inhabited the area, which also contained 26 percent of the nation's railways, 73 percent of their iron and steel industry and 89 percent of their coal. On August 27, 1918, Lenin and Trotsky also agreed to pay Germany war reparations in the amount of six billion marks, without which, Germany might not have lasted until November 1918.

On November 5, 1918, because of Soviet revolutionary propaganda, Germany renounced the Treaty of Brest-Litovsk and terminated diplomatic relations with the Russian Soviet Federative Socialist Republic (RSFSR) which came to power on November 7, 1917. The Bolsheviks then voided the treaty on November 13, 1918, as reported in Pravda the next day. Following the armistice, the German Army totally withdrew from the territories obtained through the treaty. On April 16, 1922, via the



Treaty of Rapallo, the two countries, with Georgi Chicherin, Soviet Foreign Minister and Walther Rathenau of Germany agreed to invalidate all territorial and financial claims against each other. On June 29, 1926, officials reaffirmed that agreement with the Treaty of Berlin.

8.13 Treaty of Versailles

Governments that are almost certain to be victorious during a war must justify their warfare intentions to the citizens. Governments do everything possible to subvert anti-war sentiments including formulating a sub-culture of problematic pacifists, like the anti-war drug culture of the 1960s, so that the majority of the population would predictably marginalize authentic pacifists who resist war for moral reasons. Victorious nations must prove that the conquered nation was the aggressor in order to impose a punitive, even revengeful peace on the vanquished. Raymond Poincaré,

later the Prime Minister of France, said regarding reparations, "If the Germans are proved innocent, why should they want to pay war damages?"

Following World War I, numerous scholars in the triumphant countries, as well as the conquered nations, otherwise accurate and credible in many of their historical interpretations, falsely claimed that Germany bore the sole responsibility for the war. Fabre Luce, the French historian, apparently more honest than his colleagues, admitted, "France isolated herself in a lie."

Delegates were gearing up for the Paris Peace Conference, January 18, 1919-January 21, 1920, with the inauguration of the League of Nations. On January 4, 1919, Dr. Chaim Weizmann arrived in Paris as part of the Zionist Delegation. Nahum Sokolow would join him. The Zionists, who after years of negotiations with Middle East officials and the capitals of Western Europe, appeared to be gaining cooperation between the Arabs and Jews of Palestine. On behalf of the Zionist Organization of America, Julian W. Mack, Stephen S. Wise, Harry Friedenwald, Jacob De Haas, Mary Fels, Louis Robison and Bernard Flexner attended. Israel Rosoff attended in behalf of the Russian Zionist Organization.

TREATY SIGNED; WAR OVER

WEATHER—Fair and cooler to night and Sunday.

The Evening World. **FINAL EDITION**

PRICE TWO CENTS. NEW YORK, SATURDAY, JUNE 28, 1919. 14 PAGES. PRICE TWO CENTS.

WILSON LEAVES PARIS; SAILS SUNDAY GERMANS PLEDGED TO ACT IN GOOD FAITH

CITY'S BELLS RING TIDINGS AS PEACE TREATY IS SIGNED; FLEET JOINS IN CELEBRATION

Flagship Pennsylvania in Hudson Fires Salute of 21 Guns as Men "Dress Ship."

JOY IN WALL STREET.

Star-Spangled Banner Flies From Fleet in North River as Bands Play.

The signing of a peace treaty ends one of the most important events in the world's history since the signing of the Magna Carta. The signing of the peace treaty ends the most important event in the world's history since the signing of the Magna Carta. The signing of the peace treaty ends the most important event in the world's history since the signing of the Magna Carta.

TREATY SEVERE ON GERMANY, SAYS WILSON, BUT IMPOSES NOTHING SHE CANNOT DO

President in an Address to the American Public Says It Furnishes a Charter for a New Order and Ends Rule of Selfish Groups

WASHINGTON, June 28.—The signing of the peace treaty was the most important event in the world's history since the signing of the Magna Carta. The signing of the peace treaty ends the most important event in the world's history since the signing of the Magna Carta.

GUNS BOOM, PLANES FILL AIR; FRENCH CROWDS CHEER PEACE

VERSAILLES, June 28.—The signing of the peace treaty was the most important event in the world's history since the signing of the Magna Carta. The signing of the peace treaty ends the most important event in the world's history since the signing of the Magna Carta.

Mueller Signs for Germans at 3.12, Bell a Minute Later—Wilson's Name Comes Next, Followed by Lloyd George and Clemenceau.

Soldiers Break Ranks and Join in the Demonstrations of Joy—Chinese Refuse to Attend Ceremony and Gen. Smuts Signs Under Protest.

VERSAILLES, June 28 (Associated Press).—The World War was formally ended to-day by the signing of the Peace Treaty with Germany.

The special meeting in the Hall of Mirrors began at 3.10 o'clock. The treaty was signed by Dr. Hermann Mueller at 3.12 o'clock (9.12 New York time) and by Johannes Bell at 3.13 P. M. They were followed by the American delegates, headed by President Wilson, and then by the plenipotentiaries of Great Britain, France, Italy and Japan. The representatives of the minor powers, signed 1

The Zionist Organization submitted their draft resolutions for consideration by the Peace Conference on February 3, 1919. Their demands, officially submitted by Lord Walter Rothschild, included:

(1) Officials would formally recognize the Jewish people's historic title to Palestine and their right to reconstitute their National Home there.

(2) The boundaries of Palestine were to be declared as set out in the attached Schedule.

(3) Officials would place the sovereign possession of Palestine in the League of Nations and entrust the Government to Britain as Mandatory of the League.

(4) The High Contracting Parties would insert other provisions relating to the application of any general conditions attached to mandates, which are suitable to the case in Palestine.

(5) The mandate shall be subject to several noted special conditions, including a provision to be inserted relating to the control of the Holy Places.

A few powerful individuals, including the Rothschilds and their allied bankers, instructed their agents on the terms they sought to impose upon Germany. One important aspect of the Versailles Treaty was the allocation of Germany's railway rights within Palestine to the Rothschilds which would then allow them to dictate policy for Palestine because they had loaned Turkey almost £100 million. Since Turkey lost the war and its government had collapsed, they were unable to pay the debt, allowing the Rothschilds to claim Palestine with its strategic location and Christian and Islam significance. The British government, habitually subservient Rothschild puppets, maneuvered the circumstances to ultimately gain political control of Palestine. As a result, the Rothschilds began to direct the formation of the Israelization via their power over the British politicians.

The US Delegation, headed by Herbert Hoover, Wilson's Advisor on Relief, included Bernard Baruch and Paul Warburg, as economic advisors, Colonel House, Walter Lippmann, and brothers Allen W. and John Foster Dulles. Just before the conference, Baruch accompanied Hoover to Belgium, the location of his profitable food swindle. Hoover was in Paris for another reason—to meet with several other individuals to discuss the need for a continuing council of "private bodies" to resolve international problems. On May 30, 1919, he met with Colonel House, Whitney H. Shepardson, General Tasker H. Bliss, George L. Beer, Professor Archibald C. Coolidge and Dr. James T. Shotwell and their British counterparts Lord Robert Cecil (a Jewish family), Sir Valentine Chirol, Lionel G. Curtis, Lord Eustace Percy and Professor Harold Temperley.

Hoover and Thomas W. Lamont were among twenty-one other Americans, including twelve scholars, members of The Inquiry, from Harvard, Yale and Columbia who attended the organizational meeting, at Hotel Majestic, of the Anglo-American Royal Institute of International Affairs of London which is allegedly Illuminati-based. 1794 Charles Seymour (S&B), historian and later President of Yale University (1937-1951), was a CFR (Council of Foreign Relations) founding member. The CFR initially func-

tioned as a J. P. Morgan front in association with the American Round Table Group. 1795 The institute devises domestic and foreign policies. Scholarly members promote open borders and internationalism and curtail nationalism. J.P. Morgan, Baruch, John D. Rockefeller, Otto H. Kahn, Jacob H. Schiff and Paul Warburg provided financing for its creation. Others in the US Peace Treaty Delegation included President Wilson, a few others including J. P. Morgan lawyers. Albert Strauss (Federal Reserve Board) and Thomas W. Lamont, a Morgan partner and owner of the New York Evening Post were also part of the US Delegation.

The Peace Conference served as a social, familial gathering. Felix Frankfurter and Justice Louis D. Brandeis met with friends in Paris, Arthur J. Balfour, Louis Marshall, and Edmond de Rothschild who hosted the most prominent delegates at his Paris mansion. Minor delegates stayed at the Hotel Crillon. Paul Warburg socialized with his brother Max, who represented Germany. Dr. Carl Melchior, also of M.M. Warburg Company, and William G. von Strauss, Franz Urbig, and Mathias Erzberger, accompanied him. 1797 Baruch, head of the Reparations Commission negotiated with Max Warburg on behalf of Germany, who accepted the reparations terms. Paul Warburg, Thomas W. Lamont, John Foster and Allen W. Dulles, of Sullivan & Cromwell, and other Wall Street bankers counseled Wilson on US diplomatic policies in conjunction with this conference. The Allies accomplished three major objectives, all in conjunction with devising the retributive treaties that had little to do with justice but led to further destabilization. Those goals were 1) implement the League of Nations, the entity favoring global governance over nationalism, located in Geneva; 2) officially recognize the Soviet regime; 3) reconfigure European countries to maximize ethnic and political discontent, a foundation for further warfare. The Versailles Treaty terms, imposed on Germany without any negotiation, included debilitating territorial changes and excessive reparations, which created the perfect environment for an anti-Soviet regime, an inevitable situation. The treaty formalized the circumstances that would ignite the next world war.

President Wilson's famous words had the vision of a great plan to solve the post-war problems. This plan delighted liberal circles and gave the war against Germany a moral justification. Wilson's speeches were based on the thought that peace can only be achieved through equity. International equity meant self-determination of the peoples and meant that borders need to be drawn by the will of the respective population. When this happens, when the people no longer want to change their borders then the main cause for war is nullified. One begins to wonder why they gave huge German populations to foreign nations, creating the exact opposite situation of what they said they wanted to achieve. The new eastern borders of Germany created the most problems in the end. No other part of the Treaty of Versailles created more resentment than losing millions of Germans to Poland and Czechoslovakia.

British Prime Minister Lloyd George invested effort in the German cause. On March 27th 1919 he said: "I believe that the Germans will accept everything else, including



David the Spokesperson: "Off with the spiked hat! What do you thing we fought for if not to abolish militarism?"

the heavy financial burden; but the thought of delivering millions of Germans to Polish rule will hit them hard." Wilson wanted equity and for him this meant the creating of a Polish sovereign state economically strong enough that it can be properly defended. To achieve this one has to go beyond the ethnic boundaries of Poland: "It is therefore necessary to not only look at the economic requirements but also at the strategic requirements, because the eastern part of Germany is highly aggressive.... Since I am against the Germans, I am on the side of Poland." When Lloyd George said that British troops would not fight to give this land to Poland without a national referendum, Wilson answered that American troops would support any nation against the Germans.

The Versailles Treaty, Economic Warfare against Germany

In 1918, Sir Alfred E. Zimmern, of Alfred Milner's Round Table, wrote a plan for Germany, *The Economic Weapon against Germany*, in which he said, "The Central Powers are being besieged by practically the entire world and they have no means at their disposal for bringing the siege to an end." 1800 He indicated that systematic, large-scale economic warfare was yet untried and that Germany would not anticipate its effectiveness. He and his cohorts had post-war plans, devised at the peace conference. While the physical blockade would ultimately end, they would make certain that Germany would lack access to raw materials, making industrial employment impossible. Without manufacturing, the returning soldiers would not find employment. The Allies, by confiscating and managing essential supplies, they would incapacitate Germany and make it impossible for her to recover from warfare. This would cause food shortages and famine, which would affect all of civilized Europe, if not the whole world for as long as three years. He wrote, "Who more naturally than Germany? It is not as if the boycott had to be organized. It will come about almost of itself

unless special provision is made in the peace.”

The Allies included Britain, France, and the United States, and also Bolivia, Guatemala, Haiti, Cuba, Ecuador, Honduras, Liberia, Nicaragua, Panama, Peru, Uruguay and many others. Regardless, the countries that benefitted from the stipulations of the Versailles Treaty were Britain and France, both of which the United States supported. On January 8, 1918, President Woodrow Wilson delivered his Fourteen Points to Congress, authored by Walter Lippmann. They functioned as a platform for a new world order, calling for transparent democracy, unilateral disarmament, free trade and self-determination. He implied the restoration of invaded territories, no annexations, no contributions, and no punitive damages. Germany would sign the Armistice based on Wilson’s ideals. On November 5, 1918, six days before the signing of the Armistice, Secretary of State Robert Lansing notified the German government that they would have to compensate the Allies for all damages, including civilian property which obviously contradicted Wilson’s words.

On February 6, 1919, Germany’s National Assembly had selected Friedrich Ebert as its first president during the Weimar period and soon the reparations rhetoric began. The armistice disarmed Germany and they allegedly devised the document to keep a Bolshevik onslaught at bay. However, Germany sent a few units to fend off the invaders at Frankfurt on the Oder and at Breslau. On February 16, 1919, Georges Clemenceau sent in the military and forced the German units to retreat behind a provisional line, which would later function as the border between Poland and Germany, awaiting the Allied Supreme Council’s final decision. They obviously favored Warsaw. If Poland wanted to annex Silesia, all they had to do was issue a statement making the provisional border permanent.

Despite the humanitarian slogans like save the children and the massive funds that charities raised to allegedly alleviate starvation in Germany, the ships could not penetrate the blockade. In February 1919, George E. R. Gedye traveled to inspect the situation in Germany. He reported, “Hospital conditions were appalling. A steady average of ten percent of the patients had died during the war years from lack of fats, milk and good flour . . . We saw some terrible sights in the children’s hospital, such as the ‘starvation babies’ with ugly swollen heads . . . Our report naturally urged the immediate opening of the frontiers for fats, milk and flour . . . but the terrible blockade was maintained as a result of French insistence.” Norman H. Davis, President Wilson’s Assistant Secretary of Treasury, and later Undersecretary of State, and John Foster Dulles, a wellconnected New York lawyer, part of the US team, wrote the War Guilt Clause (Kriegsschuld Klausel), article 231, created on April 7, 1919. It compelled Germany to accept the responsibility, essentially a blank check, for causing all of the loss and destruction suffered by the allies. Article 231 reads, “The Allied and Associated Governments affirm and Germany accepts the responsibility of Germany and her allies for causing all the loss and damage to which the Allied and Associated Governments and their nationals have been subjected as

a consequence of the war imposed upon them by the aggression of Germany and her allies.”

Germany’s political and economic structure, though incredibly bruised, remained a factor despite their defeat in the war. Warfare caused by external forces had not totally destroyed those responsible for Germany’s strong industrial foundation or the country’s resilient internal framework. The Allies’ maneuvering at Versailles initiated Britain’s second onslaught against Germany with the intention of bringing about the country’s total obliteration. The Allies excluded the officials of the defeated nations of Germany and her ally, Austria-Hungary from the negotiations. Russia did not participate because it had already signed the Brest-Litovsk Treaty with Germany. The Allies arranged Germany’s economic future. They apportioned German spoils as follows, 50 percent to France, 30 percent to Britain and they divided 20 percent between the smaller allies. The Allies abandoned Wilson’s Fourteen Points, a deceptive decoy; it had served its misleading purpose of getting the Germans to surrender. They arrived in Paris at the end of April 1919. Prime Minister David Lloyd George read the text of the Versailles Treaty on May 7, 1919. They completed it in secret, the day before.

Prime Minister Georges Clemenceau submitted the potential treaty to the German delegation, which ordered the transfer of Silesia to Poland. An unauthorized group of Polish soldiers had invaded Silesia; therefore Germany had to relinquish nearly two million ethnic Germans, and its resource-rich province to the invaders. Clemenceau legalized the invasion, barred the Germans from protecting themselves and forced them back behind the Oder River. Wilson supported his conclusions because, Winston Churchill explained, “Polish voters constituted a real factor in American politics.” According to *The New York Times*, May 14, 1919, Hugo Haase and those who controlled the Weimar government fought to gain approval of the Versailles Treaty. Although officials signed the armistice, it did not end the British blockade of Germany (August 1914-1919). For months following the war’s end, unknown to American and British citizens, the British government prohibited food shipments to the starving Germans in several cities and towns until they acquiesced to the stipulations of the Versailles Treaty. According to official documents in the National Archives, 763,000 German civilians died from starvation caused by the blockade with another 150,000 deaths due to the 1918 flu pandemic. While the British and US public knew about the desperate situation, no one informed them about the atrocious policies that generated it.

The Germans were flabbergasted. Their spokesperson, Foreign Minister Count Ulrich von Brockdorff-Rantzau, who remained seated as an insult to the others, pointed out the violations of the ‘pre-armistice commitments. German officials prepared a 443-page counter proposal and the German government offered \$25 billion dollars and rejected the proposed territorial changes. Philip Kerr (Lord Lothian) wrote the rejection to Germany’s counter proposals. Kerr, of Milner’s Kindergarten, also helped

co-author the treaty. The Allies refused to budge and gave Germany an ultimatum. On June 20, 1919, Georges Clemenceau, David Lloyd George and Woodrow Wilson told the Germans that unless they signed the treaty by the evening of June 23, they would direct Ferdinand Foch, who commanded the Allied forces as of March 1918, to advance on Germany. German advisors included Max M. Warburg, Oscar Oppenheimer, and Albrecht Mendelssohn Bartholdy, a great-great-grandson of philosopher Moses Mendelssohn, and grandson of the composer Felix Mendelssohn Bartholdy. 1815 Bartholdy, of the Politics Law Consortium, was part of the German delegation to the League of Nations in Geneva, beginning in 1931. He left Germany in 1933.

Philipp Scheidemann, Germany's Chancellor (February 13-June 20, 1919), rather than sign the document resigned. After Scheidemann's resignation, President Friedrich Ebert formed a new coalition government under Chancellor Gustav Bauer, former chairman of the General Commission of Trade Unions for all of Germany (1908-1918). On June 22, the Reichstag ratified the treaty. On June 28, 1919, in the Hall of Mirrors at Versailles, exactly five years after assassins killed Franz Ferdinand, the delegates, except for the Chinese, signed the Treaty of Versailles.

Georges Clemenceau and his assistant, André Tardieu encouraged Polish officials to demand chunks of East Prussia, in addition to Danzig and the corridor. British officials wanted to put this issue to a vote, which irked the Poles and Tardieu, their advocate. The vote would be in the districts of Allenstein and Marienwerder, accompanied by a massive propaganda campaign and overt intimidation. However, the Prussians voted almost unanimously, 98.73 percent, to remain German, a figure rarely mentioned in Allied history books. Next, they considered the annexation of Upper Silesia, a rich and highly industrialized province. Its loss would dramatically reduce Germany's power. Greedy Polish politicians had sent in armed groups by February 1919 to grab their legally sanctioned war booty.

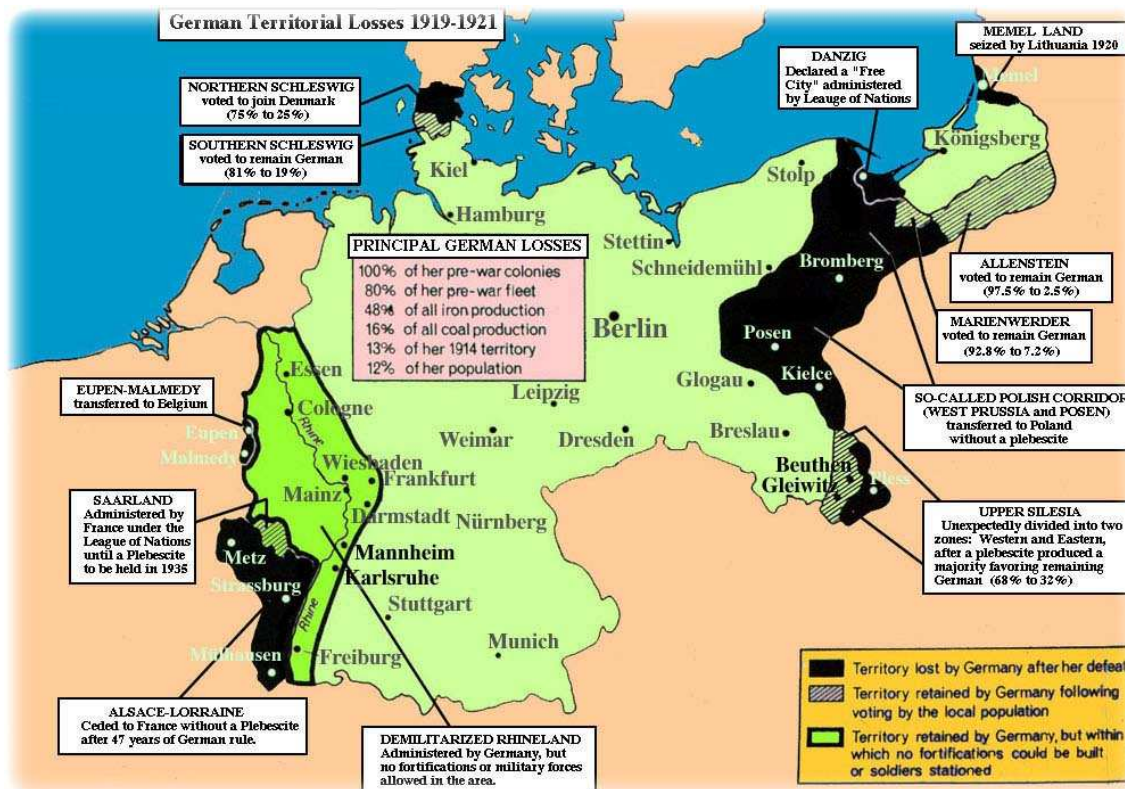
The Allies forced Germany to relinquish a sizeable amount of territory, including vital mineral areas and the Polish Corridor, which would isolate Prussia from the rest of the county. The Allies deprived Germany of its merchant fleet. 1822 She had to terminate all military drafts and reduce her troops to 100,000 for internal peace keeping only. She had to drastically decrease her naval fleet and disband the submarine fleet. She had to destroy all military fortifications and give up the right to have heavy artillery, tanks, submarines, and all aviation. The Allies prohibited Germany's military industry from designing or owning chemical weapons and they had to destroy their stock of poisonous biological warfare weapons. International officials would have to supervise any German arms production. The Allies forced Hungary, a quickly developing country who supported Germany, according to the Treaty of Trianon, to relinquish over two-thirds of its territory. This shifted 3.3 million ethnic Hungarians into Romania and Czechoslovakia. The newly configured Hungary also had to pay war reparations to its neighbors. Ethnic Hungarians would be living in a foreign land where local residents subjected them to discrimination

and difficulty in assimilating. Hungarians and non-Hungarian historians justifiably claim that the real objective of the treaty stipulations was an attempt to dismantle a major power in Central Europe. The Ally's priority was to prevent Germany's resurgence. Therefore, they surrounded Germany's allies, Austria and Hungary, with more powerful, bigger states friendly to the Allies.

The Treaty of St. Germain amputated Austria from all of its industrial areas and natural resources, which were located in the German populated areas of Austrian Silesia and the Sudetenland. Austria was nothing but a skeleton of a state with a decreased population of just seven million. The Allies reduced the multinational Austria-Hungary into numerous pieces lacking the cohesiveness they once enjoyed. This partition spawned the state of Czechoslovakia whose population consisted of Czechs (46%), Slovaks (13%), Poles (2%), Ukrainians (3%), Hungarians (8%), and 3.5 million Germans (28%). This unproductive dissection, administered by Archibald C. Coolidge, part of Edward M. House's Inquiry but under the auspices of the American Expert Commission, placed several thousand Germans under Czech domination, and placed German industrial areas from northern Bohemia into Saxony. The Austrians, who had no voice in the matter, contested this arbitrary fracturing. Nearly 1.5 million Germans, now considered minorities, remained in Romania, Yugoslavia, Banar, Sylvania, Czechoslovakia, Batschka, and Slovenia. The provisions of the Treaty of Trianon placed 550,000 Germans into what remained of Hungary.

Commercially, Germany lost all of her African colonies; the Allies placed them under the League of Nations' jurisdiction. France received Alsace-Lorraine and all the coal resources in the Saar district, 991.8 square miles, on the border between France and Germany, with the League of Nations administering the area. Poland got the key industrialized area of Upper Silesia, most of Posen Province and West Prussia, which created what people referred to as the Polish Corridor, with access to the sea. This separated East Prussia from the rest of the country. This would cut Prussia in half and the so-called Polish Corridor and amputate the city of Danzig from Germany. Poland would receive Upper Silesia, one of Germany's richest regions (producing 20% of its coal, 57% of its lead, and 72% of its zinc). They forced Germany to relinquish Posen, another rich German province. Yet, Danzig was almost completely German in composition. Churchill wrote, "German science and capital had created a vigorous industry in this territory. German culture, imposed by the power of an energetic empire, had left its mark everywhere." He later admitted, "The commission first proposed to place Danzig entirely under Polish sovereignty, which would subject Danzigers to Polish laws and mandatory conscription in the Polish army." For centuries, there were few Poles in Danzig. Yet they gifted Poland control of the city's customs, taxes, port facilities and the city's diplomatic representation. This required that any German Danziger traveling from the area had to get a passport or visa from the Polish embassies and consulates, a group of "hateful and arrogant alien bureaucrats."

When the Danzigers finally voted, just before the Second World War, they chose Germany by a margin of 99%. Wilson had guaranteed Poland “free and secure access to the sea,” not “access to the sea,” as dozens of biased historians and journalists have reported thus accrediting the creation of the corridor, a piece of land 20 to 70 miles wide, right across Germany. No one would have proposed such an incursion on France but thought nothing of imposing it on Germany. For 20 years, Germans were compelled to travel from one part of Germany to the other part locked in sealed trains where they were humiliated at the two Polish borders while entering and leaving the corridor.



The Allies seized Germany’s merchant navy and unethically confiscated private property from many countries throughout the world that belonged to German citizens. The amoral Allied powers usurped the right, by virtue of the treaty, to retain or dispose of privately held companies or other assets. This occurred without any compensation to the victims of this wholesale plunder. Furthermore, the Allies held German citizens responsible for the liabilities or indebtedness on those confiscated items. Additionally, the Allies and their lawyers stipulated that Germany could not make capital investments in other countries and had to relinquish the title of any possessions in neighboring countries. The lawyers designed the agreement to force Germany to allow the Allies full access to all of their markets without paying a tariff. Conversely, Germany had to pay an outrageously high tariff for foreign goods. Germans, already starving, were required to surrender their remaining livestock—they

had to deliver their cattle, sheep, goats, pigs and even their dairy cows to France and Belgium. They left the starving children, the most vulnerable victims in any war, without milk to drink. The confiscation of Germany's coal resources caused the deaths of German children who were not only starving but would now freeze to death without a source of heat.

The Allies forced Germany to surrender 67,273 square kilometers, comprising one-eighth of its territory, which had a population of 5,138,000 people. The Allies appropriated all merchant ships over a certain size, a quarter of the fishing fleet and a fifth of the river fleet and half of all German paints and non-military chemicals as well as their production of those items for the next five years. Over the next five years, Germany had to construct merchant ships for the allies. Further, she was to supply 140 million tons of coal to France, eighty million tons to Belgium and seventy-seven million to Italy. The allies gained the right to use all German railways, ports, waterways for a very small remuneration, all in addition to huge reparations. They designed these unrealistic and inequitable provisions, not to promote peace but to instill resentment, to set the stage for more warfare.

Political leaders, banker's agents, advisors and lawyers from the victorious nations had arrived and were ensconced in luxurious Paris hotels and enjoying sumptuous meals. They were prepared to spend almost a year to resolve, negotiate, and make decisions. Meanwhile, an entire population, because of a hellish war, was starving in Central Europe. The British maintained the blockade against the Germans until July 12, 1919, eight long months after the armistice. 1816 Count von Brockdorff-Rantzau addressed the Versailles assembly. "The hundreds of thousands of noncombatants who have perished since November 11, 1918, as a result of the blockade, were killed with cold deliberation, after our enemies had been assured of their complete victory." Jan Smuts, one of Milner's associates, discovered a loophole in Robert Lansing's letter regarding the damages against the civilians. Smuts skewed the issues in Britain's favor and persuaded Wilson to include a pension for the soldiers' widows and orphans in the reparations package. John Maynard Keynes, representing the British Treasury, argued that those additions violated Wilson's Fourteen Points and would increase the reparations by at least two and half times. Still, the Allies expected Germany to remit a preliminary payment by May 1921. These additions totaled almost \$40 billion dollars, far beyond their capacity to pay.

The war planners, those who won the war, made financial demands in the billions of dollars. Prime Minister Lloyd George (He added his uncle's surname to become Lloyd George) suggested \$120 billion; Prime Minister Georges Clemenceau wanted \$220 billion. Lloyd George delegated the task of calculating the final reparation figures to a panel of experts with a target date of May 1921. 1819 To lighten the suffering of war-weary Europeans, they finally made the reparations demands—the British got the equivalent of \$90 billion in addition to a portion of Germany's foreign colonies and their European industries; the French got \$200 billion; the United States

wanted \$25 to \$30 billion. The treaties signed during the conference in Paris were 1) the Treaty of Versailles, June 28, 1919 for the disposition of the German Empire; 2) the Treaty of Saint-Germain, September 10, 1919 for the disposition of Austria; 3) the Treaty of Neuilly, November 27, 1919 for the disposition of Bulgaria; 4) the Treaty of Trianon, June 4, 1920 for the disposition of Hungary; 5) the Treaty of Sèvres, August 10, 1920, later revised by the Treaty of Lausanne, July 24, 1923 for the disposition and partition of the Ottoman Empire.

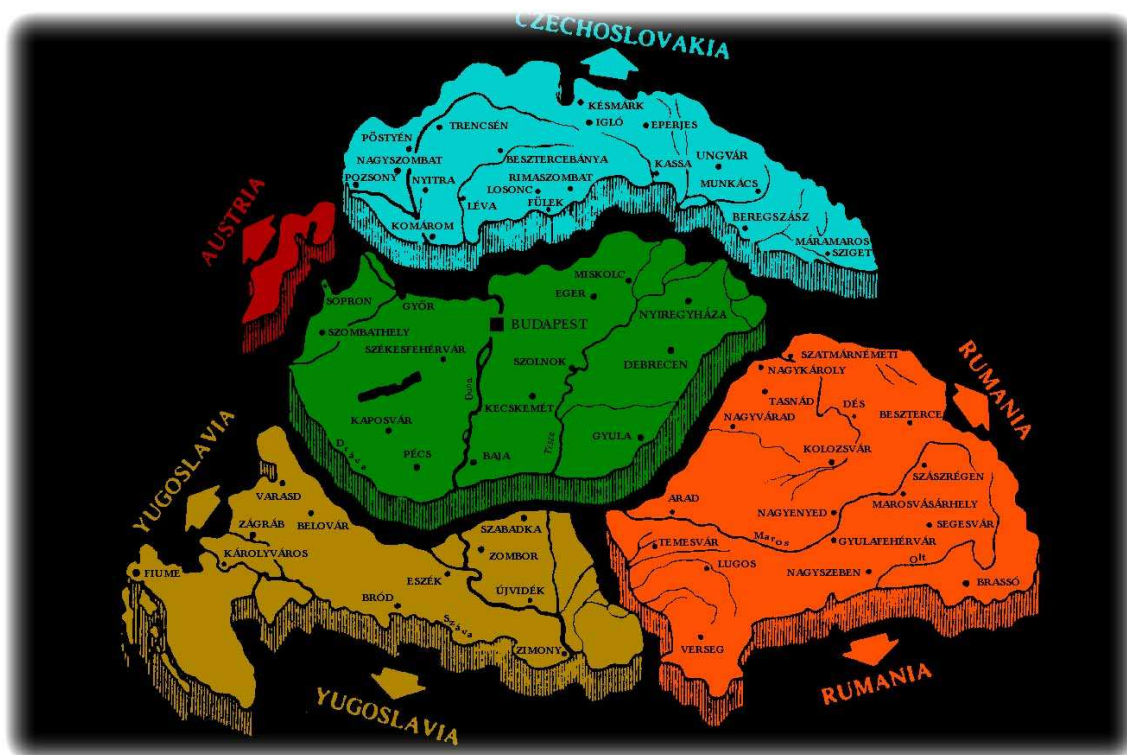


Figure 8.5: Dismemberment of Austria-Hungary through the Treaty of Trianon.

On October 15, 1920, Vladimir Lenin declared, “The order held by the Versailles Peace Treaty lies over a volcano, since the seventy percent of the world’s people who are enslaved are anxiously awaiting someone to come and start a struggle for their liberation, and to rock the foundation of their countries.” 1833 He said, “The war is waged by slave traders haggling over cattle.” In fact, the Allies were wrangling over the Rhineland, Tyrol, Sudetenland, Prussia, Carpathia, Dalmatia, Smyrna, Armenia, Mosul, Baghdad and Jerusalem. 1834 He surmised that the turmoil caused by the Allied remapping of the world would open the door to Communism.

German Reparations and Recovery

The Allies, according to the Versailles Treaty, specifically the “warguilt clause” (Article 231 of the treaty), set up a schedule of reparations for Germany covering the years, 1919-1932 which one may subdivide into six periods.

1. The preliminary payments, 1919-1921
2. The London Schedule, May 1921-September 1924
3. The Dawes Plan, September 1924-January 1930
4. The Young Plan, January 1930-June 1931
5. The Hoover Moratorium, June 1931-July 1932
6. The Lausanne Convention, July 1932

By May 1921, Germany was to pay 20,000 million marks. The Allies, Britain, France, America and Italy contended that Germany had only paid 8,000 million marks of the required preliminary payments. They threatened to occupy the Ruhr in order to enforce payment. In May, dismissing the previous threat, the Allies presented Germany with a 132,000 million marks bill. To avoid another ultimatum, Germany capitulated and gave them bonds for the new amount. The Allies forgave 82 million but required Germany to pay the other 50 million in yearly installments plus interest.

Given its economic circumstances, Germany was hard-pressed to pay reparations. The international bankers refused payment in the form of German goods and services. Therefore, Germany was unable to fulfill the reparation schedule. British bankers viewed this as evidence of Germany's inability while French bankers regarded this as Germany's unwillingness to pay. The Anglo-Americans rejected Germany's offer to pay in goods to compensate for money Germany could not pay. In 1921, Britain imposed a 26% tariff on imports. They could have paid the required reparations if the bankers had agreed to accept goods and services. On May 26, 1922, per the Allies suggestion, German officials released the Reichsbank from government regulation, meaning it becomes a private organization, just like the Federal Reserve. The absence of regulation led to horrific hyperinflation (1922-1923). Bankers deceptively used this example of hyperinflation to persuade people not to trust governments to print money; rather private bankers should manage the task. The League of Nations then delegated "experts" to monitor Germany's economic recovery.

These experts wanted Germany's central bank to adopt free market policies. Germany's currency predictably lost its value, causing immense suffering especially in urban and industrial areas. Berlin was especially hard hit—people were scavenging the trashcans behind the hotels looking for something to eat. A cup of coffee cost one million marks one day only to rise to a million and a half the next day. On January 9, 1923, the Reparations Commission declared that Germany had defaulted on her payments. Consequently, France, Belgium, and Italy immediately occupied the Ruhr with 70,000 soldiers, supposedly to protect engineers seizing telegraph poles and timber, but really to secure "the economic edge that France and Belgium had failed to secure under the Versailles Treaty." Germany stopped all reparations payments and supported those who had gone on strike in the Ruhr. The government also printed more currency. The Ruhr, 60 miles long and 30 miles wide, had 10 percent of Ger-

many's population and generated 80 percent of Germany's coal, iron, and steel. The occupation forces seized the Ruhr's complex railway system. Armed conflict erupted and soldiers killed at least 400 people and wounded over 2,100 people.

Because of their "passive resistance," French authorities expelled or detained 46,200 uncooperative civil servants, railroad workers, and police, along with 100,000 members of their families. The residents responded by committing acts of sabotage and "low-level acts of terrorism." The occupying forces countered these actions by taking hostages, massive fines, hostile house searches, identity examinations and executions. 1847 Walther Kadow, a communist, betrayed Albert L. Schlageter, who blew up a rail line near Düsseldorf. 1848 On May 26, 1923, after a quick trial, French authorities executed Schlageter. Rudolf Höss and Martin Bormann then assassinated Kadow for which the authorities imprisoned them. Karl Radek attempted to exploit the situation in the Ruhr, especially to the German communists, and claimed that the strike was part of the revolt against German capitalism. Radek and other communists, like Clara Zetkin, feared that the general destruction in Europe would cause a "regrouping of forces into a united front against Russia." He felt it was necessary to cooperate with the German nationalists to protect Soviet Russia. Zetkin and Radek feared fascism. Radek decided to make Schlageter a nationalist hero and depicted him as "a courageous soldier of the counter revolution." 1849 It is possible that the Bolsheviks were hoping for a fascist overthrow of the Weimar Republic, and then they would take over. Radek, in a speech on June 20, 1923, in Moscow, adopted the national hero and lavished praise on Schlageter. The communist press accorded wide publicity to Radek's speech, designed to "appeal to disgruntled Germans who had been flocking to Hitler's NSDAP. The communists even used some of the same phrases, like "Down with the government of national shame and betrayal of the people." Ruth Fischer, a half Jewish leftist, exhorted communists to "trample the Jewish capitalists down, hang them from the lampposts."

The German government continued, year after year, to maintain an unbalanced budget. To pay their deficit, they borrowed from the Reichsbank, which continued to cause severe inflation, ruinous to the middle class but it barely touched the wealthy living in Germany. This situation predictably encouraged middle class dissent while it benefited people who owned actual wealth in the form of property. Inflation hiked up property and land values, which allowed certain people to eliminate their debts. The German mark collapsed in value from 305 to the pound in August 1921 to 1,020 in November 1921. It dropped to 80,000 by January 1923, to 20 million by August 1923, and to 20 billion by December 1923. 1851 The hyperinflation peaked during the summer of 1923. A wave of strikes began in August 1923 and Cuno and his cabinet resigned on August 12, 1923.

In 1923, the League of Nations asked Charles G. Dawes, owner of Chicago's Central Republic Bank and Trust to lead a committee to address Germany's financial condition. He, along with Austen Chamberlain, received the 1925 Nobel Peace Prize. In

1932, his bank would fail, costing the US taxpayers \$90 million. 1852 In April 1924, his committee followed some of John Foster Dulles' suggestions. Dulles, a lawyer with Sullivan and Cromwell, was a member of the Reparations Commission. The Inter-Allied Reparations Committee sent Dawes and Young to Europe with Dulles as their special counsel. J. P. Morgan bank initiated the entire process with a \$200 million private loan. The Dawes Plan relied on private loans, not government aid. While it was ostensibly a government program, it allowed private bankers to make a financial killing in Europe. Sullivan and Cromwell, who later represented Hamburg-Amerika Line, also handled a bond for the Krupp steel company, issued through J. & W. Seligman & Company. Dulles, knowing the State Department would not interfere with his transactions, made considerable money for himself and his firm which dominated a major portion of the private loans and investments in Germany.

The Dawes Plan called for long-term, high interest loans, and a restructuring of the Reichsbank including revenue sharing, followed up, in 1924, by loans from foreign banks, based on their confidence in Hjalmar Schacht. In December 1923, he had become the bank president after a meeting with Montagu Norman, president of the Rothschild's Bank of England. Schacht initially opposed the loans but acquiesced only if they used the money to fund production, not luxury or consumption. The foreign troops in the Ruhr forced Germany to accept the Dawes Plan for reparations; then the troops left the Ruhr. Dawes, Vice President under President Calvin Coolidge (1925-1929), directed a committee of financial experts under the jurisdiction of the international bankers, to devise the plan under which Germany owed more in 1929 than before. It artificially protected the German mark in the international market. It encouraged Germany to over borrow and spend without experiencing immediate consequences, which would have occurred with a system of accurate international exchange. Germany was unable to repay the loans. US bankers loaned money to German industrialists for their recovery. The bankers also insisted that Germans build unnecessary and nonproductive equipment.

Adolf Hitler and others were certain that Germany was rushing headlong into severe inflation because of the collaboration of the black-red coalition. Hitler opposed the Dawes Pact, a devious method for the bankers to plunder all of Germany's resources. The Young Plan, with the objective of enslaving Germany, facilitated it. Hitler, while incarcerated in 1924, attempted to have his associates oppose the Dawes Pact and the Centre Party who claimed that the foreign loans associated with the plan would increase Germany's prosperity, create jobs, raise wages and benefit agriculture. He claimed that the Dawes Pact would do nothing but increase poverty. 1858 International bankers have always worked with local complicit politicians to enslave nations with excessive, usury-heavy loans. When this occurs, the bankers control the national resources and soon, a once resource-rich country is a dependent third world nation, relying on other countries for manufactured goods, food, and fuel.

Former UK Prime Minister David Lloyd George reveals:

“The international bankers dictated the Dawes reparations settlement. The protocol, which was signed between the allies and Germany, is the triumph of the international financier. Agreement would never have been reached without the brutal intervention of the international bankers. They swept statesman, politicians, and journalists aside, and issued their orders with the imperiousness of absolute Monarchs, who knew there was no appeal from their ruthless decrees. The Dawes report was fashioned by the Money Kings.”

John Perkins, in *Confessions of an Economic Hit Man*, explains that highly paid professionals, lawyers like Dulles, cheat countries out of trillions of dollars by loaning them money through government programs but it actually goes into the “coffers of huge corporations and the pockets of a few wealthy families who control the planet’s natural resources.” These agents use “fraudulent financial reports, rigged elections, payoffs, extortion, sex, and murder.” It is a “game as old as empire, but one that has taken on new and terrifying dimensions during this time of globalization.”

Owen D. Young chaired the committee that conceived, between February and June 1929, the Young Plan that mandated German reparations over a period of fifty-nine years, until 1988. Hjalmar Schacht, Emile Francqui, John Foster Dulles, later referred to as the “most dangerous man in America” established the Bank for International Settlements (BIS), chartered on January 20, 1930. The officials who designed the Hague Treaty created it to receive German reparations payments. Germany would pay these funds to the BIS in Basel, owned by the world’s central banks. It functioned as a “Central Bankers’ Bank” which shifted payments among national accounts. The 1929 crash ended the Dawes Plan and created an environment for another world war. By 1931, US banks terminated their loans to Germany whose gold reserve they had greatly reduced. 1860 The BIS gradually assumed control of coordinating banking and economic policy across the world.

Germany paid their war debts but did not balance their budget or pursue a trade balance. Two things would be sure to occur with this easy money, 1) when the US bankers stopped lending, Germany would collapse and, 2) they transferred debts from account to account without building real solvency. Germany borrowed 18.6 billion marks while paying 10.5 billion marks in reparations (1924-1931). The international bankers were the only benefactors, with their numerous commissions and fees. In January 1930, the equally nefarious Young Plan replaced the Dawes Plan because Germany’s payments under that plan did not satisfy the London Schedule. This change also voided the German foreign-exchange rate, which forced Germany to experience the results of her extravagant borrowing. In addition, France demanded payment for their war reconstruction. In April 1931, Germany and Austria united their customs while remaining separate countries, a move opposed by the French. On May 11, 1931, Rothschild’s Austrian bank, the Creditanstalt that controlled 70 percent of Austria’s Industry, declared its insolvency. The Rothschilds and the Austrian government bailed out the bank. However, there was still a run on the

bank. To accommodate this run, Austrian banks pulled all their funds from the German banks, which then began to fail. The German banks called for their funds in London, which began to fail. Europe's gold disappeared. On September 21, 1931, Churchill removed England from the gold standard. The Reichsbank lost a huge percentage of their gold reserve, which almost destroyed German industry.

F. William Engdahl refers to Attorney George L. Harrison (S&B, CFR) as a "Germanophile." As president of the Federal Reserve Bank, he worked with the Bank of England's Montagu Norman and Reichsbank President Hjalmar Schacht to collapse and bankrupt the Vienna-based Creditanstalt, a Rothschild bank. It had connections to the French bankers, which in turn led to "the flight of capital out of Germany" and the ultimate failure of the Danat-Bank of Germany, the second largest bank of Germany, chaired by Jakob Goldschmidt. 1864 That was obviously the objective; the Rothschilds ultimately benefitted.

On July 7, 1931, German citizens tried to pull their funds from the Reichsbank. German industry and the four largest banks suffered losses. By November 1931, the European Powers, except France, were willing to end reparations via the Lausanne Conference of June 1932. Germany was then responsible to pay three billion marks. The US Congress refused to cut the debt so the Germans never ratified the Lausanne agreement so the Young Plan was still legally in force.

However, in 1933, Hitler renounced all reparations. The Germans had already paid about 10.5 billion marks under the Dawes Plan (1924-1931). Before 1924, they had paid 56,577 billion marks. The Allies claimed that Germany had only paid 10,426 billion. In truth, Germany probably paid, before 1924, about 40 billion marks. 1866 Though reparation ended in 1933, the Allies reinstated them after World War II.

8.14 Versailles 1919 and the Question of War Guilt

In contradiction of the 14-point programme drafted in the course of the negotiations leading to the armistice in 1918, France and Great Britain imposed conditions upon the German people that violated the fundamental principles of international law. In the terms of the Versailles victor's diktat, Germany bore full and exclusive responsibility for the war; subsequently, was liable for reparation of all damage done. The Versailles diktat became the "foundation of law", the "law of nations" providing the rule of order amongst the states of Europe. Lies, economic exploitation for an indefinite period, annexation, forced assimilation and the oppression of ethnic minorities, the expropriation of other nations' colonies, compulsory demilitarization, submission to foreign governments, military occupation and numerous other instances of wrongful and arbitrary treatment were thus legitimated by the victors. Thus also the very ideas of "law", "democracy", "agreement", "truth", "self-determination", "freedom" etc. were subverted. Anyone who called into question these acts of the "civilized nations"

was accused of “violation of law”, “revisionism”, “revanchism” and considered a war-monger. The authority of this “ruling” is derived from the “war guilt paragraph” (§231) of the Versailles “treaty” and, furthermore, from the Allies’ explanatory letter of 16 June 1919 to the German representatives (Reply of the Allied and Associated Powers to the observations of the German delegations on the conditions of peace), published as a preface to the treaty. It reads, in part:

“...In the view of the Allied and Associate Powers the war which began on August 1 1914, was the greatest crime against humanity and the freedom of peoples that any nation, calling itself civilized, has ever consciously committed. For many years the rulers of Germany, true to the Prussian tradition, strove for a position of dominance in Europe. They were not satisfied with that growing prosperity and influence to which Germany was entitled, and which all other nations were willing to accord her, in the society of free and equal peoples. They required that they should be able to dictate to and tyrannize a subservient Europe, as they dictated and tyrannized over a subservient Germany. In order to attain their ends they used every channel in their power through which to educate their own subjects in the doctrine that might was right in international affairs... As soon as their preparations were complete, they encouraged a subservient ally to declare war against Serbia... In order to make doubly sure, they refused every attempt at conciliation and conference until it was too late, and the world war was inevitable for which they had plotted, and for which alone among the nations they were fully equipped and prepared. Germany’s responsibility, however, is not confined to having planned and started the war. She is no less responsible for the savage and inhuman manner in which it was conducted. They were the first to use poisonous gas... They commenced the submarine campaign ... They drove thousands of men and women and children with brutal savagery into slavery in foreign lands. They allowed barbarities to be practised against their prisoners of war from which the most uncivilized peoples would have recoiled. The conduct of Germany is almost unexampled in human history. The terrible responsibility which lies at her doors can be seen in the fact that not less than seven million dead lie buried in Europe, while more than twenty million others carry upon them the evidence of wounds and sufferings, because Germany saw fit to gratify her lust for tyranny by resort to war. That is why the Allied and Associated Powers have insisted as a cardinal feature of the treaty that Germany must undertake to make reparation to the very uttermost of her power; for reparations for wrongs inflicted is of the essence of justice... The Allied and Associated Powers therefore believe that the peace they have proposed is fundamentally a peace of justice. They are no less certain that it is a peace of right fulfilling the terms agreed upon at the time of the armistice.”

The victorious powers have been frustrating all serious attempts of clarifying the causes and the motives, along with their practical application to politics, of the First World War. Since the 1920s no serious historian has defended the argument of Germany’s exclusive responsibility for the war. Yet the repeated protests and

requests by successive Weimar governments seeking rehabilitation of their country through a revision of the “official” version invariably met with outright rejection, effectively justified by nothing but “Power”. None of the victors of Versailles based any of their charges against Germany on specialists’ reports, let alone did they reduce or retract the charges with the emergence of later historical research findings. In this regard, British Prime Minister David Lloyd George declared at a meeting of the Reparations Commission in London on 3 March 1921:

“German responsibility for the war is fundamental to the Allies. It is the basis on which the Treaty has been established and if this basis breaks down, or should be abandoned, the Treaty would be destroyed ... Therefore, we wish to make clear, once and for all, that German responsibility for the war has definitely been established and must accordingly be dealt with by the Allies.”

This label of culpability was necessary so as not to be indicted of one’s own immoral actions. Only in this way was it possible to continue to consider as valid, “legitimate” and irrevocable all of the “punishment” put upon Germany in the form of territorial cessions, discriminations, reparations, confiscations, control rights etc.

“The future is in your hands!” With those words Raymond Poincaré, President of the French Republic, greeted the representatives of 27 nations at the opening of the Versailles Peace conference on 18 January 1919. These words were to take on historical significance. The reason for the disastrous outcome of this Peace conference was not due to the “harsh” conditions laid upon the German nation, but rather because an unjust ruling in international law was created in the shape of the Versailles “treaty” – signed by a German government under threat of military occupation. There were politicians both in Germany and abroad who could already foresee the inevitable consequences of the “Peace Treaty”. Phillip Scheidemann (SPD), Chancellor of the Reich, in May 1919:

“ I come straight to the point: This thick volume in which hundreds of paragraphs begin with: ‘Germany renounces’, ‘renounces’, ‘renounces’! – this terrible, deadly weapon is being used to extort from a great nation an admission of its own unworthiness, an agreement to a pitiless dismemberment, the acceptance of enslavement, this text must not be allowed to become a statute book for the future ... What hand should not wither, binding us with these chains, yet still they want us to work like slaves for international finance, to do socage (labour for the feudal lord) for the whole world. The government of the Reich considers this treaty unacceptable. Unacceptable to such a degree that, still today, I cannot believe that the world could tolerate a text such as this without the sound of millions upon millions of voices echoing throughout every land and every party: Away with this murderous plot!”

Many notable politicians from France, Britain, Italy and other countries, in 1919 and in the years soon afterwards, were already stating with urgent insistence that the “Versailles arrangement”, particularly as concerned the borders between Germany

and Poland, could only lead to a new war. The former American Secretary of State (Foreign Minister), Robert Lansing, as quoted by Francesco Nitti, head of the Italian government: “The victors intend to impose their combined objectives on the vanquished, and to subordinate all other interests to their own. European politics, as established today, are prey to every sort of greed and intrigue, only called upon to declare just what is unjust. We have a peace treaty, but it will not bring lasting peace, because it is founded on the shifting sands of individual interests. ‘In this judgment’, Lansing added, ‘I was not alone. A few days after, I found myself in London, where I was discussing the treaty with some of the leading men in Britain. They all agreed that the treaty was absurd and unworkable, that it was born of intrigue and shaped by greed and, therefore, was more apt to cause wars than to prevent them.’”

Nitti himself, at the same period, said:

“A serious and durable peace has never been built on the plunder, the torture and the ruin of a defeated nation, let alone a defeated great nation. And it is precisely this what the Treaty of Versailles represents.”

The British Labour Member of Parliament, J.W. Kneeshaw, at the Party’s conference of 1920 in Scarborough, commented:

“Should we have been the defeated nation and should such conditions have been imposed upon us, we would, instead of a calm engagement, begin in the schools and homes to prepare our children for a retaliatory war to shake off the intolerable, unbearable victors’ yoke. These conditions have amounted to a plot not only against Germany, against Austria and the other defeated nations, but also against the whole of civilization.”

The Dutch Ambassador to London, René van Swinderen, stated to the British diplomat, E. Howard:

“The Versailles peace conditions contain all the germs for a just and lasting war.”

President Wilson in 1919 stated:

“How can, for instance, a power like the United States of America – since I cannot speak for any other – 3,000 miles across the ocean, sign this Treaty, withdraw from Europe, and tell the people in America that a peace treaty has been created for the world, while its content cannot be viewed as lasting. I have felt it incumbent upon me to withhold my signature.”

All governments during the Weimar Republic, irrespective of political orientation, denied the legitimacy of the Versailles diktat’s grave accusations and of its consequences for their country, calling time and time again for a fair judgment to be made by an impartial Court of Justice. Always in vain! The great powers simply made no response. Trust amongst nations thus remained impaired. Versailles was the irresponsible provocation that summoned a nation to gather all of its defensive forces

available and mould them into a united front, the better to fight this injustice not only with words but also with deeds. An Englishman, Lord Buckmaster, admitted that

“to induce any nation, however evil and abominable they might be, to lay down their arms on one set of terms and then, when they were defenceless, to impose another set, is an act of dishonour which can never be effaced.”

But, this was not the only thing that took place. Lloyd George conceded, on 7 October 1928, in a speech at the Guild Hall in London:

“The entire documentation which certain people among our Allies have placed before us, was made up of lies and is a swindle. We have ruled [in Versailles*] on the basis of forgeries.”

The Allied delegates confessed, at the session of 8 May 1919 at the Peace conference at Trianon palace, that they had not the slightest notion of the problems of central Europe.¹⁰) Yet none of these shocking facts led to any change in the situation. The governments of those countries had given their word to the world and to Germany, and they broke it time and time again. Germany had laid down her arms in November 1918, trusting that the conditions of the Fourteen Points would be honoured, since Lloyd George for Britain and Clemenceau for France (as well as the United States of America) had committed themselves in a pre-armistice agreement. The Allies completely ignored their obligation. The armistice agreement was violated at the very outset with the continuation of the blockade against Germany. The Allies repeatedly breached their “Peace Treaty” thereafter, in the absence of any provocation by the German government, and at a time when Adolf Hitler was just entering the political arena.

The violations of the Versailles “Treaty” were:

1. Failure to respect the Reich’s sovereignty and right to self-determination.
2. Annexation of parts of Upper Silesia by Poland in spite of a plebiscite in favour of remaining German.
3. Poland’s violations of the borders drawn up at Versailles.
4. Annexation of the Memel territory by Lithuania, without plebiscite.
5. Misappropriation of Germany’s colonies contrary to article 5 of Wilson’s Fourteen Points as the one confirming “impartial regulations”.
6. Non-observance of the minority rights of the separated ethnic Germans, despite contractual assurances.
7. Military occupation of the Ruhrort, Duisburg, of Düsseldorf, Mühlheim, Oberhausen and other West German cities in March 1921, and the relocation of the customs border; military occupation of the Ruhr area in January 1923 by France.
8. Prohibition of a Customs Union between Germany and Austria (to say nothing of the prohibition of unification of the two countries).
9. Non-compliance with the disarmament – guarantee.
10. Additional resolutions of the Council of the League of Nations for further re-

stricting the “freedom” of Danzig.¹¹)

11. Expulsion of ethnic Germans, who were compulsorily separated from the territories detached from the German Reich; by 1922 their numbers had already reached one million, not counting those interned by the Allies:

200,000 Expatriate – and colonial Germans;

120,000 Germans of Alsace-Lorraine;

500,000 Germans, refugees and exiles from West Prussia, Posen and Eastern Upper Silesia;

100,000 Germans from Russia and the Baltics.

The countries in question never took stock of the grave consequences of these facts. Brave voices raised here and there were stifled by the wave of blinding hatred of anything German. In those lands the showing of hatred for Germany seemed to have become a way to demonstrate character and good citizenship, in keeping with the international or rather “European” political standard. Not troubled in the least by the various critics, the victorious powers continued to regard their “treaty” as a means by which to conduct their general anti-German policy. Germany remained weak, dismembered, strife-torn, isolated from foreign affairs, economically ruined and under constant military threat from her neighbours. Danzig, Posen-West Prussia, Upper Silesia and Eastern Silesia, Memel, the Saarland, Sudetenland, Hultschin, Eupen-Malmedy, North-Schleswig, South Tyrol and Alsace-Lorraine*) – the “treaty” had stripped Germany of all these territories, turning them into detonators of conflict along her borders that made a reconciliation between the German nation and her neighbours still more difficult, if not impossible.

Indeed, a coalition of hostile European states could be mustered against Germany at any given moment. Adolf Hitler declared in a speech to the Reichstag on 17 May 1933:

“The hopes of restoring an international conception of justice have been dashed by the [Versailles] Treaty for, in order to justify all the measures of this diktat, the Allies had to brand Germany with the mark of guilt [for the war]. This procedure is both simplistic and impracticable. In future, the guilt for a conflict will always be borne by the defeated since the winners are always able to impose their own diagnosis. This practice leads thus to a dreadful result, because it gave them a reason for changing a balance of power as existing at the end of that war into a permanent legal fixture. Thus the concept of victor and vanquished became officially the foundation of a new international legal and social order.”

It took until the year 1958 before Europeans learned of the, hitherto solitary, appearance of some form of self-criticism emanating from official Paris:

“The full burden of the [Versailles] Treaty fell on Britain and France and the newly created states in Eastern Europe that could scarcely manage their own prob-

lems. The victors were neither strong enough to impose their will upon the vanquished, nor magnanimous enough to seek reconciliation with them. In spite of the idealistic internationalism of Geneva, no constructive European policy came about and so constant use was made of stopgap measures in order to maintain a dubious balance of power. The entire tragic nature of the period between the two World Wars is expressed in the failure of the League of Nations. Germany above all had cause to assume a suspicious attitude towards an organization that was based on the coalition of the victors. France had attempted to impose coercive measures on a vanquished Germany. By such means, Germany was driven to despair but France gained nothing... .. the creation of 'successor-states' that relied upon the 'right to selfdetermination', provided no satisfactory solution, for in practice that right was accorded only to certain majority nations...The creation of thousands of kilometres of new borderlines in Central and Eastern Europe solved none of the region's economic problems. On the contrary..."

Let us repeat these thoughts with all urgency:

1. The States in Eastern Europe, newly created by Versailles, could scarcely manage their own problems.
2. The winners of Versailles were not magnanimous enough to attempt reconciliation with the defeated nations.
3. The League of Nations was unable to establish a constructive European policy.
4. Versailles created a new and precarious balance of power.
5. This doubtful balance of power was to be preserved according to the will of the League of Nations.
6. Germany was driven to despair by France's forcible measures.
7. The right to self-determination was reserved for only certain nations.

However, such an admission was too late and in any case, had no effect. Those statesmen, who had led the big battle against Imperial Germany in order to stamp out "the tyranny and the international anarchy", would not lift a finger to give a worthy democratic government in Germany an honest chance, once they had defeated Germany. Violence and international anarchy were thus the prospects for the future – at a time when nobody spoke of Hitler. And so Versailles has become the birthplace of National-Socialism. An American historian, who admits to "heartily disliking this Hitler", wrote:

"It is obvious that the revelations in the Nuremberg documents concerning Hitler's design for aggression are merely the last chapter in a long and a depressing book that began at Versailles."

8.15 Concealing the History of World War I

Long before World War I, revolutionaries led an assault against the Russian Empire. The czar responded but instead of exile to Siberia, Russian authorities deported at least 5,000 revolutionaries and terrorists, many of which fled to Paris. These dissidents, who may have included people like Avetis Nazarbekian and Mariam Vardanian, had more freedom in the West to carry out their subversive revolutionary actions against Imperial Russia. In 1883, to counter this activity, the Russian Imperial Police opened an office in Paris known as the Okhranka or Agentura. Okhranka's foreign bureau was composed of agents, double agents, and agent provocateurs who gathered information on the revolutionaries.

In March 1917, after the Bolsheviks overthrew the regime, they concentrated on their enemies within the Okhranka, and organized a committee to investigate czarist officials in St. Petersburg, Moscow, Warsaw, and Paris in order to prosecute them. Basil Maklakov, the last Russian Ambassador to France, closed his Paris office and boxed up its contents and placed the Okhranka files in sixteen 500-pound packing crates. The Bolsheviks seized power from the Provisional Government in November. France repudiated Moscow's new government until 1924. In 1925, the Bolsheviks sought these vital, very revealing records. Maklakov claimed to have burnt them. Christian A. Herter, an associate of Hoover's American Relief Administration (1919-1923) had a house in Paris. Maklakov coaxed Herter to stash the records there until they could get them to America. Once in the US officials transferred them to the Hoover Institution at Stanford University.

Maklakov, justifiably fearful of retaliation from the Cheka, asked that the officials conceal the records until after his death which occurred in 1957, in Switzerland. He maintained contact with the Hoover Institution which would finally open the packing crates on October 28, 1957. A team would spend five years organizing and cataloguing a vast collection containing 206 boxes, 26 scrapbooks, 164,000 cards, and thousands of photographs, all available on 509 reels of microfilm. This collection includes files and photos of Stalin, Molotov, and Trotsky.

The winners write the history according to the unspoken but understood policies of the American Historical Association. Many influential tax-exempt foundations fund that association. Court historians regularly overlook historical facts in favor of the official version. These official guidelines for reporting history have been in place for over a century. The Eastern Establishment governs what is acceptable—in textbooks, magazines, or any other major publications targeted for libraries. The same provisions apply to the American Economic Association, the American Chemical Society, the American Psychological Association, and other prominent institutions which successfully control and manipulate society. In mid-1918, Hoover acquired the assistance of General John J. Pershing, the commanding general of the American Expeditionary Forces (AEF) in his food distribution organization. Beginning in 1919,

Hoover, with General Pershing's help, recruited at least 1,500 trusted officers from the US Army and the Supreme Economic Council and sent them throughout Europe to gather documents, in addition to the Okhranka records mentioned above. All of these records would comprise, by 1922, the Hoover War Collection. On February 5, 1921, The New York Times reported that Hoover, from Stanford University's first graduating class and one of its Trustees, presented the school with a collection of secret Bolshevik documents with descriptions of their initial organizational plans, along with records from other European countries. One agent acquired many Bolshevik records for \$200. These items joined a collection of 375,000 volumes and data already deposited in the university's library. The library already had more than 6,000 volumes "of court documents covering the complete official and secret proceedings of the Kaiser's war preparations and his wartime conduct of the German Empire, every record, in fact, except those of the Grand Military Headquarters itself." When Hoover began his "relief" efforts in Europe, he recognized the value of "original documents" to future historians and had agents scouring Europe for them. They evidently knew exactly what they were seeking and had been given ample funds to purchase documents.

The CFR formalized a historical blackout to circumvent any conscientious journalists who challenged the government's cover story, the official version, after World War II, and actually write about the realities of the war as many had done after World War I. The tax-exempt Rockefeller Foundation would later allot \$139,000 for a three-volume set of the history of World War II. Harry Elmer Barnes wrote, "The readjustment of historical writing to historical facts relative to the background and causes of the First World War, what is popularly known in the historical craft as 'Revisionism' was the most important development in historiography during the decade of the 1920s." The cowardly writers who wished to remain in "the profession remained true to the mythology of the war decade."

In 1924, Bernard Baruch reportedly financed Maxwell L. Schuster and Dick Simon to form Simon and Schuster. Following World War II, just before the huge media and Hollywood emphasis on the Holocaust, William L. Shirer, worked for Edward R. Murrow, the European manager of Columbia Broadcasting System (CBS). Shirer, a corporate journalist and a Jew, provided the news coverage, or the official version, during and immediately after the war. Similarly, Hoover, with the help of leading military leaders had subsequently collected and camouflaged the real history of World War I. Simon and Schuster published Shirer's 1,200-page tome, *The Rise and Fall of the Third Reich, a History of Nazi Germany*, the source of much of the later rhetoric regarding Hitler and Germany. The concealment of historical events, in addition to the printed word, also applies to other media. When broadcast radio began in November 1920, the airwave spectrum, according to official theories, was in short supply. Consequently, they licensed and regulated this public commodity. People who had a political or religious message, or those with a product or service

to sell, wanted airtime. By 1922, there were 576 stations licensed by the Secretary of Commerce, Herbert Hoover (1921-1928). By 1925, churches or religious groups owned sixty-three stations. The Commerce Department sponsored a series of conferences for major broadcasters. At the first meeting, a Westinghouse representative complained to Hoover that certain inferior stations, according to him, lacked substance and recommended that only preferred people be allowed to broadcast with a limit of 12-15 stations.

Hoover, as Commerce Secretary, was responsible for The Radio Act of 1927, which placed the responsibility of licensing and regulating (censoring) all the nation's radio stations in the hands of the federal government. That 1927 act established the Federal Radio Commission (FRC), which, in 1929, issued a set of guidelines. Accordingly, a station was to accommodate the "tastes, needs and desires of all substantial groups among the listening public . . . in some fair proportion, by a well-rounded program, in which entertainment, consisting of music of both classical and lighter grades, religion, education and instruction, important public events, discussions of public questions, weather, market reports, and news, and matters of interest to all members of the family." Broadcasters began acting as public trustees and evidently people naïvely assumed that broadcasters would never violate that trust. The Communications Act of 1934 established the Federal Communications Commission (FCC) that began operating on July 11, 1934 with seven commissioners appointed by the President and confirmed by the Senate. Officials changed this to five in 1983.

British and American publishers and broadcasters who receive the most press coverage, airtime, and accolades consistently suppress the truth. Skeptical authors, in both countries, rarely, if ever, get a manuscript published if it is contrary to official opinions. Despite the number of schools, libraries and books, there is a huge decline in the population's knowledge and understanding. The literacy statistics in America and Britain substantiate the fact that, with the increase of technology and laborsaving gadgets, allowing more discretionary time, people are more prone to believe trendy popularized, personable talking heads sponsored by multinational media corporations than their own perceptions, derived from personal examination of authentic alternative sources.

According to the official version of any event, a political assassination, a terrorist act, an airplane crash, or any other extraordinary occurrence, it can never be the result of a premeditated conspiracy. To avoid speculative questions and popular dissent, the talking heads at the government-licensed network news shows immediately and authoritatively report, within minutes of any tragedy, that the event was not the result of a conspiracy. Typically, the government sanctions an investigative commission stacked with individuals who always support the government's version of any event. Writers, who perpetuate the government's official story, are in essence, participants in a vile conspiracy, which is by definition an agreement between persons to deceive, mislead, or defraud others. Fabricating fraudulent reasons to send individuals into

wars where they kill total strangers at the government's behest, while risking their lives and emotional well-being is the epitome of deception. The government creates and maintains more conspiracies than any other entity while deceiving and plundering millions of taxpayers. The government and their media cohorts have the power to consistently control and sustain the cover story of every event and all circumstances. The rewriting of history and the dissemination of disinformation is rampant.

In 1946, the Rockefeller Foundation, a huge sponsor of the CFR, functioning like a government agency, issued a report. It included the following statement, "The Committee on Studies of the Council on Foreign Relations is concerned that the debunking journalistic campaign following World War I should not be repeated and believes that the American public deserves a clear and competent statement of our basic aims and activities during the second World War."

Just exactly who creates some of these false histories? One such group might be the Carnegie Endowment. According to their Annual Report of the Secretary, the Trustees at the Carnegie Endowment, on the day after the attack on Pearl Harbor, following their precedent from 1917, offered its services, equipment and personnel to the US Government. Since then, it devotes its efforts and assistance, in large part, to various government agencies in dealing with international business incident to warfare and in preparing useful materials for the post-war reconstruction of peace. It also offers such services to agents of other UN-associated governments with offices located in Washington. The Endowment's Washington offices are located close to the White House and the State Department and are a busy center of information, guidance, and advice by personal visits and interviews, by telephone, and by mail. It also assisted organizations such as the Institute of Pacific Relations, the Commission to Study the Organization of Peace, the American Society of International Law, the Inter-American Bar Association and the Section of International Law of the American Bar Association.

CBS Corporation owns Showtime, formerly known as Viacom, which it reorganized on December 31, 2005 to create a mega media trust. Sumner Murray Redstone (born Sumner Murray Rothstein) owns seventy percent of its voting stock. He obtained an exclusive contract with the Smithsonian Institute, an educational and research institute. Taxpayers fund the institution with about \$800 million a year. Effective January 1, 2006, the Smithsonian restricted access to its archives and its scientists to Redstone's Showtime Network. Prior to this exclusive contract, all filmmakers relied on the vast holdings of the archives to produce accurate historical pieces. Millions of viewers now view history according to Showtime's version of history. Showtime has full access to millions of historical documents, films, photographs and thousands of hours of recordings unavailable anywhere else in the world. One has to obtain permission from Showtime, the Smithsonian's new collaborator, to access these resources.

9. Post War Era

9.1 The International Socialist Movement

The international Socialist movement was both a product of the nineteenth century and a revulsion against it. It was rooted in some of the characteristics of the century, such as its industrialism, its optimism, its belief in progress, its humanitarianism, its scientific materialism, and its democracy, but it was in revolt against its *laissez faire*, its middleclass domination, its nationalism, its urban slums, and its emphasis on the price-profit system as the dominant factor in all human values. This does not mean that all Socialists had the same beliefs or that these beliefs did not change with the passing years. On the contrary, there were almost as many different kinds of Socialism as there were Socialists, and the beliefs categorized under this term changed from year to year and from country to country. Industrialism, especially in its early years, brought with it social and economic conditions which were admittedly horrible. Human beings were brought together around factories to form great new cities which were sordid and unsanitary. In many cases, these persons were reduced to conditions of animality which shock the imagination. Crowded together in want and disease, with no leisure and no security, completely dependent on a weekly wage which was less than a pittance, they worked twelve to fifteen hours a day for six days in the week among dusty and dangerous machines with no protection against inevitable accidents, disease, or old age, and returned at night to crowded rooms without adequate food and lacking light, fresh air, heat, pure water, or sanitation.

These conditions have been described for us in the writings of novelists such as Dickens in England, Hugo or Zola in France, in the reports of parliamentary committees such as the Sadler Committee of 1832 or Lord Ashley's Committee in 1842, and in numerous private studies like *In Darkest England* by General William Booth of the Salvation Army. Just at the end of the century, private scientific studies of these conditions began to appear in England, led by Charles Booth's *Life and Labour of the People in London* or B. Seebohm Rowntree's *Poverty, a Study of l own Life*. The Socialist movement was a reaction against these deplorable conditions of the working masses. It has been customary to divide this movement into two parts at the year 1848, the earlier part being called "the period of the Utopian Socialists" while the later part has been called "the period of scientific Socialism." The dividing line between the two parts is marked by the publication in 1848 of *The Communist Manifesto* of Karl Marx and Friedrich Engels. This work, which began with the ominous sentence, "A spectre is haunting Europe—the spectre of Communism," and ended with the trumpet blast, "Workers of the world, unite!" is generally regarded as the seed from which developed, in the twentieth century, Russian Bolshevism and

Stalinism. Such a view is undoubtedly an oversimplification, for the development of Socialist ideology is full of twists and turns and might well have grown along quite different paths if the history of the movement itself had been different.

The history of the Socialist movement may be divided into three periods associated with the three Socialist Internationals. The First International lasted from 1864 to 1876 and was as much anarchistic as Socialistic. It was finally disrupted by the controversies of these two groups. The Second International was the Socialist International, founded in 1889. This became increasingly conservative and was disrupted by the Communists during World War I. The Third, or Communist, International was organized in 1919 by dissident elements from the Second International. As a result of the controversies of these three movements, the whole anticapitalist ideology, which began as a confused revolt against the economic and social conditions of industrialism in 1848, became sorted out into four chief schools. These schools became increasingly doctrinaire and increasingly bitter in their relationships. The basic division within the Socialist movement after 1848 was between those who wished to abolish or reduce the functions of the state and those who wished to increase these functions by giving economic activities to the state. The former division came in time to include the anarchists and the syndicalists, while the latter division came to include the Socialists and the Communists. In general the former division believed that man was innately good and that all coercive power was bad, with public authority the worst form of such coercive power. All of the world's evil, according to the anarchists, arose because man's innate goodness was corrupted and distorted by coercive power. The remedy, they felt, was to destroy the state. This would lead to the disappearance of all other forms of coercive power and to the liberation of the innate goodness of man. The simplest way to destroy the state, they felt, would be to assassinate the chief of the state; this would act as a spark to ignite a wholesale uprising of oppressed humanity against all forms of coercive power. These views led to numerous assassinations of various political leaders, including a king of Italy and a president of the United States, in the period 1895- 1905.

Syndicalism was a somewhat more realistic and later version of anarchism. It was equally determined to abolish all public authority, but did not rely on the innate goodness of individuals for the continuance of social life. Rather it aimed to replace public authority by voluntary associations of individuals to supply the companionship and management of social life which, according to these thinkers, the state had so signally failed to provide. The chief of such voluntary associations replacing the state would be labor unions. According to the syndicalists, the state was to be destroyed, not by the assassination of individual heads of states, but by a general strike of the workers organized in labor unions. Such a strike would give the workers a powerful esprit de corps based on a sense of their power and solidarity. By making all forms of coercion impossible, the general strike would destroy the state and replace it by a flexible federation of free associations of workers (syndicates). Anarchism's

most vigorous proponent was the Russian exile Michael Bakunin (1814-1876). His doctrines had considerable appeal in Russia itself, but in western Europe they were widely accepted only in Spain, especially Barcelona, and in parts of Italy where economic and psychological conditions were somewhat similar to those in Russia. Syndicalism flourished in the same areas at a later date, although its chief theorists were French, led by Georges Sorel (1847-1922).

The second group of radical social theorists was fundamentally opposed to the anarcho-syndicalists, although this fact was recognized only gradually. This second group wished to widen the power and scope of governments by giving them a dominant role in economic life. In the course of time, the confusions within this second group began to sort themselves out, and the group divided into two chief schools: the Socialists and the Communists. These two schools were further apart in organization and in their activities than they were in their theories, because the Socialists became increasingly moderate and even conservative in their activities, while remaining relatively revolutionary in their theories. However, as their theories gradually followed their activities in the direction of moderation, in the period of the Second International (1889-1919), violent controversies arose between those who pretended to remain loyal to the revolutionary ideas of Karl Marx and those who wished to revise these ideas in a more moderate direction to adapt them to what they considered to be changing social and economic conditions. The strict interpreters of Karl Marx came to be known as Communists, while the more moderate revisionist group came to be known as Socialists. The rivalries of the two groups ultimately disrupted the Second International as well as the labor movement as a whole, so that anti-labor regimes were able to come to power in much of Europe in the period 1918-1939. This disruption and failure of the working-class movement is one of the chief factors in European history in the twentieth century and, accordingly, requires at least a brief survey of its nature and background.

The ideas of Karl Marx (1818-1883) and of his associate Friedrich Engels (1820- 1895) were published in the Communist Manifesto of 1848 and in their three-volume opus, *Das Kapital* (1867-1894). Although they were aroused by the deplorable conditions of the European working classes under industrialism, the chief sources of the ideas themselves were to be found in the idealism of Hegel, the materialism of the ancient Greek atomists (especially Democritus), and the theories of the English classical economists (especially Ricardo). Marx derived from Hegel what has come to be known as the "historical dialectic." This theory maintained that all historical events were the result of a struggle between opposing forces which ultimately merged to create a situation which was different from either. Any existing organization of society or of ideas (thesis) calls forth, in time, an opposition (anti-thesis). These two struggle with each other and give rise to the events of history, until finally the two fuse into a new organization (synthesis). This synthesis in turn becomes established as a new thesis to a new opposition or antithesis, and the struggle continues, as

history continues. A chief element in Marxist theory was the economic interpretation of history. According to this view, the economic organization of any society was the basic aspect of that society, since all other aspects, such as political, social, intellectual, or religious, reflected the organization and powers of the economic level.

From Ricardo, Marx derived the theory that the value of economic goods was based on the amount of labor put into them. Applying this idea to industrial society where labor obtains wages which reflect only part of the value of the product they are making, Marx decided that labor was being exploited. Such exploitation was possible, he believed, because the working classes did not own the “instruments of production“ (that is, factories, land, and tools) but had allowed these, by legal chicanery, to fall into the hands of the possessing classes. In this way, the capitalistic system of production had divided society into two antithetical classes: the bourgeoisie who owned the instruments of production and the proletariat who lived from selling their labor. The proletariat, however, were robbed of part of their product by the fact that their wages represented only a portion of the value of their labor, the “surplus value“ of which they were deprived going to the bourgeoisie as profits. The bourgeoisie were able to maintain this exploitative system because the economic, social, intellectual, and religious portions of society reflected the exploitative nature of the economic system. The money which the bourgeoisie took from the proletariat in the economic system made it possible for them to dominate the political system (including the police and the army), the social system (including family life and education), as well as the religious system and the intellectual aspects of society (including the arts, literature, philosophy, and all the avenues of publicity for these). From these three concepts of the historical dialectic, economic determinism, and the labor theory of value, Marx built up a complicated theory of past and future history. He believed that “all history is the history of class struggles.“ Just as in antiquity, history was concerned with the struggles of free men and slaves or of plebians and patricians, so, in the Middle Ages, it was concerned with the struggles of serfs and lords, and, in modern times, with the struggles of proletariat and bourgeoisie. Each privileged group arises from opposition to an earlier privileged group, plays its necessary role in historical progress, and is, in time, successfully challenged by those it has been exploiting. Thus the bourgeoisie rose from exploited serfs to challenge successfully the older privileged group of feudal lords and moved into a period of bourgeois supremacy in which it contributed to history a fully capitalized industrial society but will be challenged, in its turn, by the rising power of the laboring masses.

To Marx, the revolution of the proletariat was not only inevitable but would inevitably be successful, and would give rise to an entirely new society with a proletariat system of government, social life, intellectual patterns, and religious organization. The “inevitable revolution“ must lead to an “inevitable victory of the proletariat“ because the privileged position of the bourgeoisie allowed them to practice a merciless exploitation of the proletariat, pressing these laboring masses downward to a

level of bare subsistence, because labor, having become nothing but a commodity for sale for wages in the competitive market, would naturally fall to the level which would just allow the necessary supply of labor to survive. From such exploitation, the bourgeoisie would become richer and richer and fewer and fewer in numbers, and acquire ownership of all property in the society while the proletariat would become poorer and poorer and more and more numerous and be driven closer and closer to desperation. Eventually, the bourgeoisie would become so few and the proletariat would become so numerous that the latter could rise up in their wrath and take over the instruments of production and thus control of the whole society.

According to this theory, the “inevitable revolution“ would occur in the most advanced industrial country because only after a long period of industrialism would the revolutionary situation become acute and would the society itself be equipped with factories able to support a Socialist system. Once the revolution has taken place, there will be established a “dictatorship of the proletariat“ during which the political, social, military, intellectual, and religious aspects of society will be transformed in a Socialist fashion. At the end of this period, full Socialism will be established, the state will disappear, and a “classless society“ will come into existence. At this point history will end. This rather surprising conclusion to the historical process would occur because Marx had defined history as the process of class struggle and had defined the state as the instrument of class exploitation. Since, in the Socialist state, there will be no exploitation and thus no classes, there will be no class struggles and no need for a state.

In 1889, after the First International had been disrupted by the controversies between anarchists and Socialists, a Second International had been formed by the Socialists. This group retained its allegiance to Marxist theory for a considerable period, but even from the beginning Socialist actions did not follow Marxist theory. This divergence arose from the fact that Marxist theory did not provide a realistic or workable picture of social and economic developments. It had no real provision for labor unions, for workers' political parties, for bourgeois reformers, for rising standards of living, or for nationalism, yet these became, after Marx's death, the dominant concerns of the working class. Accordingly, the labor unions and the Social-Democratic political parties which they dominated became reformist rather than revolutionary groups. They were supported by upper-class groups with humanitarian or religious motivations, with the result that the conditions of life and of work among the laboring classes were raised to a higher level, at first slowly and reluctantly, but, in time, with increasing rapidity. So long as industry itself remained competitive, the struggle between industrialists and labor remained intense, because any success which the workers in one factory might achieve in improving their wage levels or their working conditions would raise the costs of their employer and injure his competitive position with respect to other employers. But as industrialists combined together after 1890 to reduce competition among themselves by regulating their prices and production,

and as labor unions combined together into associations covering many factories and even whole industries, the struggle between capital and labor became less intense because any concessions made to labor would affect all capitalists in the same activity equally and could be covered simply by raising the price of the product of all factories to the final consumers.

In fact, the picture which Marx had drawn of more and more numerous workers reduced to lower and lower standards of living by fewer and fewer exploitative capitalists proved to be completely erroneous in the more advanced industrial countries in the twentieth century. Instead, what occurred could be pictured as a cooperative effort by unionized workers and monopolized industry to exploit unorganized consumers by raising prices higher and higher to provide both higher wages and higher profits. This whole process was advanced by the actions of governments which imposed such reforms as eight-hour days, minimum-wage laws, or compulsory accident, old age, and retirement insurance on whole industries at once. As a consequence, the workers did not become worse off but became much better off with the advance of industrialism in the twentieth century. This tendency toward rising standards of living also revealed another Marxist error. Marx had missed the real essence of the Industrial Revolution. He tended to find this in the complete separation of labor from ownership of tools and the reduction of labor to nothing but a commodity in the market. The real essence of industrialism was to be found in the application of nonhuman energy, such as that from coal, oil, or waterpower, to production. This process increased man's ability to make goods, and did so to an amazing degree. But mass production could exist only if it were followed by mass consumption and rising standards of living. Moreover, it must lead, in the long run, to a decreasing demand for hand labor and an increasing demand for highly trained technicians who are managers rather than laborers. And, in the longer run, this process would give rise to a productive system of such a high level of technical complexity that it could no longer be run by the owners but would have to be run by technically trained managers. Moreover, the use of the corporate form of industrial organization as a means for bringing the savings of the many into the control of a few by sales of securities to wider and wider groups of investors (including both managerial and laboring groups) would lead to a separation of management from ownership and to a great increase in the number of owners.

All these developments were quite contrary to the expectations of Karl Marx. Where he had expected impoverishment of the masses and concentration of ownership, with a great increase in the number of workers and a great decrease in the number of owners, with a gradual elimination of the middle class, there occurred instead (in highly industrialized countries) rising standards of living, dispersal of ownership, a relative decrease in the numbers of laborers, and a great increase in the middle classes. In the long run, under the impact of graduated income taxes and inheritance taxes, ... the great problem of advanced industrial societies became ... the exploitation of unorga-

nized consumers (of the professional and lower-middle-class levels) by unionized labor and monopolized managers acting in concert. The influence of these last two groups on the state in an advanced industrial country also served to increase their ability to obtain what they wished from society as a whole. As a consequence of all these influences, the revolutionary spirit did not continue to advance with the advance of industrialism, as Marx had expected, but began to decrease, with the result that the more advanced industrial countries became less and less revolutionary. Moreover, what revolutionary spirit did exist in advanced industrial countries was not to be found, as Marx had expected, among the laboring population but among the lower middle class (so-called "petty bourgeoisie"). The average bank clerk, architect's draftsman, or schoolteacher was unorganized, found himself oppressed by organized labor, monopolized industry, and the growing power of the state, and found himself caught in the spiral of rising costs resulting from the efforts of his three oppressors to push the costs of social welfare and steady profits on to the unorganized consumer. The petty bourgeois found that he wore a white collar, had a better education, was expected to maintain more expensive standards of personal appearance and living conditions, but received a lower income than unionized labor. As a consequence of all this, the revolutionary feeling existing in advanced industrial countries appeared among the petty bourgeoisie rather than among the proletariat, and was accompanied by psychopathic overtones arising from the suppressed resentments and social insecurities of this group. But these dangerous and even explosive feelings among the petty bourgeoisie took an anti-revolutionary rather than a revolutionary form and appeared as nationalistic, anti-Semitic, anti-democratic, and anti-labor-union movements rather than as antibourgeois or anticapitalist movements such as Marx had expected.

Unfortunately, as economic and social developments in advanced industrial countries moved in the un-Marxian directions we have mentioned, the unionized laborers and their Social Democratic political parties continued to accept the Marxist ideology or at least to utter the old Marxist war cries of "Down with the capitalists!" or "Long live the revolution" or "Workers of the world, unite!" Since the Marxist ideology and the Marxist war cries were more easily observed than the social realities they served to conceal, especially when labor leaders sought all publicity for what they said and profound secrecy for what they did, many capitalists, some workers, and almost all outsiders missed the new developments completely and continued to believe that a workers' revolution was just around the corner. All this served to distort and to confuse people's minds and people's actions in much of the twentieth century. The areas in which such confusions became of great significance were in regard to the class struggle and to nationalism. We have pointed out that the class struggles between capitalists and the laboring masses were of great importance in the early stages of industrialism. In these early stages the productive process was more dependent on hand labor and less dependent on elaborate equipment than it became later. Moreover, in these early stages, labor was unorganized (and thus competitive),

while capitalists were un-monopolized (and thus competitive). As the process of industrialization advanced, however, wages became a decreasing portion of productive costs, and other costs, especially the costs of equipment for mass production, for the technical management required by such equipment, and for the advertising and merchandising costs required for mass consumption, became more and more important. All of these things made planning of increasing significance in the productive process. Such planning made it necessary to reduce the number of uncontrolled factors in the productive process to a minimum while seeking to control as many of these factors as possible. An industry which had hundreds of millions of dollars (or even billions) in equipment and plant, as did the steel industry, automobiles, chemicals, or electrical utilities, had to be able to plan, in advance, the rate and the amount of usage that equipment would receive. This need led to monopoly, which was, essentially, an effort to control both prices and sales by removing competition from the market. Once such competition had been removed from the market, or substantially reduced, it became both possible and helpful for labor to be unionized.

Unionized labor helped planning by providing fixed wages for a fixed period into the future and by providing a better trained as well as a more highly disciplined labor force. Moreover, unionized labor helped planning by establishing the same wages, conditions, hours (and thus costs) on an industry-wide basis. In this way unionized labor and monopolized industry ceased to be enemies, and became partners in a planning project centered on a very expensive and complex technological plant. The class struggle in Marxian terms largely disappeared. The one exception was that, in a planned industry, the managerial staff could compare wage costs with fixed capital costs and might decide, to the resentment of labor, to replace a certain amount of labor by a certain amount of new machinery. Labor tended to resent this and to oppose it unless consulted on the problem. The net result was that rationalization of production continued, and advanced industrialized countries continued to advance in spite of the contrary influence of the monopolization of industry which made it possible, to some extent, for obsolete factories to survive because of decreased market competition. The effects of nationalism on the Socialist movement was of even greater significance. Indeed, it was so important that it disrupted the Second International in 1914-1919. Marx had insisted that all the proletariat had common interests and should form a common front and not fall victim to nationalism, which he tended to regard as capitalistic propaganda, seeking, like religion, to divert the workers from their legitimate aims of opposition to capitalism. The Socialist movement generally accepted Marx's analysis of this situation for a long time, arguing that workers of all countries were brothers and should join together in opposition to the capitalist class and the capitalist state. The Marxian slogans calling on the workers of the world to form a common front continued to be shouted even when modern nationalism had made deep inroads on the outlook of all workers. The spread of universal education in advanced industrial countries tended to spread the nationalist point of view among the working classes. The international Socialist movements

could do little to reverse or hamper this development. These movements continued to propagate the internationalist ideology of international Socialism, but it became more and more remote from the lives of the average worker. The Social Democratic parties in most countries continued to embrace the international point of view and to insist that the workers would oppose any war between capitalist states by refusing to pay taxes to support such wars or to bear arms themselves against their “brother workers” in foreign countries.

How unrealistic all this talk was became quite clear in 1914 when the workers of all countries, with a few exceptions, supported their own governments in the First World War. In most countries only a small minority of the Socialists continued to resist the war, to refuse to pay taxes, or to serve in the armed forces, or continued to agitate for social revolution rather than for victory. This minority, chiefly among the Germans and Russians, became the nucleus of the Third, or Communist, International which was formed under Russian leadership in 1919. The Left-wing minority who became the Communists refused to support the war efforts of their various countries, not because they were pacifists as the Socialists were but because they were anti-nationalist. They were not eager to stop the war as the Socialists were, but wished it to continue in the hope that it would destroy existing economic, social, and political life and provide an opportunity for the rise of revolutionary regimes. Moreover, they did not care who won the war, as the Socialists did, but were willing to see their own countries defeated if such a defeat would serve to bring a Communist regime to power. The leader of this radical group of violent dissident Socialists was a Russian conspirator, Vladimir Ilich Ulyanov, better known as Lenin (1870-1924). Although he expressed his point of view frequently and loudly during the war, it must be confessed that his support, even among extremely violent Socialists, was microscopic. Nevertheless, the fortunes of war served to bring this man to power in Russia in November 1917, as the leader of a Communist regime.

9.2 The Bolshevik Revolution, 1917

Friedrich Adler, who assassinated Austrian Prime Minister Karl von Sturgkh, on October 21, 1916, maintained contact “with the masonic leader Rothschild.” Austrian Viktor Adler, father of Friedrich, warned Leon Trotsky, who was then exiled in Vienna that the authorities were going to capture him the next day, so he fled to Switzerland. Lenin stayed in Switzerland until March 1917. Ultimately, Trotsky arrived in New York City in January 1917, where he collaborated with Jacob H. Schiff, who ensconced him in an apartment and provided him with a chauffeur-driven limousine. After Trotsky had gathered a group of 300 Marxist revolutionaries from Manhattan’s Lower East Side, Rockefeller allowed them to train in the Standard Oil compound in New Jersey. Then, they sailed from New York on the S.S. *Kristiani-afjord*, chartered by Schiff, who also supplied Trotsky with \$20 million in gold. It was

a paltry sum to acquire control of Russia and her vast natural resources. Rockefeller gave Trotsky \$10,000 for traveling expenses and arranged a special passport for him with President Woodrow Wilson.

Trotsky joined Vladimir Lenin, Joseph Stalin, Lazar Kaganovich, and Maxim Litvinov (Meyer H. Wallakh) for a strategy meeting in Switzerland before going to Russia. At the Congress of Vienna, officials guaranteed perpetual neutrality, to Switzerland, in the heart of Europe, due to the Rothschild's meticulous long-range planning. Industrialists, bankers, and politicians supported the Bolsheviks. On April, 2, 1917, President Wilson said ". . . Assurance has been added to our hope for the future peace of the world by the wonderful and heartening things that have been happening in the last few weeks in Russia . . . Here is a fit partner for a League of Honor." US State Department records document that National City Bank, controlled by Stillman and Rockefeller interests, and the Guaranty Trust, controlled by Morgan interests, both provided substantial loans to belligerent Russia before America entered World War I on April 6, 1917. The State Department told the banks that the loans were contrary to international law. However, they conducted the loan negotiations through official US government communications facilities, and the State Department allowed the message transference.

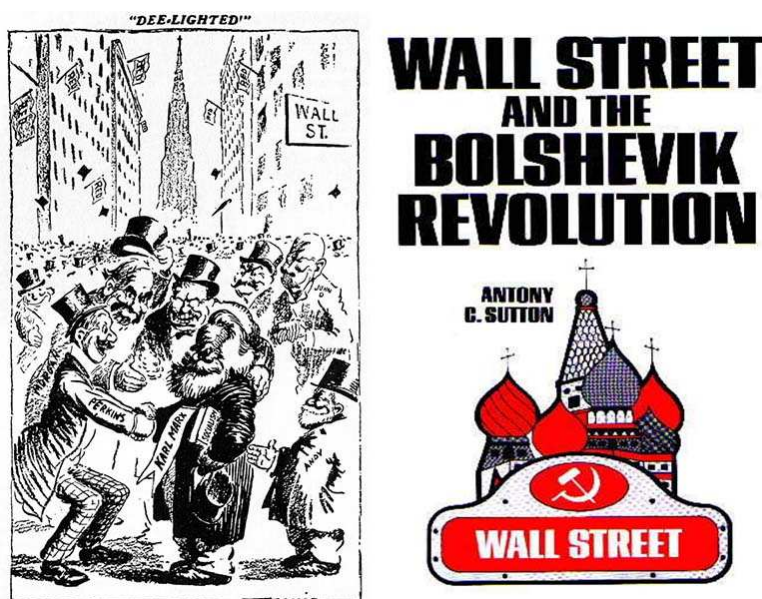


Figure 9.1: The cartoon on the left by Robert Minor appeared in the St. Louis Post-Dispatch in 1911. It shows Karl Marx surrounded by enthusiastic Wall Street financiers: Morgan partner George Perkins, J.P. Morgan, John Ryan of National City Bank, John D. Rockefeller and Andrew Carnegie. Immediately behind Marx is Teddy Roosevelt, leader of the Progressive Party.

On April 13, 1917, officials waylaid the ship in Halifax and they arrested Trotsky. People had warned Canadian officials that Trotsky would halt Russia's participation in the war, which would free up the German armies who would then attack Canadian

troops on the Western Front. Prime Minister David Lloyd George (1916-1922) cabled them and ordered the immediate release of Trotsky. They ignored him. John D. Rockefeller then directed Canadian Minister Mackenzie King to intervene, and he maneuvered Trotsky's release. In April 1917, after nine years, Lenin was returning to Russia to join Trotsky, the person with the connections to the bankers. Germany did not anticipate that Lenin, with perhaps 200 followers, could challenge their enemy, Russia. Lenin arrived at the Russian frontier in a sealed train from Switzerland. Trotsky arrived from the United States a while later. Kurt Riezler was the conduit for German subsidies to the Bolsheviks and negotiated with Lenin's agents, Karl Radek, and Alexander Parvus. Riezler later claimed that it was his idea to transport Lenin in the sealed train from Zurich, through Germany to Russia. A few Germans considered supporting Stalin, as they believed they could influence him more than Lenin could. They wanted to destroy both Lenin and Stalin without destroying Russia. The Germans had two objectives, 1) get Lenin to end Russia's participation in the war, and 2) eliminate Lenin and his revolutionary goals. However, Lenin was incredibly deceptive. While he played along with them, he implemented his revolution, and he intended to manipulate them and then turn against them.

To allay the fears of his colleagues, Alexander Kerensky claimed that Lenin was a German agent to discredit him. The patriots in the Duma said, "The very fact that Lenin came back via Germany will harm his prestige to such an extent that there will be nothing more to fear from him." Lenin expected such an indictment and so, before boarding the German train, he asked others to attest to his credentials. Paul Levi, a Jewish political leader, a member of the Social Democratic Party (SPD), along with Rosa Luxemburg, who kept kosher, and Karl Liebknecht verified Lenin's legitimacy as a Marxist. One person wrote, "The Russian internationalists who are now leaving for Russia to serve the revolution will be helping us by fostering uprisings among the proletarians of other countries, particularly those of Germany and Austria, against their own governments." Lenin requested the writer of that endorsement to add the reference to Germany and Austria to refute the claim that he was a German agent.

German bankers, through their agents, gave Lenin money before he boarded the train. Lenin exploited everyone for his own objectives, one of which was to destroy imperial Germany, after he had seized power in Russia. In September 1917, Schiff gave Trotsky funds through the Warburg Bank, his correspondent in Stockholm, which managed Trotsky's account. While the bankers invested in Lenin and Trotsky's revolutionary activities, they did not anticipate getting revolutions in their own countries. If certain German and Jewish bankers had not given Lenin millions of dollars, his revolution and plans for world subversion would have failed. With Lenin, it was always the ends justify the means. Max Warburg, the head of the German Secret Service, allowed Lenin's train with \$20 million in gold to cross the border on its way to Russia. The bankers and industrialists did not espouse the Marxist ideology but recognized that it is the ultimate monopoly for controlling the government, the

monetary system and all property. Less than ten percent of the population had imposed a dictatorship on the rest of the country. The occupants of Lenin's train, of the 165 names published, twenty-three were Russian, three were Georgian, four were Armenian, one was a German, and 128 were Jewish.

Henry P. Davison, as Chairman of the War Council of the American Red Cross, assisted the Bolsheviks by sending food. Davison, who helped found the Bankers Trust Company, was a senior partner at J.P. Morgan & Company, and participated in the meeting on Jekyll Island in 1910, where plotters devised the creation of the Federal Reserve. The contrived reason for the revolution was that starving Russian workers revolted against the oppressive czarist regime. However, the Bolsheviks manipulated the workers just as revolutionaries in France, exploited the destitute workers during the French Revolution. Prior to the Bolshevik revolt, Russia had become a producer in the world's oil market. Thomas D. Thacher (S&B), whose brother worked for Henry L. Stimson (S&B), was a partner in the Wall Street law firm of Simpson, Thacher & Bartlett. He represented the Soviet State Bank and assisted the Soviets to circumvent the law with the government's full cooperation. People at the Equitable Trust Building, 120 Broadway, in New York City, home of numerous firms, including the American International Corporation, developed the plan to participate in the brewing revolution. Thacher's 1917 memorandum, in consultation with Alfred Harmsworth, Lord Northcliffe, in London, called for assistance to the Bolsheviks. Thacher, who had visited Russia with William B. Thompson's Red Cross Mission, called for official recognition of the Soviet government. Because the Bolsheviks only controlled a small portion of the huge country, they required military and financial assistance to conquer the rest of the country.

Thacher thought that the United States should keep Japan out of Siberia, while giving assistance to the Soviets to build an army. He suggested that the Allied forces supply moral support to the Russian people in their political choices. Further, they should make every effort to maintain peace between Germany and the Soviet Union, until the inevitable conflict, in order to allow the Soviets to expand technologically and commercially. The Soviets would be unable to develop their natural resources without western assistance. The czar had rejected Rockefeller's help in developing the country's vast oil resources after Alphonse Rothschild died. President Woodrow Wilson sent US troops, under General William S. Graves to secure the Trans-Siberian Railroad for which the Soviets were grateful. Guaranty Trust and Brown Brothers saw a profitable opportunity with the Bolshevik Revolution, for which they supplied cash, guns, ammunition, and discreet political support from London, Washington, DC, and Paris, which gave minimal support. International bankers often finance both sides to incur major indebtedness. By their lending policies, the bankers decide which nation will be victorious. They loan the predetermined loser nation(s) enough money to participate but insufficient funds for a victory. Meanwhile, the banks lend the inevitable victor plenty of money with the understanding that the winner will

honor the debts of the defeated countries, via the victor's seizure of the vanquished nation's natural and manufactured assets. The bankers invariably win while nations, even victorious nations, mount up unpayable debt and squander their people in warfare.



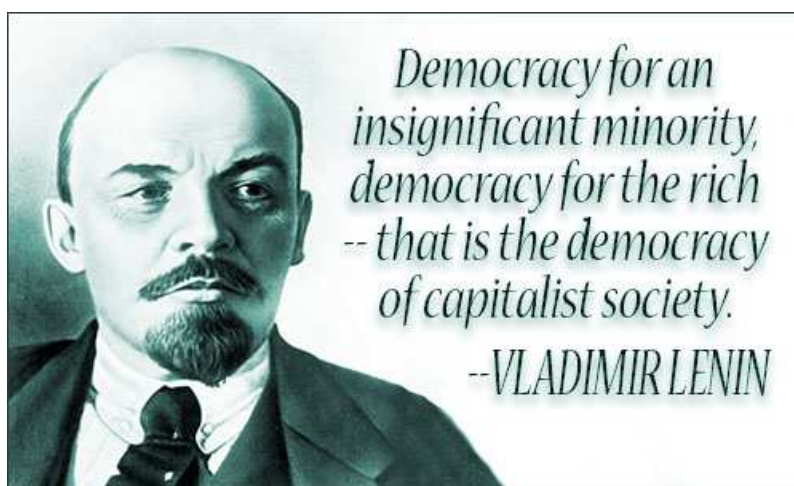
Figure 9.2: Bolshevik propaganda and Lenin speaking to the masses.

Catherine Breshkovsky, the so-called Grandmother of the Russian Revolution, wrote to President Wilson, “A widespread education is necessary to make Russia an orderly democracy. We plan to bring this education to the soldier in the camp, to the workman in the factory, to the peasant in the village.” Further, they could only maintain a democracy in Russian by militarily defeating and overthrowing Germany. She maintained that a free Russia could not survive if the people were untrained, unprepared and uneducated for governmental responsibilities, especially with Germany as “her next door neighbor.” Thompson reiterated, “Russia would become speedily the greatest war prize the world has even known.” In March 1918, President Wilson sent a telegram addressed to the Soviet Congress which read, “Let me take the opportunity on the occasion of this Soviet gathering to express the sincere sympathy felt by the American people for the Russian People. The American people are heartily with the Russian people in its determination to be forever free of autocratic government and to be master of its own destiny.” Wilson sent Elihu Root to Russia with \$100 million from his Special Emergency War Fund to prop up the faltering Bolshevik regime. The evidence of Kuhn, Loeb and Company’s support in the establishment of Communism is extensive. After their victory, the Bolsheviks transferred 600 million rubles in gold between the years 1918 and 1922, to Kuhn, Loeb.

American Jews such as the Warburg family funded Lenin and Trotsky. Armand Hammer, son of Russian-born Jewish immigrants, Julius and Rose (Lipshitz) Hammer, whose parents named him after the arm and hammer symbol of the Socialist Labor Party of America (SLP), was a Bolshevik agent. He later assisted in the formation of the American Communist Party, and advocated support for the Bolsheviks. In 1921, Armand Hammer went to the Soviet Union and stayed until late

1930. Jews were deeply involved in the revolution to destroy the czar and Christian Russia. Some individuals claim that British freemasons directed the B'nai B'rith in their installation of the Bolsheviks to destroy the possibility of a Eurasian alliance among France, Germany, Russia, Japan, and China, which would jeopardize British economic and geopolitical objectives. Germany, in the late 1800s, won a concession to build the Baghdad to Berlin railway, which would decrease Britain's importance as the dominate power.

On November 30, 1918, Trotsky addressed the Petrograd Soviet during which he spoke of two Americans with close connections to Wall Street, probably Thompson and Raymond Robins, a mining promoter. New York Federal Reserve Bank director (1914-1919), Thompson, left Petrograd on December 4, 1918, two days after he cabled a request for \$1 million to Morgan. The three key Soviet financiers were Thompson, Thomas W. Lamont, and Charles R. Crane (King Crane Commission). Without the help of J. Pierpont Morgan, and the Guaranty Trust Company, the Bolshevik Revolution would have failed as it did in 1905. Jacques Attali, the Jewish historian, academician and freemason, author of *The Jews, the World, and the Money*, confirmed in the magazine *L'Express* that the Jews invented capitalism. The Jews also developed state capitalism, which is communism, two diabolical systems that have caused the death of millions. Elizabeth Dilling wrote, "Marxism, Socialism, or Communism in practice are nothing but state-capitalism and rule by a privileged minority, exercising despotic and total control over a majority having virtually no property or legal rights."



As long as currency creation, with its inherent debt structure, remains in the hands of the families that funded communism, the United States will never escape from the tyranny of the international money cabal. Experts say this about every country in which a central bank controls the currency and credit. The control of a nation's currency must be in the hands of the people who labor, not by those who seize the products of their labors. Communism, under other names, exists in every country, particularly the United States, and has been since the secretive, private Federal

Reserve was established.

From the Book “The Creature of Jekyll Island“ we learn:

The top Communist leaders have never been as hostile to their counterparts in the West, as the rhetoric suggests. They are quite friendly to the world’s leading financiers and have worked closely with them, when it suits their purposes. As we shall see in the following section, the Bolshevik revolution actually was financed by wealthy financiers in London and New York. Lenin and Trotsky were on the closest of terms with these moneyed interests both before and after the Revolution. Those hidden liaisons have continued to this day and occasionally pop to the surface, when we discover a David Rockefeller holding confidential meetings with a Mikhail Gorbachev in the absence of government sponsorship or diplomatic purpose.

Masquerade in Moscow

One of the greatest myths of contemporary history is that the Bolshevik Revolution in Russia was a popular uprising of the downtrodden masses against the hated ruling class of the Tsars. As we shall see, however, the planning, the leadership and especially the financing came entirely from outside Russia, mostly from financiers in Germany, Britain and the United States. Furthermore we shall see, that the Rothschild Formula played a major role in shaping these events. This amazing story begins with the war between Russia and Japan in 1904. Jacob Schiff, who was head of the New York investment firm Kuhn, Loeb and Company, had raised the capital for large war loans to Japan. It was due to this funding that the Japanese were able to launch a stunning attack against the Russians at Port Arthur and the following year to virtually decimate the Russian fleet. In 1905 the Mikado awarded Jacob Schiff a medal, the Second Order of the Treasure of Japan, in recognition of his important role in that campaign.

During the two years of hostilities thousands of Russian soldiers and sailors were taken as prisoners. Sources outside of Russia, which were hostile to the Tsarist regime, paid for the printing of Marxist propaganda and had it delivered to the prison camps. Russian-speaking revolutionaries were trained in New York and sent to distribute the pamphlets among the prisoners and to indoctrinate them into rebellion against their own government. When the war was ended, these officers and enlisted men returned home to become virtual seeds of treason against the Tsar. They were to play a major role a few years later in creating mutiny among the military during the Communist takeover of Russia.

Trotsky was a multiple Agent

One of the best known Russian revolutionaries at that time was Leon Trotsky. In January of 1916 Trotsky was expelled from France and came to the United States. It has been claimed that his expenses were paid by Jacob Schiff. There is no documentation to substantiate that claim, but the circumstantial evidence does point to a wealthy donor in New York. He remained for several months, while writing for a Russian socialist paper, the *Novy Mir* (New World) and giving revolutionary speeches at mass meetings in New York City. According to Trotsky himself, on many occasions a chauffeured limousine was placed at his service by a wealthy friend, identified as Dr. M. In his book, *My Life*, Trotsky wrote:

The doctor's wife took my wife and the boys out driving and was very kind to them. But she was a mere mortal, whereas the chauffeur was a magician, a titan, a superman! With the wave of his hand he made the machine obey his slightest command. To sit beside him was the supreme delight. When they went into a tea room, the boys would anxiously demand of their mother, "Why doesn't the chauffeur come in?" (Leon Trotsky: *My Life*, New York publisher: Scribner's, 1930, p. 277)

It must have been a curious sight to see the family of the great socialist radical, defender of the working class, enemy of capitalism, enjoying the pleasures of tea rooms and chauffeurs, the very symbols of capitalist luxury. On March 23, 1917 a mass meeting was held at Carnegie Hall to celebrate the abdication of Nicolas II, which meant the overthrow of Tsarist rule in Russia. Thousands of socialists, Marxists, nihilists and anarchists attended to cheer the event. The following day there was published on page two of the *New York Times* a telegram from Jacob Schiff, which had been read to this audience. He expressed regrets, that he could not attend and then described the successful Russian revolution as "...what we had hoped and striven for these long years". (Mayor Calls Pacifists Traitors, *The New York Times*, March 24, 1917, p. 2)

In the February 3, 1949 issue of the *New York Journal America* Schiff's grandson, John, was quoted by columnist Cholly Knickerbocker as saying that his grandfather had given about \$20 million for the triumph of Communism in Russia. (To appraise Schiff's motives for supporting the Bolsheviks, we must remember, that he was a Jew and that Russian Jews had been persecuted under the Tsarist regime. Consequently the Jewish community in America was inclined to support any movement, which sought to topple the Russian government and the Bolsheviks were excellent candidates for the task. As we shall see further along, however, there were also strong financial incentives for Wall Street firms, such as Kuhn, Loeb and Company, of which Schiff was a senior partner, to see the old regime fall into the hands of revolutionaries, who would agree to grant lucrative business concessions in the future in return for financial support today.)

When Trotsky returned to Petrograd in May of 1917 to organize the Bolshevik phase

of the Russian Revolution, he carried \$10,000 for travel expenses, a generously ample fund considering the value of the dollar at that time. Trotsky was arrested by Canadian and British naval personnel, when the ship, on which he was traveling, the S.S. Kristianiafjord, put in at Halifax. The money in his possession is now a matter of official record. The source of that money has been the focus of much speculation, but the evidence strongly suggests, that its origin was the German government. It was a sound investment.



Figure 9.3: Propaganda vs. Reality: Lenin speaking to the Bourgeois.

Trotsky was not arrested on a whim. He was recognized as a threat to the best interests of England, Canada's mother country in the British Commonwealth. Russia was an ally of England in the First World War, which then was raging in Europe. Anything, that would weaken Russia - and that certainly included internal revolution - would be, in effect, to strengthen Germany and weaken England. In New York on the night before his departure Trotsky had given a speech, in which he said: "I am going back to Russia to overthrow the provisional government and stop the war with Germany." (A full report on this meeting had been submitted to the U.S. Military Intelligence. See Senate Document No. 62, 66th Congress, Report and Hearings of the Subcommittee on the Judiciary, United States Senate, 1919, Vol. II, p. 2680.) Trotsky therefore represented a real threat to England's war effort. He was arrested as a German agent and taken as a prisoner of war.

With this in mind we can appreciate the great strength of those mysterious forces both in England and the United States, that intervened on Trotsky's behalf. Immediately telegrams began to come into Halifax from such divergent sources, as an obscure attorney in New York City, from the Canadian Deputy Postmaster-General and even from a high-ranking British military officer, all inquiring into Trotsky's situation and urging his immediate release. The head of the British Secret Service

in America at the time was Sir William Wiseman, who, as fate would have it, occupied the apartment directly above the apartment of Edward Mandell House and who had become fast friends with him. House advised Wiseman, that President Wilson wished to have Trotsky released. Wiseman advised his government and the British Admiralty issued orders on April 21st, that Trotsky was to be sent on his way. ("Why Did We Let Trotsky Go? How Canada Lost an Opportunity to Shorten the War", MacLeans magazine, Canada, June 1919. Also see Martin, pp. 163-164.) It was a fateful decision, that would affect not only the outcome of the war, but the future of the entire world.

It would be a mistake to conclude, that Jacob Schiff and Germany were the only players in this drama. Trotsky could not have gone even as far as Halifax without having been granted an American passport and this was accomplished by the personal intervention of President Wilson. Professor Antony Sutton says:

President Woodrow Wilson was the fairy godmother, who provided Trotsky with a passport to return to Russia to "carry forward" the revolution... At the same time careful State Department bureaucrats, concerned about such revolutionaries entering Russia, were unilaterally attempting to tighten up passport procedures. (Antony C. Sutton, Ph. D.: Wall Street and the Bolshevik Revolution, published by Arlington House in New Rochelle, NY, 1974, p. 25)

And there were others, as well. In 1911 the St. Louis Dispatch published a cartoon by a Bolshevik named Robert Minor. Minor was later to be arrested in Tsarist Russia for revolutionary activities and in fact was himself bankrolled by famous Wall Street financiers. Since we may safely assume, that he knew his topic well, his cartoon is of great historical importance. It portrays Karl Marx with a book entitled Socialism under his arm, standing amid a cheering crowd on Wall Street. Gathered around and greeting him with enthusiastic handshakes are characters in silk hats identified as John D. Rockefeller, J.P. Morgan, John D. Ryan of National City Bank, Morgan partner George W. Perkins and Teddy Roosevelt, leader of the Progressive Party.

What emerges from this sampling of events is a clear pattern of strong support for Bolshevism coming from the highest financial and political power centers in the United States; from men, who supposedly were "capitalists" and who according to conventional wisdom should have been the mortal enemies of socialism and communism. Nor was this phenomenon confined to the United States. Trotsky in his book *My Life* tells of a British financier, who in 1907 gave him a "large loan" to be repaid after the overthrow of the Tsar. Arsene de Goulevitch, who witnessed the Bolshevik Revolution firsthand, has identified both the name of the financier and the amount of the loan. "In private interviews", he said, "I have been told that over 21 million rubles were spent by Lord [Alfred] Milner in financing the Russian Revolution... The financier just mentioned was by no means alone among the British to support the Russian revolution with large financial donations." Another name specifically mentioned by de Goulevitch was that of Sir George Buchanan, the British Ambassador to

Russia at the time. (See Arsene de Goulevitch: *Czarism and Revolution*, published by Omni Publications in Hawthorne, California, no date; rpt. from 1962 French edition, pp. 224, 230) It was one thing for Americans to undermine Tsarist Russia and thus indirectly help Germany in the war, because Americans were not then into it, but for British citizens to do so was tantamount to treason. To understand, what higher loyalty compelled these men to betray their battlefield ally and to sacrifice the blood of their own countrymen, we must take a look at the unique organization, to which they belonged.

Round Table Agents in Russia

In Russia prior to and during the revolution there were many local observers, tourists and newsmen, who reported, that British and American agents were everywhere, particularly in Petrograd, providing money for insurrection. One report said, for example, that British agents were seen handing out 25-rouble notes to the men at the Pavlovski regiment just a few hours, before it mutinied against its officers and sided with the revolution. The subsequent publication of various memoirs and documents made it clear, that this funding was provided by Milner and channeled through Sir George Buchanan, who was the British Ambassador to Russia at the time. (See de Goulevitch, p. 230) It was a repeat of the ploy, that had worked so well for the cabal many times in the past. Round Table members were once again working both sides of the conflict to weaken and topple a target government. Tsar Nicholas had every reason to believe, that since the British were Russia's allies in the war against Germany, British officials would be the last persons on Earth to conspire against him. Yet the British Ambassador himself represented the hidden group, which was financing the regime's downfall.

The Round Table Agents from America did not have the advantage of using the diplomatic service as cover and therefore had to be considerably more ingenious. They came not as diplomats or even as interested businessmen, but disguised as Red Cross officials on a humanitarian mission. The group consisted almost entirely of financiers, lawyers and accountants from New York banks and investment houses. They simply had overpowered the American Red Cross organization with large contributions and in effect purchased a franchise to operate in its name. Professor Sutton tells us:

The 1910 [Red Cross] fund-raising campaign for \$2 million, for example, was successful only, because it was supported by these wealthy residents of New York City. J.P. Morgan himself contributed \$100,000... Henry P. Davison [a Morgan partner] was chairman of the 1910 New York Fund-Raising Committee and later became chairman of the War Council of the American Red Cross... The Red Cross was unable to cope with the demands of World War I. and in effect was taken over by these New York bankers. (Sutton: *Revolution*, p. 72)

For the duration of the war the Red Cross had been made nominally a part of the

armed forces and subject to orders from the proper military authorities. It was not clear, who these authorities were and in fact there were never any orders, but the arrangement made it possible for the participants to receive military commissions and wear the uniform of American army officers. The entire expense of the Red Cross Mission in Russia, including the purchase of uniforms, was paid for by the man, who was appointed by President Wilson to become its head, "Colonel" William Boyce Thompson. Thompson was a classical specimen of the Round Table network. Having begun his career as a speculator in copper mines, he soon moved into the world of high finance. He

- refinanced the American Woolen Company and the Tobacco Products Company;
- launched the Cuban Cane Sugar Company;
- purchased controlling interest in the Pierce Arrow Motor Car Company;
- organized the Submarine Boat Corporation and the Wright-Martin Aeroplane Company;
- became a director of the Chicago Rock Island & Pacific Railway, the Magma Arizona Railroad and the Metropolitan Life Insurance Company;
- was one of the heaviest stockholders in the Chase National Bank;
- was the agent for J.P. Morgan's British securities operation;
- became the first full-time director of the Federal Reserve Bank of New York, the most important bank in the Federal Reserve System;
- and of course contributed a quarter-million dollars to the Red Cross.

When Thompson arrived in Russia, he made it clear, that he was not your typical Red Cross representative. According to Hermann Hagedorn, Thompson's biographer:

He deliberately created the kind of setting, which would be expected of an American magnate: established himself in a suite in the Hotel de l'Europe, bought a French limousine, went dutifully to receptions and teas and evinced an interest in objects of art. Society and the diplomats, noting that here was a man of parts and power, began to flock about him. He was entertained at the embassies, at the houses of Kerensky's ministers. It was discovered, that he was a collector and those with antiques to sell fluttered around him offering him miniatures, Dresden china, tapestries, even a palace or two. (Hermann Hagedorn: *The Magnate: William Boyce Thompson and His Time*, published by Reynal & Hitchcock, New York, 1935, pp. 192-93)

When Thompson attended the opera, he was given the imperial box. People on the street called him the American Tsar. And it is not surprising, that according to George Kennan, "He was viewed by the Kerensky authorities as the 'real' ambassador of the United States." (George F. Kennan: *Russia Leaves the War: Soviet-American Relations, 1917-1920* published by Princeton University Press in Princeton, NJ, 1956, p. 60) It is now a matter of record, that Thompson syndicated the purchase on Wall Street of Russian bonds in the amount of ten million roubles. (Hagedorn, p. 192) In addition, he gave over two million roubles to Aleksandr Kerensky for propaganda

purposes inside Russia and with J.P. Morgan gave the rouble equivalent of one million dollars to the Bolsheviks for the spreading of revolutionary propaganda outside of Russia, particularly in Germany and Austria. (Sutton: Revolution, pp. 83, 91.) It was the agitation made possible by this funding, that led to the abortive German Spartacus Revolt of 1918. (See article "W.B. Thompson, Red Cross Donor, Believes Party Misrepresented" in the Washington Post of Feb. 2, 1918) A photograph of the cablegram from Morgan to Thompson advising, that the money had been transferred to the National City Bank branch in Petrograd, is included in this book.

An Object Lesson in South Africa

At first it may seem incongruous, that the Morgan group would provide funding for both Kerensky and Lenin. These men may have both been socialist revolutionaries, but they were miles apart in their plans for the future and in fact were bitter competitors for control of the new government. But the tactic of funding both sides in a political contest by then had been refined by members of the Round Table into a fine art. A stunning example of this occurred in South Africa during the outset of the Boer War in 1899.

9.3 Marxist Subversion throughout Europe

By November 1918, every country in Europe was experiencing economic chaos, and the destabilization associated with warfare, just as the Bolshevik criminals intended. On November 24, 1918, Béla Kuhn, a former journalist, a communist politician, and a Bolshevik revolutionary founded the Communist Party of Hungary (KMP) in Budapest. There was rampant inflation, mass unemployment, housing shortages, food and energy shortages, and widespread protests, a highly suitable environment in which to establish socialism. In his early travels, including to Petrograd and Moscow, Kuhn met Vladimir Lenin, who was more to the right than Kuhn. He created an ultraradical left-wing faction in opposition to Lenin, and the conventional Bolsheviks. They endorsed revolutionary offensive by any means possible.

The Bolsheviks declared Bremen, Germany, as a Soviet Republic, which existed from November 1918 to February 1919. On April 6, 1919, they declared a Bavarian Soviet Republic, which lasted until May 3, 1919. They created a Red Army, and established secret police squads to commit terrorist activities against every citizen and to liberate neighboring countries. The Soviet Ukraine waged war on Romania and prepared to march west to meet Soviet Hungary.

Anarchy, hunger, and hardships made every European country vulnerable to communist infiltration as numerous governments collapsed, including the German Empire. As quickly as the Soviets had declared peace, they now declared war, and sent the

Red Army to take over the governments of Estonia (November 29, 1918), Latvia (December 4), Lithuania (December 8). The revolution in Germany would begin at the end of World War I. On December 17, 1918, the Marxists published a manifesto in Riga describing the war-weary vulnerable German Empire as the main target of their immediate assault. Lenin said, "We are at the doorstep of world revolution." Lenin and Trotsky began to construct a World Soviet Socialist Republic, their ultimate goal, by creating communist factions on each continent. They funded this from Russia's gold reserves. The communist ideology stated—the old world must be destroyed and replaced by a new one; this destruction requires gaining political control through any means possible—peaceful, violent, open or secret; the struggle for this new world must unfold on a world scale rather than a national one. Their stated philosophy is, "The interests of the World Revolution are more important than the interests of individual countries."



After World War I, Jewish-led revolutionary movements peopled by the propagandized poverty-stricken working classes swept across war-torn Europe. On March 4, 1919, at a Congress in Moscow, Lenin and Trotsky devised the Communist International, or Comintern, with the objective of creating a World Soviet Socialist Republic. According to official Hungarian documents, Bolshevism in Hungary was a Judaea-Masonic movement. On March 21, 1919, communists established the Hungarian Soviet Republic. The new government had numerous freemasons headed by Hungarian Béla Kuhn. The Hungarian Commissariat consisted of twenty-six, eighteen of who were Jewish. Kuhn's new Hungarian Soviet Republic promised equality and social justice. It only lasted until August 6, 1919, collapsing when Romanian forces occupied Budapest during the Hungarian-Romanian War. Officials created the Kingdom of Hungary after the Romanian Army withdrew.

On March 24, 1919, the communist infiltrators seized control of the government buildings in Hamburg. In other industrialized cities in central Germany, they sequestered court buildings, municipal buildings, banks, and police headquarters. Their official

newspaper, *Die Rote Fahne* advocated a general revolution. Despite their success and their propaganda efforts, their revolution failed to achieve their objectives. 1610 On June 20, 1919, members of the Hungarian Red Army entered Slovakia and declared the Slovak Soviet Republic. The Communist Party of Russia, with all of the confiscated gold reserves of Russia, financed the activities of the Marxist regimes in other countries. Comintern officials at the Kremlin made the decisions, and the Soviet secret police enforced them. They eliminated those who opposed the tyrannical central control. On August 5, 1919, Trotsky issued a memo stating, "The road to Paris and London lies through the cities of Afghanistan, Punjab, and Bengal." On March 6, 1920, Lenin said, "Victory will be ensured in the not-too distant future." Lenin prepared to invade India. Trotsky thought it essential to have an Asian command center from which to conduct a revolution in India, in conjunction with, and support of local revolutionaries. While the Bolsheviks wanted to immediately initiate another world war, the Russians were engaged in a civil war (1918-1919). Because they were expending the nation's resources on fighting against dissident Russians, they were unable to initiate another world war. Moreover, Trotsky and Lenin could not send financing to the communist leaders they had installed in Central European countries nor could they send the Red Army to Germany.

On July 23, 1920, Lenin cabled Stalin, who was at the Polish front, "Situation in Comintern is outstanding. Zinoviev (Grigory), Bukharin (Nikolai), and I think that it would be proper to encourage a revolution in Italy. My personal opinion is that to do so, Hungary has to be sovietized, possibly along with Czechoslovakia and Rumania." Lenin told some French delegates in the Comintern congress, "Yes, the Soviet troops are in Warsaw. Soon, Germany will be ours. We will conquer Hungary again; the Balkans will rise against capitalism. Italy will tremble. Bourgeois Europe is crackling at the seams in the storm." While the Bolshevik slaughter in Russia horrified the Christian world, others, especially in Europe, viewed it as heroic.

In 1920, hundreds of communist agitators entered a disheartened, economically ruined Germany, the perfect crisis environment to emphasize class struggle, and provoke a revolution against the status quo. In March 1920, about twelve million workers participated in a strike. On December 6, 1920, Lenin said that in order to have soviet communist world dominion or "victory of socialism all over the world," that they would have to incite the conflicts and contradictions between the capitalist states, to let them exhaust themselves fighting each other. On December 30, 1922, in Moscow, the Bolsheviks created the Union of Soviet Socialist Republics with the implications that there were no geographic limitations but rather worldwide with global image on its coat of arms. Their first target was Germany. They had a regular commission just to concentrate on Germany composed of the top leadership—Trotsky, Stalin, Zinoviev, Nikolai Bukharin (Moshe Pinkhus-Dolgolevsky), and Karl Radek. Stalin, who had taken over the party from Lenin, felt that it was imperative that they conceal the fact that the Bolsheviks in the USSR had instigated and dictated the

circumstances of the revolution in Germany which they planned for November 9, 1923.

In almost every nation, the Comintern helped to establish communist parties, all dictated by policies from Moscow. For the most part, delegates from the various nations representing communist parties were trade union members, members of legislative bodies, and other government officials. Communists engaged in open terrorism, and assassinations, followed by coup d'état and infiltration of existing governments. Their ideology advocates the following:

- 1) They must destroy the old world and build a new one in its place.
- 2) To do that, it is necessary to gain political power which requires using all measures, ranging from the most peaceful to the most violent, from the most open to the most secretive.
- 3) They must impose a new world on a world scale. "The interests of the World Revolution are more important than the interests of individual countries."

Marxist Infiltration in Germany

The Social Democratic Party of Germany (SPD), the strongest party in Germany, steadily increased in membership, from 384,327 in 1906 to 1,085,905 by 1914. In 1912, it had 110 seats in the Reichstag, the German parliament. Trade unions were also very strong. In 1892, at least 237,000 workers belonged to a union. The number grew to 2,600,000 by 1912. When Russia declared war on Germany, needing funds for defense, Germany attempted to borrow money from Wall Street, but found that the international financial markets excluded her. However, they funded France and Britain's warfare. Germany resorted to domestic borrowing, mainly from institutions and large corporations. Thus the Reichstag passed a series of war credits (bonds). On August 4, 1914, Friedrich Ebert, August Bebel's successor as SPD co-chairman, and other party members, like Karl Liebknecht, supported these bonds to finance Germany in World War I, despite the party's supposed anti-war position. These bonds only covered two-thirds of the costs and carried interest, a growing expense which required further resources to pay.

In 1915, the SPD advocated German participation in World War I. The avid Marxists who dominated the SPD tried to legitimize their support of the war in the Reichstag. Heinrich Cunow, Paul Lensch, and Konrad Haenisch led this group, individuals who were close to Alexander Parvus, a wealthy Jewish revolutionary, who had joined the SPD by 1886. In early 1915, Franz Mehring, sympathetic to the Bolsheviks, and their October Revolution, and Rosa Luxemburg, a Polish Jew, edited and published the magazine *Die Internationale*. She, Liebknecht, Clara Zetkin, and others, officially founded the anti-war Spartacus League on January 1, 1915. They quietly funded a conference in Berlin to attract a growing number of like-minded people. Meanwhile,

they worked to instigate strikes. There had been none between August and December 1914. However, in 1915, about 13,000 workers participated in 140 strikes. On May 1, 1916 (a communist holiday), Luxemburg and Liebknecht organized an anti-war demonstration, with 10,000 workers in Berlin. In June, in Berlin, 55,000 munitions workers went on strike. Concurrently, strikes erupted in Bremen and Braunschweig. In 1916, there were 125,000 workers who participated in 240 strikes.

In January 1917, given their success instigating strikes and demonstrations, Luxemburg, Liebknecht and Haase left the SPD and founded the anti-war Independent Social Democratic Party of Germany (USPD). Kautsky, whose wife was close to Luxemburg, soon left the SPD and joined them. After the November revolution in Germany, Kautsky would become the under-secretary of State in the Foreign Office where he would attempt to find documents proving Germany's war guilt. Author Fritz Fischer purportedly discovered secret archival documents long after the war. He described the September Plan in two books, claiming that Germany had expansionary goals, its alleged goals for going to war, the claim that Kautsky had made in 1915. Over the winter, the food situation worsened and by March 1917, the government had to decrease bread rations. From January through April of 1917, more than 400,000 workers were involved in more strikes than had taken place in the previous year. In April 1917, decreased bread rations ignited another wave of strikes. In Berlin, over 300,000 workers refused to work, demanded peace, the release of all political prisoners, and more food. As a result of the strikes of April 1917, and January 1918, the USPD instituted the office of Revolutionary Shop Stewards whose stewards would maintain regular connections to the USPD and play a big part in the strikes. By mid-1917, Matthias Erzberger, of the Centre Party, began opposing the war which, with the concurrent strikes, seriously undermined military morale. He authored the Peace Resolutions that the Reichstag adopted on July 17, 1917, seeking a negotiated peace. In October 1918, he would become Secretary of State after he helped oust Chancellor Bethmann-Hollweg.

The German army was slowly losing ground, not because of Allied strength but to the undermining actions of officials. General Erich Ludendorff blamed the government and certain civilians for the military surrender and the subsequent armistice, claiming they withheld support. Additionally, Vladimir Lenin's Marxist agitators had infiltrated the unions and had waged a relentless drive of subversion and sabotage. Officials arrested some of them and found incriminating documents. Jewish managers provided considerable funds to Liebknecht and Luxemburg to conduct espionage activities in order to instigate an insurrection. Over 70,010 Jews were among Russia's communist leadership and they made certain to disseminate a majority of Jewish agents throughout Europe.

While they were negotiating for peace in Brest-Litovsk, February- March 1918, the Bolsheviks in St. Petersburg published 500,000 inflammatory copies of *Die Fackel* (The Torch) for distribution in German. This subversion facilitated instability while



German Revolution of 1918-19

Soldiers posing with a captured revolutionary, May 1919

Date: 4 November 1918 – 11 August 1919 (9 months and 1 week)

Location: Germany

Result: Weimar Republic government victory

Belligerents

- Communist Party
- Bavarian Soviet Republic
- Spartacus League
- Free Workers' Union
- German Empire
- Imperial German Army
- German Reich
- Reichswehr
- Freikorps
- Stahlhelm

Commanders and leaders

- Rosa Luxemburg †
- Hugo Haase †
- Leo Jogiches †
- Hugo Preuß
- Kurt Eisner †
- Karl Radek
- Karl Liebknecht †
- Ernst Toller
- Otto Landsberg
- Paul Hirsch
- Georg Gradnauer
- Gustav Landauer †
- Eugen Levine †
- Erich Ludendorff

ALL JEWISH

Poland

Luxemburg was born to a Jewish family in Zamość on 5 March 1871, in Russian-controlled Congress Poland. being bedridden with a hip ailment at the age of five, she was left with a permanent limp.^[4]

Biography

Haase was born in Allenstein (Olsztyn), Province of Prussia, the son of Jewish shoemaker and small businessman.

Leo(n) Jogiches (17 July 1867 – 10 March 1919), also known by his party name of **Leon Tyszka** (*Tyska, Tyshko, Tyshka*) was a Lithuanian Jewish Marxist revolutionary active in Lithuania, Poland, and Germany.

Hugo Preuß (28 October 1860 – 9 October 1925) was a German lawyer and liberal politician. Due to Preuß's Jewish heritage.

Kurt Eisner was born in Berlin at 10:15 p.m. on 14 May 1867 to Emanuel Eisner and Hedwig Levenstein, both Jewish.

Karl Bernhardovic Radek (Russian: Карл Бернгардович Радек) (31 October 1885 – 19 May 1939) was a Marxist active in the Polish and German social democratic movements before World War I and an international Communist leader after the Russian Revolution.

Radek was born in Lemberg, Austria-Hungary (now Lviv in Ukraine), as **Karol Sobelsohn**, to a Jewish family.

Karl Liebknecht (August 13, 1871 - January 15, 1919) was a communist Jew, and lawyer from Germany.

Ernst Toller was born in Samotschin, Province of Posen, Prussia in 1893 into a Jewish family.

Otto Landsberg (December 4, 1869 – December 9, 1957) was a German Jewish jurist and politician.

Paul Hirsch (17 November 1868 - 1 August 1940) German Jews. He was mentioned by name as one of the Jewish politicians who undermined the Weimar Republic

Georg Gradnauer (November 16, 1866 – November 18, 1946)^[1] Being of Jewish extraction^[3]

Gustav Landauer was the second child of Jewish parents Rosa (Neuberger) and Herman Landauer. Leviné was born in St. Petersburg to Jewish parents and educated in Germany. He returned to Russia to participate in the failed Russian Revolution of 1905 against the Tsar.

Erich Mühsam (6 April 1878 – 10 July 1934) was a German-Jewish antimilitarist anarchist

Paul Levi was born 11 March 1883 in Hechingen in Hohenzollern Province into a Jewish middle-class family, joined the Social Democratic Party of Germany (SPD) in 1906. There he became part of the party's left wing together with Rosa Luxemburg and Karl Liebknecht.

Jewish takeover and exploitation of Germany:

Bavarian Soviet Republic
Bayerische Räterepublik

1919

Flag

Anti-racist is a codeword for anti-White



Capital: Munich

Government: Socialist republic

President:
- April 6 – April 12: Ernst Toller
- April 12 – May 3: Eugen Levine

BOTH JEWISH

Figure 9.4: Information about the November-Revolution at the end of World War 1.

German soldiers were fighting a bloody battle in the West. 1629 The Bolsheviks may have procrastinated signing the Brest-Litovsk Treaty to allow their agents more organizational time. Liebknecht, along with Luxemburg, a dedicated Marxist, and a naturalized German citizen, influenced some of the German negotiators to agree with Trotsky. The Marxists sent agitators among the steel workers unions; they were able to organize at least 500,000 workers to go on strike. General Erich Ludendorff, exasperated with this obvious foreign subversion, persuaded the workers to return to work within a week. 1630 Despite the peace treaty, the unethical Marxists still published German language propaganda, and set up additional groups in Germany to exploit war-related political and economic instabilities.

On September 29, 1918, the Supreme Army Command informed Kaiser Wilhelm, at the Imperial Army headquarters in Spa, Belgium, about the military situation with decreased armaments and the numerous uprisings in Berlin and other places. Ludendorff asked for an immediate cease fire and suggested that Germany accept President Wilson's peace terms, which would place the nation on an equal basis with the Allies. On that same day, the Prussian Kingdom assumed its pre-war authority, which lasted until Kaiser Wilhelm's abdication. Henry Cabot Lodge had attacked Wilson's Fourteen Points as unrealistic and too weak, maintaining that

they should militarily and economically demolish Germany, and then burden it with severe penalties to remove all possible future threats to Europe's stability. This sounds strangely similar to the vindictive Morgenthau Plan after World War II. The German Revolution soon erupted, lasting from November 4, 1918 to August 11, 1919.



Figure 9.5: This is how the Revolution was later perceived... justified?

On November 7, 1918, Kurt Eisner, a Jew living in Munich, attended a peace rally in Munich. In front of approximately 60,000 people he demanded the end of the war, the institution of an eight-hour work day, and assistance for the poor and unemployed. He demanded that King Ludwig III, of the Wittelsbach monarchy in Bavaria, and Emperor Wilhelm II relinquish their positions. Eisner wanted to replace them with councils, composed of workers and soldiers. The crowd, swayed by his fervency, marched to the army barracks where they persuaded many of the soldiers to join the revolution. That evening, Ludwig went into exile. On November 8, Eisner proclaimed Bavaria a free state and he became Minister-President of Bavaria. He quickly dissociated himself from the Bolsheviks and other communists. One can only imagine how the German soldiers must have felt, just returning home from war and seeing their country in a Jewish-led communist revolution trying to repeat the Bolshevik-Revolution.

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of the Spartacist League, which would evolve into the Communist Party of Germany (KPD), during a founding congress, December 30, 1918 to January 1, 1919, part of the Comintern. The expertly-trained agents, such as Luxemburg, fomented strikes in vital industries, particularly those related to the war effort. They emboldened civil disorder with rhetoric that challenged people's faith. They promoted contempt and ridicule for political and military leaders. They used rational arguments and emotional slogans that encouraged people to question traditional moral values such as honesty, sobriety, integrity and commitment.

The Kaiser appointed Prince Maximilian of Baden as the new Imperial Chancellor who then announced the abdication of the Kaiser. On November 7, 1918, the prince formed a new government, which included Friedrich Ebert, Philipp Scheidemann, and other top SPD members. The French masonic lodge "Art et Travail in Paris", was a study center for Scheidemann, Lenin, Trotsky, and Béla Kuhn. Recall, that in August 1914, Ebert had led the SPD to unanimously vote for war loans to fight a necessary patriotic war. On November 9, 1918, after the German Revolution erupted, Maximilian relinquished his office to Ebert, the head of the provisional government for the next several months. Maximilian appointed Secretary of State, Matthias Erzberger to represent Germany in the negotiations in the Forest of Compiègne. Scheidemann, who had also been pro-war, proclaimed the Weimar Republic (1919-1933) to replace the imperial form of government, following the Kaiser's abdication. He did this to ostensibly counter Liebknecht's declaration of a Free Socialist Republic. German nationalists referred to Ebert, Erzberger, and Walter Rathenau as November Criminals. Many Germans blamed the civilian government who they say failed to support the army who were undefeated in the field and that Marxists sabotaged and now ruled the country.

Britain and France were war-weary, and had not penetrated Germany's western frontier and had no will to do so. Those nations were ready to capitulate even though the United States had re-supplied them. In the east, Germany had prevailed against Russia and they had signed the Treaty of Brest-Litovsk. Germany was close to winning the war in the West, with the Spring Offensive, which began on March 21, 1918, when they advanced further into enemy territory, before fresh US troops entered the war. The German armies were in France and Belgium in November 1918, when German officials surrendered. Thereafter, the armies withdrew. One of the biggest contributing factors for the surrender was the strikes occurring in the arms industry, which left the military with an insufficient supply of armaments. Further, the West's industrialization of warfare, in addition to the blockades, initiated a radical dehumanizing war that helped to defeat Germany.

German soldiers relinquished their weapons with the understanding that the government arbitrators would devise the peace treaty according to Wilson's Fourteen Points. They felt that the politicians had pressured them into putting down their arms without a legitimate military defeat. The relative ease of a deceptive uncon-

ditional surrender strengthened the conspiratorial relationship of the three major Allies. In addition to a military loss, the Treaty of Versailles would impose further territorial and financial losses. When the new government forced Kaiser Wilhelm to abdicate, the military, under General Paul von Hindenburg, commander-in-chief, relinquished its executive power to the temporary civilian government. Ebert, telegraphed Erzberger, a civilian, authorizing him to sign the Armistice which he did on November 11, 1918, which officially ended the war and led to the Treaty of Versailles. Then, starting in August 1919, as Finance Minister, Erzberger encouraged the parliament to honor the ratification of the Versailles Treaty. He then began making plans toward accruing funds to start reparations payments by forcing through the new measures of taxation. 1635 People would force Erzberger from office in March 1920, and members of the nationalistic Organization Consul murdered him on August 26, 1921, in Bad Griesbach, a spa in the Black Forest. That group also assassinated Rathenau, the Foreign Minister, from February to June 24, 1922.

When the German monarchy fell, influential Jews seized control of the Bavarian government. Hugo Haase was in charge of Foreign affairs. Otto Landsberg, a member of the Weimar National Assembly, was the German Ambassador in Belgium (1920-1923), and was deputy to the Reichstag (1924-1933). Karl Kautsky was the state under-secretary in the Foreign Office under Haase. Oskar Cohn and Joseph Herzfeld were both Haase assistants. The Finance Minister, Eugen Schiffer, was also Jewish, as was Eduard Bernstein, his assistant. Dr. Ludwig Freund, an associate of Sigmund Freud assisted the Minister of the Interior, Hugo Preuß, the main author of the Weimar constitution. 1636 Fritz M. Cohen was the government's publicity agent.

The desperate middle class Germans blamed their economic troubles on the Jews, easily identified with communism because so many of them embraced Marxism. After all, Eisner helped instigate the Bolshevik revolution in Munich. Other Jews collaborated with him—Liebknecht, Luxemburg, who the Bolsheviks had sent to Germany, and Max Lowenberg, Dr. Kurt Rosenfeld, Caspar Wollheim, Max Rothschild, Carl Arnold, Hermann Kranold, Rosenhek, Birnbaum, Reis and Kaiser. Eleven of the most active revolutionaries were freemasons who belonged to a secret lodge located in Munich at No. 51 Briennerstrasse. 1637 De Poncins wrote, "The Jewish preponderance in the German revolutions of 1918 is not less irrefutable; there as elsewhere, they are directors and strategists of the movement. The Soviet Republic of Munich was Jewish; it is sufficient to mention some of the names of leaders: Liebknecht, Rosa Luxemburg, Kurt Eisner and many others." Hugh R. Wilson wrote, "In these conditions anti-Semitism reared its ugly head. Millions of returning soldiers out of a job and desperately searching for one, found the stage, the press, medicine and law crowded with Jews. They saw among the few who had money to splurge, a high proportion of Jews. A number of the leaders of the Demokratische Partei, that fraction of the Reichstag most closely identified with the type of government in power, were Jews. The leaders of the Bolshevik movement in Russia, a movement des-

perately feared in Germany, were Jews. One could sense the spreading resentment and hatred.” 1639 He further wrote, “I remember writing home at the time that if there ever came a reactionary movement, whether military or monarchist, I didn’t dream of a Nazi Party, that movement would be anti-Semitic in character. It has been widely assumed that Adolf Hitler and his followers invented anti-Semitism in Germany. The facts of the case do not bear this out. When Hitler inserted an anti-Semitic plank in his platform, he doubtless was acting in accordance with his own hatred and prejudice. Nevertheless, adroit politician that he is, he was inserting a plank to catch the votes.”

The government and the Freikorps, captured Luxemburg and Liebknecht and some of their supporters. On January 15, 1919, they drowned Luxemburg in the Landwehr Canal in Berlin, thereby making them Marxist martyrs. Violence was pandemic in Munich in the first six months of 1919. On March 7, 1919, Johannes Hoffmann, the leader of the SPD, unsuccessfully attempted to form a coalition government in Bavaria. Then he set up and headed a Social Democratic government, which would only last until April 6, 1919. On that day, Marxists officially proclaimed a Soviet Republic, ruled by USPD members such as Ernst Toller, from a Prussian Jewish family, Gustav Landauer, a Jewish anarchist (grandfather of the television and film director, Mike Nichols), Silvio Gesell, and Erich Mühsam, influenced by Bela Kuhn’s communist regime in Hungary.

On April 12, 1919, the communists seized power and Eugen Leviné, a Russian-born Jew, was the leader of the Bavarian Soviet Republic. He began imposing reforms, organizing a Red Army and confiscating money, food, and expensive apartments. They requisitioned factories and assigned workers to control them. Leviné intended to reform the education system. Lenin directed Leviné to capture and execute certain individuals, but his men refused to kill the hostages. On April 30, Russian soldiers, sent by Lenin, murdered eight men, including Prince Gustav of Thurn and Taxis, and Countess Hella von Westarp. German soldiers returned home following their inexplicable defeat and many joined one of several paramilitary organizations that had sprung up to in an attempt to suppress the communist uprisings. Minister of Defense Gustav Noske, of the SPD, gave considerable support to these military groups. He used them to crush the German Revolution and the Marxist Spartacist League. Leviné’s communist government lasted less than a month. On May 3, 1919, a combined 39,000-member force of loyal members of the German army and the Freikorps arrived in Munich where they engaged in brutal street fighting and finally defeated the communists. During the battle, they killed over 1,000 people who supported the communist government. They arrested and summarily executed approximately 700 men and women. The court also condemned Leviné for treason. The civil conflict resulted in the replacement of Germany’s imperial government with the Weimar Republic on August 11, 1919, when they officially adopted the Weimar Constitution. Following the war and the abolition of the monarchy, Ebert was the

first president of Germany (1919-1925). After he assumed office, the government, the army, and the Freikorps together battled the leftist uprisings, where they killed several leftwing politicians which culminated in the affiliation of the SPD and the Independent Social Democratic Party of Germany (USPD).

Nationalists and former military leaders criticized the unconditional peace stipulations and the Weimar politicians, socialists, communists, and Jews, who they accused of betraying Germany by withdrawing support for the military, criticizing nationalism, instigating unrest and strikes, and finally relinquishing Germany to its enemies. People refer to those responsible as the treasonous November Criminals, many of whom were now functioning in the newly formed Weimar Republic. The newly-established government attempted to address the death and destruction and other chaotic consequences of the war, the lack of infrastructure, the loss of thousands of homes, the absence of food and the starvation afflicting the entire population. It tried to provide unemployment benefits and other assistance to the soldiers who returned home to high unemployment and very little opportunity. The SPD, now part of the struggling republic, and the new Communist Party of Germany (KPD), consisting of former SPD members, became bitter enemies.

In November 1919, the Weimar National Assembly appointed a committee to investigate the causes of the war and Germany's defeat. On November 18, 1919, Paul von Hindenburg testified and referred to an article that appeared in the *Neue Zürcher Zeitung* on December 17, 1918, which cited two other articles, wherein British General Frederick B. Maurice said the civilians betrayed the German army. Communists entered a disheartened, economically ruined Germany, the perfect environment to emphasize class struggle and provoke a further revolution against the status quo. In March 1920, at least 12,000,000 workers initiated a general strike in Germany, a nation about to explode in revolution. The Red Army, now on the move through Poland, in the Polish-Soviet War, February 1919-March 1921, was to expedite that explosive event. General Mikhail Tukhachevsky began an aggressive campaign westward with his forces toward the goal of brutalizing Europe. Later, he became the commander in chief of the Red Army (1925-1928). According to excerpts from order #1423, dated July 2, 1920, regarding the western front, it said, "Fighters of the Workers' Revolution! The fate of the World Revolution will be decided in the West. The path to the world fire lies over the dead body of White (anti-communist) Poland. We will carry happiness and peace on our bayonets to the working people of the world. To the West! To decisive battles and thundering victories."

Tukhachevsky, leading the Soviet invasion of Poland in 1920, failed to understand military strategy, and his opponents, led by Józef Piłsudski, defeated his army outside Warsaw. Tukhachevsky and Stalin blamed each other for their inability to capture Warsaw. Because of this, they had to postpone their revolution in Europe. Tukhachevsky later said, "There can be no doubt that if we had been victorious on the Vistula, the revolutionary fires would have reached the entire continent."

On April 16, 1922, Walther Rathenau, Foreign Minister of the Weimar Republic, negotiated and signed the Treaty of Rapallo, with Georgi Chicherin, the Soviet Foreign Minister, which officials reaffirmed with the Treaty of Berlin, April 24, 1926. The Weimar Republic and Soviet Russia each renounced all territorial and financial claims against each other following the Treaty of Brest-Litovsk and World War I. This new treaty recognized the secret German-Soviet collaboration, starting in 1921, which allowed for Germany's rearmament. Hitler and his associates saw Rathenau as part of the communist conspiracy for his actions.

In 1923, Jews living in Germany acquired financial power through the receipt of funds for investment from rich friends in other countries, including the United States. There was also a huge migration of Jews from the former Austro-Hungarian Empire. Germans viewed all of the Jews coming from the East as invaders, all looking for food and shelter that were unavailable. Some Eastern European Jews participated in the rampant speculation, always a factor with an unstable currency, and a decreased supply of commodities. The Germans resented the Jews, who with their increased power, now benefited from Germany's misfortunes. This Jewish influx resurrected the earlier feelings of Germans who viewed them as trespassers who were not interested in assimilating but remained exclusively separate.

9.4 Communist Infiltration in China

In addition to infiltrating America, the Bolsheviks quickly established a presence in almost every country — England, France, Germany, Belgium, Sweden, Denmark, Switzerland, Austria, Romania, Czechoslovakia, Bulgaria, Greece, and in Asia.

By 1920, Shanghai, the focus of western economic interest, contained the majority of the country's industrial workers and the biggest base of communist support in China. The Chinese Communist Party (CCP), founded in July 1921, dominated Shanghai's municipal government. In 1921, in an attempt to unify China, Dr. Sun, president and generalissimo, met with Henk Sneevliet, of the Comintern, with the objective of establishing a military government in the Guangzhou, Guangdong Province in southern China. To hasten the conquest of the warlords in northern China, he accepted Soviet help and cooperated with local communists after the western powers rejected his requests. The Soviets and the Comintern supervised and, to an extent, financed the Chinese revolutionary movement. In March 1923, the Soviet leaders concluded that they would assist Sun Yat-sen with at least three million rubles channeled through Mikhail Borodin (born Mikhail Gruzenberg), a freemason, another Bolshevik agent in China (1923-1927), to provide the initial funding and operating expenses of the Whampoa Military Academy, according to Louis Fischer, a Borodin confidante. Bliukher's diary indicates that the monthly subsidy totaled 100,000 rubles in November 1924. Additionally, the Soviets sent a valuable shipment

of arms, aboard the Vorovsky, in October 1924 for which they charged the Canton government.

In January 1924, the NP (Nationalist Party) devised an anti-imperialist policy with an emphasis on workers and peasants. At the same time, technical and financial assistance arrived from the Soviet Union. This linked the Chinese NP to the Communist Party. 1935 The NP and the Communist Parties, encouraged and financed by Moscow, worked together in the Kwangtung province, until mid-1926, to create a national revolution. The Soviet Union also assisted Feng Yu-hsiang in building a large military organization in North China beginning in the spring of 1925. The Kuomintang and the Communist Party also collaborated and participated in labor movements among the students in numerous cities such as Shanghai, Hankow, Peking and others. All of these factions joined in the Northern Expedition, which they initiated in July 1926. Investigators, during a raid of the Hoover Institute at Stanford University, found a document in the papers of Jay C. Huston, a US Foreign Service Officer in Peking and Canton in the 1920s. In September 1925, General Vasily K. Bliukher, using the pseudonym "Galen" wrote a report and military plan later discovered in the Central Archives of the Party, Institute of Marxism and Leninism of the Central Committee of the Communist Party of the Soviet Union.

Bliukher was a Soviet military adviser in China (1924-1927), using the name Galen, while he worked at Chiang Kai-Shek's military headquarters where he facilitated the military planning of the Northern Expedition. This inaugurated the Kuomintang unification of China. Chiang permitted Bliukher to "escape" following his anticommunist purge beginning on April 12, 1927. Bliukher taught Lin Biao, pivotal in the communist victory in the Chinese Civil War and later a key figure in the Chinese People's Liberation Army. The intermittent Chinese Civil War, 1927-1936, 1941-1945, 1946-1950, was between the Kuomintang (KMT) or Chinese Nationalist Party, the governing party of the Republic of China, and the Communist Party of China (CPC) over the control of China. This war culminated with the division of the nation into the Republic of China (ROC) and People's Republic of China (PRC). The war began in April 1927, with the Northern Expedition, ending in 1949-1950.

In 1925, Rockefeller founded the Institute of Pacific Relations (IPR) in ten Asian countries. The Rockefeller and Carnegie Foundations financed it while an alliance of Morgan and Rockefeller interests on Wall Street controlled it. Other financing came from Standard Oil, IT&T, Vacuum Oil, Shell Oil, International Business Machines, International General Electric, Time Magazine, J. P. Morgan, National City Bank and Chase National Bank, as well as individuals with Wall Street connections.

The Soviets working in China, despite the growth of the Chinese Communist Party and the Socialist Youth Corps, grew frustrated with the progress of the overall movement. The Party did organize some successful strikes in late 1925 among workers in Hong Kong and Kwangtung farmers. On April 12, 1927, William J. Keswick, a Director of Jardine Matheson and Company (drug smugglers during the Opium

Wars), and a principle of the Extraterritorial International Settlements ordered the Green Gang and Chiang, head of the Nationalist Army, to begin a reign of terror. They purged the leftists and labor activists from Shanghai in what people call the Shanghai Massacre. 1945 They quickly executed 5,000 to 6,000 captives and drove the CCP underground. 1946 Within six months they halted the Chinese communist movement. As many as 25,000 people perished in Shanghai, Nanking, Wusih, Soochow, Changchow, Hangchow, and Canton. 1947 In the 1920s, Chiang, a professional soldier, used the Kuomintang, or NP, a paramilitary organization to implement the Northern Expedition which forcefully integrated southern and central China and created an alliance with the bankers of Shanghai.

On December 1, 1927, Chiang Kai-shek married Soong Mei-Ling although her mother vehemently objected because he was a Buddhist and her American-educated daughter was Christian. Therefore, Chiang converted. Mei-Ling was the daughter of China's wealthiest family and the sister of a Rothschild agent, Soong Tse-ven. On October 10, 1928, the bankers installed Chiang as president of China. After the marriage, Soong presented his sister with his personal mansion. 1950 Chiang would very subtly reveal his new alliances when he inexplicably abandoned Nanking, then the capital of the Republic of China, leaving its vulnerable citizens to endure six weeks of savagery by the invading Japanese in December 1937. Soong Tse-ven had resigned as Finance Minister (1928-1931, 1932- 1933) after failing to raise sufficient money to fight Communism. However, in early June 1932, he agreed to return only if China's government, now desperate, would resort to putting even more effort to growing opium, a profitable cash crop that became the backbone of the Chinese economy, which might resolve China's financial crisis. Consequently, they removed millions of acres from food production. China, short of food, was already struggling to feed its people. Choosing opium over food production caused a genocidal famine that led to the deaths of at least 6,000,000 peasants in four provinces, killing a third of the population in the Shaanxi Province between 1928 and 1933.

9.5 Europe and the World Economy

The structure of world trade prior to 1914 was done by the export of finished goods from Europe in exchange for basic resources from non-European countries (including food). Investments of European Nations in countries which produced basic resources further led to economic growth in Europe, i.e. industrialization. The First World War had also major impact on non-European countries. Europe could no longer export finished goods as well and they also focused on agriculture more to satisfy their needs. The level of export of finished goods did not reach pre-war levels after the war, further damaging the economy of other countries. This also meant that the level of import of basic resources declined. As a result, other countries started to rely on their own finished goods which further reduced European exports. The

following table shows the import of finished products of Argentina, Brazil and India in millions of Dollars (value from 1955):

Year	1899	1913	1929	1937
Argentina	218	744	1064	725
Brazil	174	429	489	372
India	704	1219	1159	796

Another reason for the weakening of Europe's position in world trade was the growing competition of other countries, mostly the United States and Japan. The next table shows the share (in %) of world trade of five countries:

Year	1913	1929	1937
USA	12	21	21
Great Britain	32	22	21
Germany	26	20	16
France	12	12	6
Japan	2	3	10

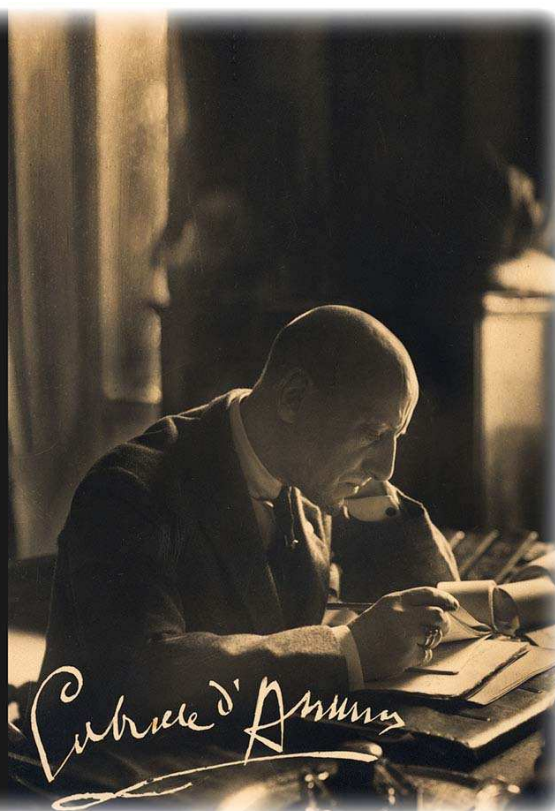
The growing competition by the US and Japan happened during the war when Europe could not longer deliver finished goods to other countries. After the war Japan continued to export cheap textiles while the US could dominate with fast production of goods, especially automobiles (the US exported three times the amount of England, Germany, France and Italy combined in 1929). All this was crippled by the great depression of 1929 which will be mentioned in another chapter. The following table shows the amount of finished goods (in % of total world production) for the world economy. The great powers produced around 80% of all finished goods on the planet at that time.

Year	USA	USSR	Germany	Great Britain	France	Japan	Italy
1929	43.3	5.0	11.1	9.4	6.6	2.5	3.3
1932	31.8	11.5	10.6	10.9	6.9	3.5	3.1
1937	35.1	14.1	11.4	9.2	4.5	3.8	2.9
1938	28.7	17.6	13.2	9.2	4.5	3.8	2.9

One can already see how the US and the USSR became the biggest producers of goods. Had the allies known about the capabilities of the USSR in detail, they might have picked them as a target for war instead of Germany.

“In all of Europe, in the whole world, political power is at the service of high finance and banking, it submits to the abject impositions of thieves and fraudsters working together in legal consortium. Not even in the worst times of barbarism and slave trade were human beings trafficked with such cold cruelty. Nations are put on the market. Public life exists only as a filthy commerce practiced within the confines of sterile institutions and hollow laws.”

— Gabriele D'Annunzio in an address to his Arditi, Fiume d'Italia, 1920



9.6 England

The time between the wars was a time of mass unemployment for Britain and the government had to deal with this to great extent. The following table shows the amount of unemployed people in %.

Year	%	Year	%	Year	%
1921	16.6	1927	9.6	1933	19.8
1922	14.1	1928	10.7	1934	16.6
1923	11.6	1929	10.3	1935	15.3
1924	10.2	1930	15.8	1936	12.2
1925	11.0	1931	21.1	1937	10.6
1926	12.3	1932	21.9	1938	12.6

The reason for this scenario was to continued decline in exports after 1920. The mining of coal reduced from 270 million tons in 1914 to 230 million tons in 1939 and the amount of workers in that sector was reduced from over 1 million to around 700.000. The export of steel was at 2.750.000 tons before the war and just 750.000 tons in 1929, having 38% of all steel-product exports before the war down to 25% in 1936. The areas of economy suffered too due to several reasons. Especially the textile industry shrunk drastically, exporting 576 tons in 1913 and just 135 tons in

1938, while Japan exported 3 tons in 1913 and 234 tons in 1938. At the same time, textile exports from India shrunk by a factor of 4, and China exported 181 tons in 1913 and just 2 tons in 1938.

Britain thought that in order to get the economic problems under control they had to increase their world trade again. The biggest obstacle for that were, in their view, instabilities of the currencies and the resulting distrust between trader and producer. Because of this, Britain pressured France into easing the French demands for reparations from Germany. Britain needed to make sure to keep Germany as a potential export markets, otherwise their economy would decline further. In 1937, British exports only were 60% of what they were in 1929 and the huge unemployment was only handled with the beginning of the war. Similar economic problems could be found in the US, which were also solved with the start of World War 2.

Since Britain won World War 1, they situation was not as bad as in Germany. Still extremist movements were to be found. The Communists had over 40.000 members and a fascist movement started to form under the leadership of Sir Oswald Mosley(a bit more about this later). Several workers unions were created which satisfied the needs of the lower classes and stopped the extremist movements to from becoming a relevant threat. The British union movement was the biggest in the world in the beginning of the 20th Century. Unemployment was easier to handle in Britain compared to the US or Germany.

British Naval Policy

At the end of the First World War Britain had the largest navy in the world. In 1919, Lloyd George's cabinet placed stringent limits on defence expenditure on the planning assumptions that a major war involving UK forces would not occur within ten years. As it required the greatest industrial infrastructure, the ten-year rule hit the Royal Navy particularly hard. With orders for warships at a low level it had an impact on a wide variety of industries - shipbuilding, steel and engineering, as well as specialised manufacturers of guns, ammunition and naval equipment. The political decision to pursue a policy of disarmament by international agreement only made the problems faced by the armed forces, and especially the Navy, even worse.

During the 1920s the limited funds for defence, coupled with the resentment felt by the Army and the Royal Navy in thinking the Royal Air Force had more than its fair share of funds, caused inter-service bureaucratic infighting. The Navy in particular took the loss of its own air service very badly and continually attempted to regain control of naval aviation. The deep cuts in defence spending and the resulting contraction of defence industries had a long-term effect on rearmament. The legacy of limited finance and concentration on the barest of essentials in material and defence thinking would reverberate through the 1930s and into the Second World War.

The goal of international disarmament was preserved in Woodrow Wilson's 14 points and implicit within the League of Nations framework. The first act of international disarmament was the Washington Naval Conference of 1921-1922. The Washington Conference of 1921-1922 set ratios for the number of capital ships of the major powers. For the first time it was agreed that the British Royal Navy and the US Navy have the same number of battleships and battle cruisers. The conference agreed parity between the British and American navies, setting a lower quota of battleships for the Japanese, French and Italian navies. The conference also agreed a ten-year building holiday for major warships and set down the maximum size of battleships, aircraft carriers and cruisers as well as the size of the gun armament. The conference was supposed to be the first of a series of treaties limiting not just navies, but land and air forces too. However, the subsequent conferences never took place so Britain, as the world's predominant naval power, suffered more than a land power such as France. (It should be noted that Germany was the only country which fulfilled their part of the Treaty of Versailles regarding disarmament to the fullest)

With no need to plan for a major global or European conflict for ten years, the armed forces concentrated on imperial policing roles. For the Royal Navy, cruisers were vital for this role, as well as for the defence of trade. In 1927 a further conference in Geneva failed, the difficulty being agreement on the number and size of cruisers needed by Britain for trade defence. Until the early 1930s Anglo-American naval tension continued to simmer. In 1930 the London Naval Conference extended the terms of the Washington conference to 1936 and Britain agreed to reduce the number of cruisers to 50 - against the wishes of the Admiralty, which had a long-established requirement for 70. Finally, the British took the lead in the wide-ranging Geneva Disarmament Conference (1932-1934) that sought land, sea and air reductions. It too was a failure, and its collapse was a spur to Britain's rearmament. The Labour Government in 1930 came to an agreement with other Powers on limitation of cruisers, under which Britain was able to map out and to lay down since 1929 a regular replacement program so that, in comparison with the other cruiser fleets in the world, the British Fleet was not only the largest but the most efficient. Some of those ships were rapidly approaching the over-age position by the mid-1930s, but there was nothing that could not have been met by the ordinary, annual replacement program [but there had not been one]. His Majesty's Fleet, with one brief exception of Invergordon, had been manned by perfectly loyal seamen, marines and stokers for a century. There had been one or two isolated cases of insubordination, but in the 20th Century there had been no concerted attempt to mutiny in the Fleet. Attempts were made by agitators to seduce the seamen of the Royal Navy during the Great War, and without success. It was not in the British Fleet that there was any trouble. The trouble came in the German Navy, and there was a very serious outbreak in the Austrian Navy as well. The British Navy, its members drawn from a nation that was used to liberty, came through without one concerted case of serious insubordination, much less of mutiny, during the whole of the four years of war.



Figure 9.6: British Battleship of the “Royal Sovereign” class.

From 1918 to 1931, nine battleships of the “Queen Elizabeth” and “Royal Sovereign” classes, and the battle cruisers “Renown” and “Repulse,” had been modernised and the “Barham” was in hand in 1931. The main alterations comprised addition of bulges, increase in anti-aircraft armament in some cases, improvements to bridges and tops, and improvements to ventilation and accommodation. Additional armor protection had been fitted in “Renown” and “Repulse.” As late as 1936 the British Fleet was said to be the largest, the most powerful, the most efficient Fleet in the whole world. That remark applied not to this or that category of vessels but to all the categories of vessels in the British Fleet. It applied to the category of capital ships. There were no other two capital ships afloat in the whole world which could match the “Nelson” and the “Rodney.” Taking the actual age and the equipment of the rest of the capital ships, there was nothing in the whole world really comparable with them, outside the United States of America, and the United States had of late years always been ruled out of account as a possible enemy. It is the same with regard to aircraft carriers and their equipment.

In 1936 the British rearmament program began in earnest with increases in budgets. The weapons and equipment developed were to form the backbone of British military capability during the first three years of the Second World War. Naval rearmament was limited from the outset by the disarmament process. Expansion only got underway after 1936. Winston Churchill, the member from Epping, told the Commons on 16 March 1936 “The foundation of British naval policy is the acceptance of the principle of parity with the United States of America, not only in battleships but over the whole range of the Fleet. We are all agreed upon that, and that decision once taken ought to exclude the idea of naval rivalry between the two countries. It certainly ought not to be followed by a meticulous measuring of swords, as it were, at recurring conference tables. The British view is, and has long been, that the, United States Navy, whatever it rely become, is no cause of anxiety to us. On the contrary, many people will feel, and it is no exaggeration to say so, that the stronger the United States Navy becomes, the surer are the foundations of peace throughout the world. I trust, therefore, that the principle of parity which is really the principle

of non-competition, will be interpreted in the most liberal and flexible manner on both sides of the Atlantic, and that the two great branches of the English-speaking peoples will not seek to hamper one another in making whatever may be the best possible arrangements for their respective naval defence.“

By 1937 shipbuilding was at full capacity following the acceleration of the Navy's programs. Any new standard of naval strength was of academic interest only, as it would not be achieved for some years. Even the gain of the Fleet Air arm from RAF control to the Navy was too late to ensure wholesale re-equipment with modern aircraft before the outbreak of war. Adding the new 1939 program to the previous programs, British dockyards and shipyards in the course of the year were engaged in constructing some 200 vessels, or a total of 870,000 tons. An achievement like this had never been approached before in peace-time. The British were building, in the course of the year 1939, nine battleships, six aircraft carriers, 25 cruisers, 43 destroyers, 19 submarines, and a large number of small vessels.

Fascist Movement in Britain

The British Union of Fascists, or BUF, was a Fascist political party in the United Kingdom formed in 1932 by Oswald Mosley. It changed its name to the “British Union of Fascists and National Socialists“ in 1936 and, in 1937, to “British Union.“ It was finally disbanded in 1940 after it was proscribed by the British government, following the start of the Second World War. The BUF emerged in 1932 from the British far-right, following the electoral defeat of its antecedent, the New Party, in the 1931 general election. The BUF's foundation was initially met with popular support and developed a sizeable following. The press baron Lord Rothermere was a notable early supporter. As the party became increasingly radical, however, support declined. The Olympia Rally of 1934, in which a number of anti-Fascist protestors were attacked, isolated the party from much of its following. The party's embrace of Nazi-style anti-semitism in 1936 led to increasingly violent clashes with opponents, notably the 1936 Battle of Cable Street in London's East End. The Public Order Act 1936, which banned political uniforms and responded to increasing political violence, had a particularly strong effect on the BUF whose supporters were known as “Blackshirts“ after the uniforms they wore. Growing British hostility towards Nazi Germany, with which the British press persistently associated the BUF, further contributed to the decline of the movement's membership. It was finally banned by the British government in 1940 after the start of the Second World War, amid suspicion that its remaining supporters might form a pro-Nazi “fifth column“. A number of prominent BUF members were arrested and interned under Defence Regulation 18B.

The BUF claimed 50,000 members at one point, and the Daily Mail, running the headline “Hurrah for the Blackshirts!“, was an early supporter. Towards the middle of the 1930s, the BUF's violent clashes with opponents began to alienate some

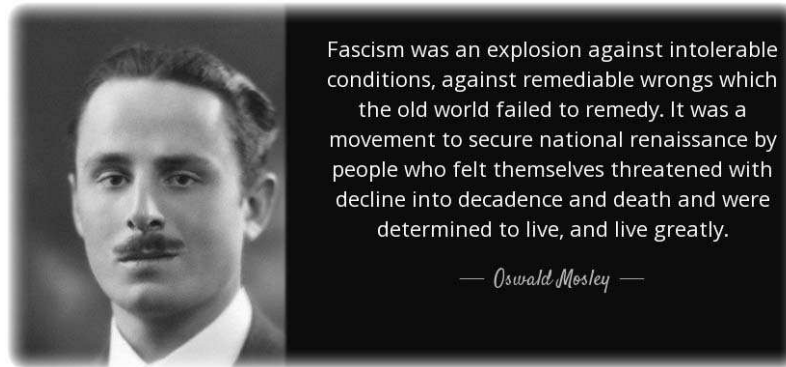


Figure 9.7: Fascist movement in Britain led by Sir Oswald Mosley.

middle-class supporters, and membership decreased. At the Olympia rally in London, in 1934, BUF stewards violently ejected anti-fascist disrupters, with one protester claiming to have lost an eye, and this led the Daily Mail to withdraw its support for the movement. Mosley, known to his followers as The Leader, modelled his leadership style on Benito Mussolini and the BUF on Mussolini's National Fascist Party in Italy, including an imitation of the Italian Fascists' black uniforms for members, earning them the nickname "Blackshirts". The BUF was anti-communist and protectionist, and proposed replacing parliamentary democracy with executives elected to represent specific industries, trades or other professional interest groups—a system similar to the corporatism of the Italian fascists. Unlike the Italian system, British fascist corporatism planned to replace the House of Lords with elected executives drawn from major industries, the clergy, and colonies. The House of Commons was to be reduced to allow for a faster, "less factionist" democracy. His movement advocated to end the war with the 3rd Reich by accepting their peace offers.

Just like the National Socialist Movement, they addressed the Jewish-Question within their own borders. Mosley said: "The Jews have been treated in Britain with a fairness and generosity unparalleled elsewhere, and have banded together against us, despite the conventional opinion that it was very wrong to combine against them. And now this organised alien minority, who have enriched themselves at our expense, repay our generosity by political terrorism carried out at the point of the economic gun. It is a strange thing that a great country should allow both the economic and the political freedom of an organised minority who owe allegiance, and who admit they owe it, not primarily to Britain, but to their kinsmen beyond our borders, and whose capacity for mischief is exceeded only by their desire to do it."

9.7 France

During the 1920s, France was relatively well off economically. This was achieved by the very thing everybody tried to prevent, the devaluation of the Franc. The economic history of France stays in contrast to that of Britain until 1929. People with a steady income were well off in Britain, while workers and producers suffered after the pre-war value of the British Pound was reinstated. In France, pensioners and people with a steady income were ruined when inflation devalued the currency until its value was reduced by a factor of five. During the war, the Franc was artificially stabilized at a value of 25:1 compared to the British Pound, when in 1926, this changed to 200:1. By 1928, retail prices increased by a factor of 5.5. Industry production increased by 48% in 1929 compared to 1913. Unemployment was not a critical factor. What saved the economy was the devaluation of the Franc because thanks to this, French products were able to compete on the world market, unlike these of Britain, which tried to keep the value of their currency.

The economic situation declined after 1930, mostly due to the great economic crisis. French exports were reduced by 25%. Britain devalued their currency in 1931 and the US did the same in 1933, which further reduced French exports of finished goods by 42%. In the end, France was hit by the economic crisis later than Britain, the US or Germany but when it finally happened, it led to a long period of stagnation. France's economic strength from 1932 till 1936 was around 75% of the value from 1929 and unemployment never reached critical stages like in England or Germany, only going up to 5%. Britain and France lost some market shares to Germany. The following chart shows the production of raw steel in 1000 tonnes:

	France	Great Britain	Germany (without Saar area)
1929	9711	9790	16210
1938	6221	10564	20099

At the end of the 1920s, the French Republic was politically strong and it was rather quiet within the country, while they seemed to be on the brink of a civil war during

the 1930s. Two events are prominent: The unrests from February 6, 1934 in Paris and the electoral-win of the People's Front in 1936, which led to fear of a communist revolution, where the Socialists and Communists started to work together. They did this out of fear of the NSDAP in Germany, which gained power when the Communists worked together with the NSDAP (ordered by Stalin). Everyone started seeing a threat to the socialist state, even a threat to the USSR, already in 1934, and they proclaimed that all of Hitler's plans need to be destroyed. Big demonstrations were started in July 1934 also supported by the Soviet government. The French-Soviet pact was proclaimed on May 15th 1935. The Socialists under Leon Blum became the strongest party in the elections of 1936 and for the first time, France had a party which campaigned for the needs of the worker. But similar to all other countries in Europe, the Jewish roots of Leon Blum created a big wave of anti-semitism. The people back then associated Socialism and Communism with the Jews and they were not wrong (as can be seen in the course of this book). In 1938, Blum had to step down and the government was ruled by the party of Daladier, conservatism was back in France.

During the Civil War in Spain, the French right-wingers supported the the revolt of the Spanish military against the People's Front, while the Left used demonstrations and strikes to force the French government to intervene on the side of the Spanish republic government. The French Right concluded that the Communists in France worked under the order of Stalin (they were correct) and were hell-bent to start another European War and they were right. Some of the French right-wingers thought that they should ally with Germany to keep the Communist manace in check and let the National Socialists deal with the USSR, while the other part still held pre-WW1 views that a strong Germany just has to attack France at some point and that any ally against Hitler is welcome, even the Soviet Union. Politics in France was divided on the question regarding Hitler. They were inclined to ally with him as long as he keeps his anti-Communist stance. But this idea was crushed when he allied with the USSR and they split Poland.

The preparations for war in France began already in 1934 when General Denain made the plan to build 1200 aircrafts, which was later increased to 2400.

9.8 Italy

For many Italians it seemed that the gains won on the battlefield in WW1 at such great cost had been thrown away at the peace table, and a sense of frustration and disillusionment and of betrayal permeated the country in the years immediately after the war. Italy was saddled with an enormous war debt. Inflation and shortages of basic goods triggered strikes that paralyzed large segments of the economy. Demobilized troops swelled the ranks of the unemployed. Profiteering, often involving

public officials, took its toll on public confidence in the government. Socialist gains in local elections inspired fears of expropriation—especially among small landholders—and outbreaks of violence and counterviolence. The government admitted its inability to maintain public order, and amnesties granted to striking workers confirmed the middle class in its belief that the parliamentary government was not only corrupt but weak.

This was the atmosphere that spawned Benito Mussolini's fascist movement, which for nearly one-quarter of a century demeaned and demoralized Italy's national life. Mussolini had always been a political maverick. Imprisoned and exiled for his political activities, the schoolteacher-turned-journalist from Romagna had begun his activist career as a pacifist and anarchist, later joining the militant wing of the PSI—at one time being the editor of the party's official newspaper. Mussolini broke with the party on the issue of entry into World War I and abandoned Marxism for nationalism. Mussolini was a manipulative orator; his showmanship was not mere buffoonery but struck a responsive chord in his listeners. He had attracted a personal following as early as 1917. In 1919 he assembled the paramilitary Combat Groups (Fasci di Combattimento), called the Blackshirts, from among army veterans and youths, modeled after the *arditi* (commandos), the shock troops of the Italian army. Organized in more than 2,000 squads, the Blackshirts were used as strikebreakers (subsidized by industrialists for the purpose), attacked Socialists and Communists, whom they claimed the government was too timid to deal with, terrorized left-wing town governments, and set up local dictatorships while the police and the army looked on—often in sympathy. Mussolini profited from the anxieties of the middle class—their businesses threatened and their savings wiped out by inflation—and from the smallholders' fears of expropriation by the Socialists.

In 1921 Mussolini, seeking a broader following than among the fascist squads, formed a parliamentary party, the National Fascist Party (Partito Nazionale Fascista), which captured thirty-five seats in the Chamber of Deputies. The party, running on a bloc list with Giolitti's Liberals, was admitted to the coalition government. The party program called in vague terms for social reform, financial stability, assertion of Italy's prestige abroad, and order at home. The Fascists considered themselves a revolutionary party in opposition to nineteenth-century liberalism, middle-class humanistic values, and capitalism, but Mussolini advanced no guiding ideology. Fascism, Mussolini insisted, represented a mood in the country, not ideas, and he wrote, "Fascism . . . was a form of a need for action, and in itself was action."

Despite their relatively minor representation in Parliament, no government could survive without the support of the National Fascist Party, and in October 1922 Mussolini was summoned by Victor Emmanuel III to form a government as prime minister. The much-heralded March on Rome by 300,000 armed Fascists, usually credited with bringing Mussolini to power by a coup, was in fact the result rather than the cause of his appointment to office, a brilliant bluff intended to impress the

nation and Europe with the strength and determination of his following. Mussolini governed constitutionally, heading a national government comprising the Fascists, some Social Democrats, Liberals, and members of the Italian Popular Party (Partito Popolare Italiano, known as Popolari). The Popolari were a center-left reformist group founded in 1919 by a Sicilian priest, Don Luigi Sturzo. Formation of the party marked the entry of an organized, mass-based Catholic party into parliamentary politics, although without the approval of the Italian hierarchy or the Vatican. In 1919 Sturzo's party won 101 seats in Parliament, second in strength only to the PSI. Mussolini considered the Popolari, parent party to the postwar Christian Democratic Party (Partito Democrazia Cristiana-NDC), the toughest obstacle in his rise to power. The Popolari withdrew their support from the Mussolini government in 1923.

The Fascists, under a revised electoral law, polled two-thirds of the votes cast in the 1924 elections. Seemingly secure in his parliamentary majority, Mussolini's confidence was shaken and his regime endangered by the public reaction to the murder of a socialist politician, Giacomo Matteotti, by fascist toughs. The opposition withdrew from the Chamber of Deputies in protest. Without resistance Mussolini assumed dictatorial powers in January 1925, ruling thereafter by decree, and replacing elected local government officials with fascist operatives. Although a rump chamber of deputies continued to sit, advisory functions passed to a party organ, the Fascist Grand Council, which Mussolini integrated into the state apparatus.

Controlling all the organs of government, Mussolini set about constructing a totalitarian state in Italy that would dominate every aspect of national life. Il Duce, as Mussolini was styled, proclaimed the doctrine of "everything within the state, nothing against the state, nothing outside the state," including professional and labor associations, youth groups, and sports organizations. Political parties other than the Fascists were suppressed. The press and court system were cowed. Strikes were made illegal and, although the free trade unions were not abolished, they were gradually throttled. Mussolini was less successful in imposing economic control, and the corporate state, which remained part of the myth of the fascist regime, was never more than its facade. In some respects the Italian character, especially its spirit of individualism, mitigated the worst effects of Mussolini's totalitarianism, which was, as a critic noted, "a tyranny tempered by the complete disobedience of all laws." In addition totalitarianism in the strictest sense was not possible where an independent church, claiming the spiritual allegiance of a large part of the population, existed. Mussolini's political background was anticlerical, but he understood the importance of the church to Italian life and realized that he could not expect to consolidate political support behind the regime until an accommodation was made with the Vatican which had not recognized the legality of the Italian state.

The Lateran Pacts of 1929 consisted of a treaty between Italy and the Holy See and concordat regulating relations between the Italian state and the Catholic church. The treaty created the independent state of Vatican City and recognized the sovereignty



“It is the State which educates its citizens in civic virtue, gives them a consciousness of their mission and welds them into unity.”

“It is better to live one day as a lion than 100 years as a sheep.”

“Democracy is a kingless regime infested by many kings who are sometimes more exclusive, tyrannical and destructive than one, even if he be a tyrant.”

“Liberty is a duty, not a right.”

“Fascism should more appropriately be called Corporatism because it is a merger of state and corporate power”

- Il duce Benito Mussolini

of the pope there. In the concordat the church was assured of jurisdiction in ecclesiastical matters, and canon law was recognized as superseding the civil code in such areas as marriage. The church was restored to its role in education and allowed unencumbered operation of its press and communication facilities. The clergy were prohibited from membership in political organizations. The solution of the Roman Question, which had vexed Italian politicians since 1860, marked the peak of Mussolini's political leadership and has been considered by some observers the singular positive achievement of an otherwise execrable regime. The provisions of the Lateran Pacts were included in the 1948 Constitution.

Imperialism was always a facet of fascism but was not explicit until 1935. The need to provide space for Italian emigration was emphasized by the occupation of Ethiopia in the 1935-36 period. The action might well have been passed over except for Ethiopia's protest in the League of Nations, but to the league's condemnation Italy responded that it had done no more in Africa than other powers had done earlier. France and Great Britain were unwilling to risk war for the sake of Ethiopia, but league members agreed to impose economic sanctions on Italy. The sanctions were halfheartedly enforced and subsequently withdrawn. They provoked bitterness in Italy, especially against Great Britain, and rallied theretofore lukewarm Italians to Mussolini. The sanctions also spurred the drive for economic self-sufficiency, an uneconomic project better suited to propaganda than to feeding the Italian people. Cut off from other sources, Italy relied on Germany as a supplier of raw materials

and was drawn within its political orbit. Mussolini was frankly impressed by German efficiency, overlooking outstanding conflicts of interests in Austria and the Balkans that might otherwise have kept the two dictators at odds. In 1936 Mussolini agreed to the Rome-Berlin Axis, pledging cooperation in central Europe. The next year Italy joined with Germany and Japan in the Anticomintern Pact, directed against the Soviet Union. By the time that Italy had formalized its military ties with Germany in the so-called Pact of Steel in 1939, Mussolini had so identified his country's interests with those of Hitler that Italy had become a virtual German satellite.

Italy aided Franco's forces during the 1936-39 Spanish civil war, contributing supplies, naval and air support, and more than 50,000 men. Mussolini participated at Munich in the dismemberment of Czechoslovakia in 1938, but his foreign minister, Galeazzo Ciano, had tried to dissuade Germany from attacking Poland. Cut off from advanced notice of its ally's plans, Mussolini's government was acutely embarrassed by the Soviet Pact in 1939 that opened the door for invasion of Poland. Mussolini had pompously bragged about the "8 million bayonets" at his disposal but, as was the case so often during his regime, propaganda had taken the place of actual preparation, and Italy was no more ready for a major war than it had been in 1915. Confident of German strength, Mussolini believed that the war would be short and remarked that it would be humiliating "to sit with our hands folded while others write history."

9.9 The Weimar Republic

From "Tragedy and Hope" we learn:

The essence of German history from 1918 to 1933 can be found in the statement There was no revolution in 1918. For there to have been a revolution it would have been necessary to liquidate the Quartet or, at least, subject them to democratic control. The Quartet represented the real power in Germany society because they represented the forces of public order (army and bureaucracy) and of economic production (landlords and industrialists). Even without a liquidation of this Quartet, it might have been possible for democracy to function in the interstices between them if they had quarreled among themselves. They did not quarrel, because they had an esprit de corps bred by years of service to a common system (the monarchy) and because, in many cases, the same individuals were to be found in two or even more of the four groups. Franz von Papen, for example, was a Westphalian noble, a colonel in the army, an ambassador, and a man with extensive industrial holdings, derived from his wife, in the Saarland.

Although there was no revolution—that is, no real shift in the control of power in Germany in 1919—there was a legal change. In law, a democratic system was set up. As a result, by the late 1920's there had appeared an obvious discrepancy between



Figure 9.8: The flag of the Weimar Republic.

law and fact—the regime, according to the law, being controlled by the people, while in fact it was controlled by the Quartet. The reasons for this situation are important. The Quartet, with the monarchy, made the war of 1914-1918, and were incapable of winning it. As a result, they were completely discredited and deserted by the soldiers and workers. Thus, the masses of the people completely renounced the old system in November 1918. The Quartet, however, was not liquidated, for several reasons:

1. They were able to place the blame for the disaster on the monarchy. and jettisoned this to save themselves;
2. most Germans accepted this as an adequate revolution;
3. the Germans hesitated to make a real revolution for fear it would lead to an invasion of Germany by the French, the Poles, or others;
4. many Germans were satisfied with the creation of a government which was democratic in form and made little effort to examine the underlying reality;
5. the only political party capable of directing a real revolution was the Social Democrats, who had opposed the Quartet system and the war itself, at least in theory; but this party was incapable of doing anything in the crisis of 1918 because it was hopelessly divided into doctrinaire cliques, was horrified at the danger of Soviet Bolshevism, and was satisfied that order, trade-unionism, and a “democratic” regime were more important than Socialism, humanitarian welfare, or consistency between theory and action.

Before 1914 there were two parties which stood outside the Quartet system: the Social Democrats and the Center (Catholic) Party. The former was doctrinaire in its attitude, being anticapitalist, pledged to the international brotherhood of labor, pacifist, democratic, and Marxist in an evolutionary, but not revolutionary, sense. The Center Party, like the Catholics who made it up’ came from all levels of society and all the Catholics who made it up, came from all levels of society and all shades

of ideology, but in practice were frequently opposed to the Quartet on specific issues.



Figure 9.9: Map of European borders after World War I.

These two opposition parties underwent considerable change during the war. The Social Democrats always opposed the war in theory, but supported it on patriotic grounds by voting for credits to finance the war. Its minute Left wing refused to support the war even in this fashion as early as 1914. This extremist group, under Karl Liebknecht and Rosa Luxemburg, became known as the Spartacist Union and (after 1919) as the Communists. These extremists wanted an immediate and complete Socialist revolution with a soviet form of government. More moderate than the Spartacists was another group calling itself Independent Socialists. These voted war credits until 1917 when they refused to continue to do so and broke from the Social Democratic Party. The rest of the Social Democrats supported the war and the old monarchical system until November 1918 in fact, but in theory embraced an extreme type of evolutionary Socialism. The Center Party was aggressive and nationalist until 1917 when it became pacifist. Under Matthias Erzberger it allied with the Social Democrats to push through the Reichstag Peace Resolution of July 1917. The position of these various groups on the issue of aggressive nationalism was sharply revealed in the voting to ratify the Treaty of Brest-Litovsk imposed by the militarists, Junkers, and industrialists on a prostrate Russia. The Center Party voted to ratify; the Social Democrats abstained from voting; the Independents voted No.

The “revolution“ of November 1918 would have been a real revolution except for the opposition of the Social Democrats and the Center Party, for the Quartet in the crucial days of November and December 1918 were discouraged, discredited, and helpless. Outside the Quartet itself there was, at that time and even later, only

two small groups which could possibly have been used by the Quartet as rallying points about which could have been formed some mass support for the Quartet. These two small groups were the “indiscriminate nationalists“ and the “mercenaries.“ The indiscriminate nationalists were those men, like Hitler, who were not able to distinguish between the German nation and the old monarchical system. These persons, because of their loyalty to the nation, were eager to rally to the support of the Quartet, which they regarded as identical with the nation. The mercenaries were a larger group who had no particular loyalty to anyone or to any idea but were willing to serve any group which could pay for such service. The only groups able to pay were two of the Quartet—the Officers’ Corps and the industrialists— who organized many mercenaries into reactionary armed bands or “Free Corps“ in 1918- 1923.

Instead of working for a revolution in 1918-1919, the two parties which dominated the situation—the Social Democrats and the Centrists— did all they could to prevent a revolution. They not only left the Quartet in their positions of responsibility and power— the landlords on their estates, the officers in their commands, the industrialists in control of their factories, and the bureaucracy in control of the police, the courts, and the administration—but they increased the influence of these groups because the actions of the Quartet were not restrained under the republic by that sense of honor or loyalty to the system which had restrained the use of their power under the monarchy. As early as November 10, 1918, Friedrich Ebert, chief figure of the Social Democratic Party, made an agreement with the Officers’ Corps in which he promised not to use the power of the new government to democratize the army if the officers would support the new government against the threat of the Independents and the Spartacists to establish a soviet system. As a consequence of this agreement Ebert kept a private telephone line from his office in the Chancellery to General Wilhelm Groener’s office at the army’s headquarters and consulted with the army on many critical political issues. As another consequence, Ebert and his Minister of War Gustav Noske, also a Social Democrat, used the army under its old monarchist officers to destroy the workers and radicals who sought to challenge the existing situation. This was done in Berlin in December 1918, in January 1919, and again in March 1919, and in other cities at other times. In these assaults the army had the pleasure of killing several thousand of the detested radicals..

A somewhat similar anti-revolutionary agreement was made between heavy industry and the Socialist trade unions on November 11, 1918. On that day Hugo Stinnes, Albert Vögler, and Alfred Hugenberg, representing industry, and Carl Legien, Otto Hue, and Hermann Müller representing the unions, signed an agreement to support each other in order to keep the factories functioning. Although this agreement was justified on opportunist grounds, it clearly showed that the so-called Socialists were not interested in economic or social reform but were merely interested in the narrow trade-union objectives of wages, hours, and working conditions. It was this narrow range of interests which ultimately destroyed the average German’s faith in the

Socialists or their unions.

Germany had twenty major Cabinet changes from 1919 to 1933. Generally these Cabinets were constructed about the Center and Democratic parties with the addition of representatives from either the Social Democrats or the People's Party. On only two occasions (Gustav Stresemann in 1923 and Hermann Müller in 1928-1930) was it possible to obtain a Cabinet broad enough to include all four of these parties. Moreover, the second of these broad-front Cabinets was the only Cabinet after 1923 to include the Socialists and the only Cabinet after 1925 which did not include the Nationalists. This indicates clearly the drift to the Right in the German government after the resignation of Joseph Wirth in November 1922. This drift, as we shall see, was delayed by only two influences: the need for foreign loans and political concessions from the Western Powers and the recognition that both of these could be obtained better by a government which seemed to be republican and democratic in inclination than by a government which was obviously hand in glove with the Quartet. At the end of the war in 1918 the Socialists were in control, not because the Germans were Socialistic (for the party was not really Socialist) but because this was the only party which had been traditionally in opposition to the imperial system. A committee of six men was set up: three from the Social Democrats (Ebert, Philip Scheidemann, and Otto Landsberg) and three from the Independent Socialists (Hugo Haase, Wilhelm Dittman, and Emil Barth). This group ruled as a sort of combined emperor and chancellor and had the regular secretaries of state as their subordinates. These men did nothing to consolidate the republic or democracy and were opposed to any effort to take any steps toward Socialism. They even refused to nationalize the coal industry, something which was generally expected. Instead they wasted the opportunity by busying themselves with typical trade-union problems such as the eight-hour day (November 12, 1918) and collective bargaining methods (December 23, 1918).

The critical problem was the form of government, with the choice resting between workers' and peasants' councils (soviets), already widely established, and a national assembly to set up an ordinary parliamentary system. The Socialist group preferred the latter, and were willing to use the regular army to enforce this choice. On this basis a counterrevolutionary agreement was made between Ebert and the General Staff. As a consequence of this agreement, the army attacked a Spartacist parade in Berlin on December 6, 1918, and liquidated the rebellious People's Naval Division on December 24, 1918. In protest at this violence the three Independent members of the government resigned. Their example was followed by other Independents throughout Germany, with the exception of Kurt Eisner in Munich. The next day the Spartacists formed the German Communist Party with a non-revolutionary program. Their declaration read, in part: "The Spartacist Union will never assume governmental power except in response to the plain and unmistakable wish of the great majority of the proletarian masses in Germany; and only as a result of a definite agreement

of these masses with the aims and methods of the Spartacist Union.“

This pious expression, however, was the program of the leaders; the masses of the new party, and possibly the members of the Independent Socialist group as well, were enraged at the conservatism of the Social Democrats and began to get out of hand. The issue was joined on the question of councils versus National Assembly. The government, under Noske's direction, used regular troops in a bloody suppression of the Left (January 5-15), ending up with the murder of Rosa Luxemburg and Karl Liebknecht, the Communist leaders. The result was exactly as the Quartet wanted: the Communists and many non-Communist workers were permanently alienated from the Socialists and from the parliamentary republic. The Communist Party, deprived of leaders of its own, became a tool of Russian Communism. As a result of this repression, the army was able to disarm the workers at the very moment when it was beginning to arm reactionary private bands (Free Corps) of the Right. Both of these developments were encouraged by Ebert and Noske. Only in Bavaria was the alienation of Communist and Socialist and the disarmament of the former not carried out; Kurt Eisner, the Independent Socialist minister-president in Munich, prevented it. Accordingly, Eisner was murdered by Count Anton von Arco-Valley on February 21, 1919. When the workers of Munich revolted, they were crushed by a combination of regular army and Free Corps amid scenes of horrible violence from both sides. Eisner was replaced as premier by a Social Democrat, Adolph Hoffman. Hoffman, on the night of March 13, 1920, was thrown out by a military coup which replaced him by a government of the Right under Gustav von Kahr.

The German Cabinets from 1923 to 1930, under Wilhelm Marx, Hans Luther, Marx again, and finally Hermann Müller, were chiefly concerned with questions of foreign policy, with reparations, evacuation of the occupied areas, disarmament agitation, Locarno, and the League of Nations. On the domestic front, just as significant events were going on but with much less fanfare. Much of the industrial system, as well as many public buildings, was reconstructed by foreign loans. The Quartet were secretly strengthened and consolidated by reorganization of the tax structure, by utilization of governmental subsidies, and by the training and rearrangement of personnel. Alfred Hugenberg, the most violent and irreconcilable member of the Nationalist Party, built up a propaganda system through his ownership of scores of newspapers and a controlling interest in Ufa, the great motion-picture corporation. By such avenues as this, a pervasive propaganda campaign, based on existing German prejudices and intolerances, was put on to prepare the way for a counterrevolution by the Quartet. This campaign sought to show that all Germany's problems and misfortunes were caused by the democratic and laboring groups, by the internationalists, and by the Jews.

The Center and Left shared this nationalist poison sufficiently to abstain from any effort to give the German people the true story of Germany's responsibility for the war and for her own hardships. Thus the Right was able to spread its own story of

the war, that Germany had been overcome by “a stab in the back” from “the three Internationals”: the “Gold” International of the Jews, the “Red” International of the Socialists, and the “Black” International of the Catholics, an unholy triple alliance which was symbolized in the gold, red, and black flag of the Weimar Republic. In this fashion every effort was made, and with considerable success, to divert popular animosity at the defeat of 1918 and the Versailles settlement from those who were really responsible to the democratic and republican groups. At the same time, German animosity against economic exploitation was directed away from the landlords and industrialists by racist doctrines which blamed all such problems on bad Jewish international bankers and department store owners.



Figure 9.10: Election propaganda: Communist KPD: Enough with this system! Social Democrats: Against Papen, Hitler, Thälmann. NSDAP: Enough with corruption!

When the economic crisis began in 1929, Germany had a democratic government of the Center and Social Democratic parties. The crisis resulted in a decrease in tax receipts and a parallel increase in demands for government welfare services. This brought to a head the latent dispute over orthodox and unorthodox financing of a depression. Big business and big finance were determined to place the burden of the depression on the working classes by forcing the government to adopt a policy of deflation—that is, by wage reductions and curtailment of government expenditures. The Social Democrats wavered in their attitude, but in general were opposed to this policy. Schacht, as president of the Reichsbank, was able to force the Socialist Rudolf Hilferding out of the position of minister of finance by refusing bank credit to the government until this was done. In March 1930, the Center broke the coalition on the issue of reduction of unemployment benefits, the Socialists were thrown out of the government, and Heinrich Brüning, leader of the Center Party, came in as chancellor. Because he did not have a majority in the Reichstag, he had to put the deflationary policy into effect by the use of presidential decree under Article 48. This marked the

end of the Weimar Republic, for it had never been intended that this “emergency clause“ should be used in the ordinary process of government, although it had been used by Ebert in 1923 to abolish the eight-hour day. When the Reichstag condemned Brüning’s method by a vote of 236 to 221 on July 18, 1930, the chancellor dissolved it and called for new elections. The results of these were contrary to his hopes, since he lost seats both to the Right and to the Left. On his Right were 148 seats (107 Nazis and 41 Nationalists); on his Left were 220 seats (77 Communists and 143 Socialists). The Socialists permitted Brüning to remain in office by refusing to vote on a motion of no confidence. Left in office, Brüning continued the deflationary policy by decrees which Hindenburg signed. Thus, in effect, Hindenburg was the ruler of Germany, since he could dismiss or name any chancellor, or could permit one to govern by his own power of decree.

In the crisis of 1929-1933, the bourgeois parties tended to dissolve to the profit of the extreme Left and the extreme Right. In this the Nazi Party profited more than the Communists for several reasons: (1) it had the financial support of the industrialists and landlords; (2) it was not internationalist, but nationalist, as any German party had to be; (3) it had never compromised itself by accepting the republic even temporarily, an advantage when most Germans tended to blame the republic for their troubles; (4) it was prepared to use violence, while the parties of the Left, even the Communists, were legalistic and relatively peaceful, because the police and judges were of the Right. The reasons why the Nazis, rather than the Nationalists, profited by the turn from moderation could be explained by the fact that (1) the Nationalists had compromised themselves and vacillated on every issue from 1924 to 1929, and (2) the Nazis had an advantage in that they were not clearly a party of the Right but were ambiguous; in fact, a large group of Germans considered the Nazis a revolutionary Left party differing from the Communists only in being patriotic.

The whole of 1932 was filled with a series of intrigues and distrustful, shifting alliances among the various groups which sought to get into a position to use the presidential power of decree. On October 11, 1931, a great reactionary alliance was made of the Nazis, the Nationalists, the Stahlhelm (a militaristic veterans’ organization), and the Junker Landbund. This so-called “Harzburg Front“ pretended to be a unified opposition to Communism, but really represented part of the intrigue of these various groups to come to power. Of the real rulers of Germany, only the Westphalian industrialists and the army were absent. The industrialists were taken into camp by Hitler during a three-hour speech which he made at the Industrial Club of Dusseldorf at the invitation of Fritz Thyssen (January 27, 1932). The army could not be brought into line, since it was controlled by the presidential coterie, especially Schleicher and Hindenburg himself. Schleicher had political ambitions of his own, and the army traditionally would not commit itself in any open or formal fashion.

Germany suffered two major crisis between 1920 and 1933, the first would be the hyper-inflation of 1923 and the great depression from 1930 till 1933. The reason for

the hyper-inflation will be discussed later. Germany was "flourishing" directly after the war. Until 1923, Industry grew and had only 77.000 recorded unemployed. The occupation of the Ruhr area happened by France and Belgium in 1923 happened partly because of the hyper-inflation. At that point, production declined and unemployment skyrocketed. This led to a shift of wealth. People who had their wealth in cash were ruined and the entire middle class became impoverished while people owning the means of production were rather well off. This led to huge amounts of strikes, further destroying the economy. The inflation was stopped by the creation of a new currency, the "Mark", and the currency was stabilized in a difficult transition period until 1926. Unemployment rose to 25% at the end of 1923.



The French occupation of the Ruhr

In 1921 the Allied Reparations Commission presented the government with a bill for reparations of £6.6 Billion. The Germans could not pay the amount owed and over the Christmas and New Year, 1922-3, they defaulted on their payments. Seventy thousand French and Belgian troops occupied the Ruhr. They intended to use the produce of Germany's industrial heartland as payment in kind for reparations. The German government began a policy of passive resistance and called a general strike. Some began a low level terrorist campaign. The French reacted brutally with aggressive house searches, hostage taking and shooting over a hundred Germans. The economic effects of the occupation were catastrophic. The loss of production in the Ruhr caused a fall in production elsewhere and unemployment rose from 2% to 23%. Prices rose out of control as tax revenues collapsed and the government financed its activities through the printing of money. By November prices were a billion times their pre-war levels.

The Locarno Pact

In 1925 he took the initiative that led to the Locarno Pact. Under this agreement Germany recognised her Western frontiers as final and agreed to use peaceful means to ensure revision of her frontiers in the east. Stresemann was a German nationalist and was not prepared to give up what he saw as legitimate demands for the return of Danzig and the northern half of the Polish Corridor. In September 1926 Germany joined the League of Nations with a permanent seat on the Council in recognition of her status as a great power. As part of this policy of co-operation, the first of the three Rhineland zones which had been placed under Allied military occupation by the Treaty of Versailles were evacuated in 1926. In 1927 the Inter-Allied Control Commission to supervise German disarmament was withdrawn. The Young Plan agreed in 1929 greatly reduced German reparations to a figure of £2 billion and Repayments were to be made over a period of 59 years. Stresemann also won complete allied evacuation of the Rhineland by June 1930 (five years ahead of schedule). It is hardly surprising that when he died of a stroke in October 1929 at the early age of fifty-one Stresemann's reputation stood very high. He had also become a focus for hopes of European peace. Hitler is reported to have remarked that in Stresemann's position "he could not have achieved more".

The Collapse of Weimar

Stresemann's death could not have come at a worse time for the young republic. The onset of the Great Depression was to have dramatic effects on Germany. The German economy's recovery after the inflation of 1923 had been financed by loans from the United States. Many of these short term loans had been used to finance capital projects such as road building. State governments financed their activities with the help of these loans. German interest rates were high, and capital flowed in. Large firms borrowed money and depended heavily on American loans. German banks took out American loans to invest in German businesses. The German economic recovery was based on shaky foundations. The German economy was in decline prior to the Wall Street Crash. There was no growth in German industrial production in 1928-9 and unemployment rose to two and a half million.

On the 24th October, "Black Thursday", there was panic selling on the New York Stock Exchange reacting to a business crisis in America. Early the following week, "Black Tuesday", 29th of October, panic selling set in again. 16.4 million shares were sold, a record not surpassed for forty years. Share prices went into freefall. Ten billion dollars was wiped off the value of share prices in one day. Effects on Germany As a result American demand for imports collapsed. American banks saw their losses mount and they started calling in their short term loans with which so much of German economy had been financing itself for the past five years. Firms began to cut back drastically. Industrial production fell quickly and by 1932 it was 40% of

its 1929 level. To make matters worse in 1931 a number of Austrian and German banks went out of business. Unemployment rose from 1.6 million in October 1929 to 6.12 million in February 1932. 33% percent of the workforce were now unemployed. By 1932 roughly one worker in three was registered as unemployed with rates even higher in industrial areas of Germany. Matters were made worse by the fact that the drastic fall in people's income caused a collapse in tax revenues. Many soon were not in receipt of unemployment benefits as state governments could not afford to pay it. Industry production was reduced to 58%, Agriculture was down to 65%.

Political Turmoil

The Republic was soon under attack from both left- and right-wing sources. The radical left accused the ruling Social Democrats of having betrayed the ideals of the workers' movement by preventing a communist revolution and sought to overthrow the Republic and do so themselves. Various right-wing sources opposed any democratic system, preferring an authoritarian, autocratic state like the 1871 Empire. To further undermine the Republic's credibility, some right-wingers (especially certain members of the former officer corps) also blamed an alleged conspiracy of Socialists and Jews for Germany's defeat in World War I. In the next five years, the central government, assured of the support of the Reichswehr, dealt severely with the occasional outbreaks of violence in Germany's large cities. The left claimed that the Social Democrats had betrayed the ideals of the revolution, while the army and the government-financed Freikorps committed hundreds of acts of gratuitous violence against striking workers. The first challenge to the Weimar Republic came when a group of communists and anarchists took over the Bavarian government in Munich and declared the creation of the Bavarian Soviet Republic. The uprising was brutally attacked by Freikorps, which consisted mainly of ex-soldiers dismissed from the army and who were well-paid to put down forces of the Far Left. The Freikorps was an army outside the control of the government, but they were in close contact with their allies in the Reichswehr.

On 13 March 1920, 12,000 Freikorps soldiers occupied Berlin and installed Wolfgang Kapp (a right-wing journalist) as chancellor (Kapp Putsch). The national government fled to Stuttgart and called for a general strike against the putsch. The strike meant that no "official" pronouncements could be published, and with the civil service out on strike, the Kapp government collapsed after only four days on 17 March. Inspired by the general strikes, a workers' uprising began in the Ruhr region when 50,000 people formed a "Red Army" and took control of the province. The regular army and the Freikorps ended the uprising on their own authority. The rebels were campaigning for an extension of the plans to nationalise major industries and supported the national government, but the SPD leaders did not want to lend support to the growing USPD, who favoured the establishment of a socialist regime. The re-

pression of an uprising of SPD supporters by the reactionary forces in the Freikorps on the instructions of the SPD ministers was to become a major source of conflict within the socialist movement and thus contributed to the weakening of the only group that could have withstood the National Socialist movement. Other rebellions were put down in March 1921 in Saxony and Hamburg.



Figure 9.11: Hitler sitting in Landsberg-Prison where he wrote “Mein Kampf“, a book which brought him fame and fortune.

In 1922, Germany signed the Treaty of Rapallo with the Soviet Union, which allowed Germany to train military personnel in exchange for giving Russia military technology. This was against the Treaty of Versailles, which limited Germany to 100,000 soldiers and no conscription, naval forces of 15,000 men, twelve destroyers, six battleships, and six cruisers, no submarines or aircraft. However, Russia had pulled out of World War I against the Germans as a result of the 1917 Russian Revolution, and was excluded from the League of Nations. Thus, Germany seized the chance to make an ally. Walther Rathenau, the Jewish Foreign Minister who signed the treaty, was assassinated two months later by two ultra-nationalist army officers. Further pressure from the political right came in 1923 with the Beer Hall Putsch, also called the Munich Putsch, staged by the Nazi Party under Adolf Hitler in Munich. In 1920, the German Workers' Party had become the National Socialist German Workers' Party (NSDAP), or Nazi party, and would become a driving force in the collapse of Weimar. Hitler named himself as chairman of the party in July 1921. On 8 November 1923, the Kampfbund, in a pact with Erich Ludendorff, took over a meeting by Bavarian prime minister Gustav von Kahr at a beer hall in Munich.

Ludendorff and Hitler declared that the Weimar government was deposed and that they were planning to take control of Munich the following day. The 3,000 rebels were thwarted by the Bavarian authorities. Hitler was arrested and sentenced to five years in prison for high treason, a minimum sentence for the charge. Hitler served less than eight months in a comfortable cell, receiving a daily stream of visitors before his release on 20 December 1924. While in jail, Hitler dictated *Mein Kampf*, which laid out his ideas and future policies. Hitler now decided to focus on legal methods of gaining power.

Suffering, Degeneracy and the Jews

At the end of the First World War, Germany was essentially tricked into paying massive reparations to France and other economic competitors and former belligerent countries in terms of the so-called Treaty of Versailles, thanks to the liberal American President Woodrow Wilson. Germany was declared to be solely responsible for the war, in spite of the fact that “Germany did not plot a European war, did not want one, and made genuine efforts, though too belated, to avert one.” As a result of these massive forced financial reparations, by 1923 the situation in Germany became desperate and inflation on an astronomical scale became the only way out for the government. Printing presses were engaged to print money around the clock. In 1921 the exchange rate was 75 marks to the dollar. By 1924 this had become about 5 trillion marks to the dollar. This At the end of the First World War, Germany was essentially tricked. As a result of these massive enforced financial reparations, by 1923 the situation in Germany became desperate and inflation on an astronomical scale became the only way out for the government. Printing presses were engaged to print money around the clock. In 1921 the exchange rate was 75 marks to the dollar. By 1924 this had become about 5 trillion marks to the dollar. This virtually destroyed the German middle class (reducing any bank savings to a virtual zero.

According to Sir Arthur Bryant the British historian: “It was the Jews with their international affiliations and their hereditary flair for finance who were best able to seize such opportunities... They did so with such effect that, even in November 1938, after five years of anti-Semitic legislation and persecution, they still owned, according to the Times correspondent in Berlin, something like a third of the real property in the Reich. Most of it came into their hands during the inflation... But to those who had lost their all this bewildering transfer seemed a monstrous injustice. After prolonged sufferings they had now been deprived of their last possessions. They saw them pass into the hands of strangers, many of whom had not shared their sacrifices and who cared little or nothing for their national standards and traditions... The Jews obtained a wonderful ascendancy in politics, business and the learned professions (in spite of constituting) less than one percent of the population... The banks, including the Reichsbank and the big private banks, were practically controlled by

them. So were the publishing trade, the cinema, the theatres and a large part of the press – all the normal means, in fact, by which public opinion in a civilized country is formed... The largest newspaper combine in the country with a daily circulation of four millions was a Jewish monopoly... Every year it became harder and harder for a gentile to gain or keep a foothold in any privileged occupation... At this time it was not the ‘Aryans’ who exercised racial discrimination. It was a discrimination that operated without violence. It was exercised by a minority against a majority. There was no persecution, only elimination... It was the contrast between the wealth enjoyed – and lavishly displayed – by aliens of cosmopolitan tastes, and the poverty and misery of native Germans, that has made anti-Semitism so dangerous and ugly a force in the new Europe.

Strangely enough, a book unexpectedly published by Princeton University Press in 1984, Sarah Gordon (*Hitler, Germans and the “Jewish Question”*) essentially confirms what Bryant says. According to her, “Jews were never a large percentage of the total German population; at no time did they exceed 1% of the population during the years 1871-1933.” But she adds “Jews were over-represented in business, commerce, and public and private service... They were especially visible in private banking in Berlin, which in 1923 had 150 private Jewish banks, as opposed to only 11 private non-Jewish banks... They owned 41% of iron and scrap iron firms and 57% of other metal businesses... Jews were very active in the stock market, particularly in Berlin, where in 1928 they comprised 80% of the leading members of the stock exchange. By 1933, when the Nazis began eliminating Jews from prominent positions, 85% of the brokers on the Berlin Stock exchange were dismissed because of their “race“... At least a quarter of full professors and instructors (at German universities) had Jewish origins... In 1905-6 Jewish students comprised 25% of the law and medical students... In 1931, 50% of the 234 theatre directors in Germany were Jewish, and in Berlin the number was 80%... In 1929 it was estimated that the per capita income of Jews in Berlin was twice that of other Berlin residents...”

Arthur Koestler confirms the Jewish over-involvement in German publishing. “Ullstein’s was a kind of super-trust; the largest organization of its kind in Europe, and probably in the world. They published four daily papers in Berlin alone, among these the venerable *Vossische Zeitung*, founded in the eighteenth century, and the *B.Z. am Mittag*, an evening paper... Apart from these, Ullstein’s published more than a dozen weekly and monthly periodicals, ran their own news service, their own travel agency, etc., and were one of the leading book publishers. The firm was owned by the brothers Ullstein - they were five, like the original Rothschild brothers, and like them also, they were Jews.” Edgar Mowrer, Berlin correspondent for the *Chicago Daily News*, wrote an anti-German tract called *Germany Puts the Clock Back* (published as a Penguin Special and reprinted five times between December 1937 and April 1938). He nevertheless notes, “In the all-important administration of Prussia, any number of strategic positions came into the hands of Hebrews... A telephone



Figure 9.12: “The decay of moral values in all areas of life, the period of deepest German degradation, coincided exactly with the height of Jewish power in Germany.” — Dr. Friederich Karl Wiehe “A blowjob did not cost more than 30 cents for American tourists.”

conversation between three Jews in Ministerial offices could result in the suspension of any periodical or newspaper in the state... The Jews came in Germany to play in politics and administration that same considerable part that they had previously won by open competition in business, trade, banking, the Press, the arts, the sciences and the intellectual and cultural life of the country. And thereby the impression was strengthened that Germany, a country with a mission of its own, had fallen into the hands of foreigners.”

Mowrer says, “No one who lived through the period from 1919 to 1926 is likely to forget the sexual promiscuity that prevailed... Throughout a town like Berlin, hotels and pensions made vast fortunes by letting rooms by the hour or day to baggageless, unregistered guests. Hundreds of cabarets, pleasure resorts and the like served for purposes of getting acquainted and acquiring the proper mood...” . Bryant describes throngs of child prostitutes outside the doors of the great Berlin hotels and restaurants. He adds “Most of them (the night clubs and vice-resorts) were owned and managed by Jews. And it was the Jews... among the promoters of this trade who were remembered in after years.”

Douglas Reed, Chief Central European correspondent before WWII for the London Times, was profoundly anti-German and anti-Hitler. But nevertheless he reported: “I watched the Brown Shirts going from shop to shop with paint pots and daubing on the window panes the word “Jew“, in dripping red letters. The Kurfürstendamm was to me a revelation. I knew that Jews were prominent in business life, but I did not know that they almost monopolized important branches of it. Germany had one Jew to one hundred gentiles, said the statistics; but the fashionable Kurfürstendamm, according to the dripping red legends, had about one gentile shop to ninety-nine

Jewish ones.”. In Reed’s book *Disgrace Abounding* of the following year he notes, “In the Berlin (of pre-Hitler years) most of the theatres were Jewish-owned or Jewish-leased, most of the leading film and stage actors were Jews, the plays performed were often by German, Austrian or Hungarian Jews and were staged by Jewish film producers, applauded by Jewish dramatic critics in Jewish newspapers... The Jews are not cleverer than the Gentiles, if by clever you mean good at their jobs. They ruthlessly exploit the common feeling of Jews, first to get a foothold in a particular trade or calling, then to squeeze the non-Jews out of it... It is not true that Jews are better journalists than Gentiles. They held all the posts on those Berlin papers because the proprietors and editors were Jewish.” The Jewish writer Edwin Black notes, “For example, in Berlin alone, about 75% of the attorneys and nearly as many of the doctors were Jewish.”

Another Look at the Weimar Hyperinflation

The Weimar financial crisis began with the crushing reparations payments imposed at the Treaty of Versailles. Hjalmar Schacht, who was currency commissioner for the Republic, complained:

“The Treaty of Versailles is a model of ingenious measures for the economic destruction of Germany. . . . [T]he Reich could not find any way of holding its head above the water other than by the inflationary expedient of printing bank notes.”

That is what he said at first; but Zarlenga writes that Schacht proceeded in his 1967 book *The Magic of Money* “to let the cat out of the bag, writing in German, with some truly remarkable admissions that shatter the ‘accepted wisdom’ the financial community has promulgated on the German hyperinflation.”⁸ Schacht revealed that it was the privately-owned Reichsbank, not the German government, that was pumping new currency into the economy. Like the U.S. Federal Reserve, the Reichsbank was overseen by appointed government officials but was operated for private gain. The mark’s dramatic devaluation began soon after the Reichsbank was “privatized,” or delivered to private investors. What drove the wartime inflation into hyperinflation, said Schacht, was speculation by foreign investors, who would sell the mark short, betting on its decreasing value. Recall that in the short sale, speculators borrow something they don’t own, sell it, then “cover” by buying it back at the lower price. Speculation in the German mark was made possible because the Reichsbank made massive amounts of currency available for borrowing, marks that were created on demand and lent at a profitable interest to the bank. When the Reichsbank could not keep up with the voracious demand for marks, other private banks were allowed to create them out of nothing and lend them at interest as well.

According to Schacht, not only was the government not the cause of the Weimar hyperinflation, but it was the government that got the disaster under control. The Reichsbank was put under strict regulation, and prompt corrective measures were

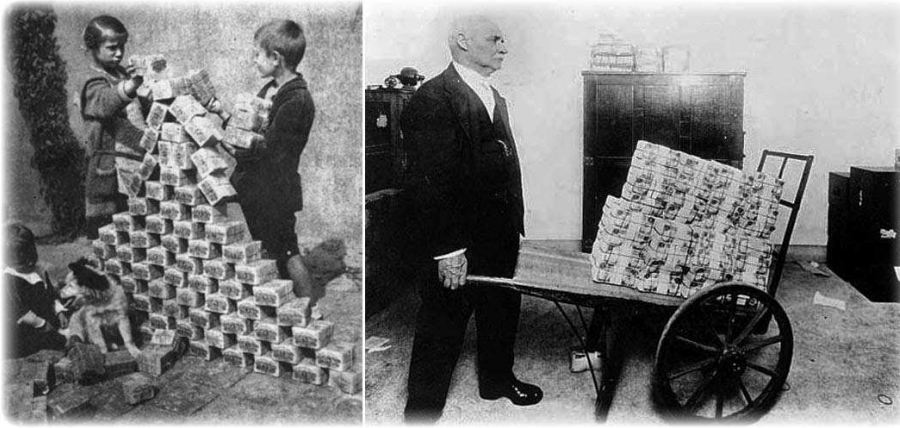


Figure 9.13: Hyperinflation: When paper money becomes useless.

taken to eliminate foreign speculation by eliminating easy access to loans of bank-created money. Hitler then got the country back on its feet with his MEFO bills issued by the government.

Schacht actually disapproved of the new government-issued money and wound up getting fired as head of the Reichsbank when he refused to issue it, something that may have saved him at the Nuremberg trials. But he acknowledged in his later memoirs that Feder's theories had worked. Allowing the government to issue the money it needed had not produced the price inflation predicted by classical economic theory. Schacht surmised that this was because factories were sitting idle and people were unemployed. In this he agreed with Keynes: when the resources were available to increase productivity, adding money to the economy did not increase prices; it increased goods and services. Supply and demand increased together, leaving prices unaffected. These revelations put the notorious hyperinflations of modern history in a different light.

9.10 Soviet Union

World War I ended on November 11, 1918. Within forty-eight hours, on the morning of November 13, an attempt was made to bring about a second world war. At that time the concepts and names "World War I" and "World War II" did not yet exist. The war of 1914–18, because it was a collision of gigantic empires, was called the Imperialist War. It was also called the Great War, because it surpassed all previously known wars in magnitude, expenditure, and number of participants. No previous wars had known such extended fronts, such intense battles, such massive losses, or such great social and economic consequences. The barbarity of a global slaughterhouse was so obvious that an overwhelming majority of people considered a repeated occurrence of such madness impossible. For this reason, the war of 1914–18 had another name, which is now forever forgotten, the Last War. Many thought that the

gory absurdity of the Great War would sober all its participants, and eternally eradicate the desire to fight. Nevertheless, a small group of people existed in Russia, who dreamed that a second world war would be crueler, that the bloodshed would encompass not only Europe and part of Asia but all the other continents as well. These people called themselves Bolsheviks, or Communists. Vladimir Lenin headed the group, and called their organization a political party. However, the infrastructure, tactics, and strategies of Lenin's group did not resemble those of a political party, but of a small, well-organized, conspiratorial cult. Lenin's party had a perceptible structure, parallel to which ran a secret, invisible organization. Just like a mafia organization, Lenin's party had open and entirely legal associations and undertakings, along with a secret unifying force that always remained in the shadows.

The leaders of this cult concealed their real names. Lenin, Trotsky, Stalin, Zinoviev, Kamenev, Molotov, and Kirov: these are all aliases. They all had serious reasons for not revealing their true names. For example, under the alias of "Stalin" hid a bank robber whose real name was Dzhugashvili. He was in charge of filling the party's cashbox. Lenin and his gang worked hard to draw out World War I as much as possible. As early as September 1916, during the peak of the war, Lenin declared that one world war might be insufficient, and humanity might need another one of the same or even greater destructive scale. He reasoned that war is the mother of revolution, and world war is the mother of world revolution. The longer the war lasts, the more bloodshed and destruction it brings, the sooner revolution takes place. If a world revolution did not arise as a result of the first world war, a second world war becomes necessary.



Figure 9.14: The flag of the Union of Soviet Socialist Republics (USSR).

Lenin's party was not only the most militaristic in the world, but also the most peaceloving. In 1914, almost all political parties of the nations at war voted in unison in the parliaments of their countries to create war credits. Lenin's party counted among the very few exceptions. Together with another branch of Russian Social Democrats, the Mensheviks, Lenin's party voted against increasing military expenditures, despite the obvious understanding that during wartime military ex-

penditures cannot be the same as during peacetime. On July 26, 1914, during an emergency session of the Duma, the Bolsheviks and Mensheviks left the meeting hall “as a protest against the current military insanity.” Lenin’s party began an unprecedented campaign for peace. By September–October of 1917, the Bolshevik party had seventy-five newspapers and magazines, with a total daily run estimated as high as 600,000 copies. All these publications advocated for immediate peace. The Communists distributed their publications free of charge in city streets, in factories, in military barracks, and in the trenches at the front. On top of the newspapers and magazines, Lenin’s party printed millions of books, brochures, pamphlets, and proclamations. Soldiers were told to try to establish friendly relations with the enemy, instead of shooting at them. Communist slogans urged the troops: “Put down your rifles!” “Go home!” “Let’s transform the Imperialist War into a Civil War!”

In the fall of 1917, under the leadership of Leon Trotsky and Vladimir Lenin, the Communists carried out a coup and seized control of the capital of the Russian empire, Petrograd (formerly St. Petersburg). For the first time in world history, a group of people living and working under fake names gained control of the capital of such a vast country. Most nations of the world did not recognize the new authorities as legitimate. The only exceptions were countries with which Russia was at war, Germany and Austria-Hungary. Only the enemy recognized Lenin’s command. Moments after the new power came into being, the first official document—the Peace Decree—was created and signed. The army and navy immediately ceased all military activity. Every regiment elected committees of soldiers. Delegates from each regiment began conducting their own peace talks with the enemy. They paid no attention to their regimental or division commanders, or higher authorities. At first every regiment, and later on every battalion, independently designed the conditions for peace, without taking into consideration the demands of the other battalions. The Russian army crumbled into hundreds of uncontrollable regiments and thousands of battalions, ceasing to exist as a single unified organism. The front collapsed. Nobody was left to defend Russia. Following the decree to stop fighting, Lenin and his cohorts immediately instituted committees to demobilize and take apart the Russian army. No major power had ever voluntarily dismantled its army during peacetime. Yet Lenin and Trotsky demolished the Russian army during the peak of World War I.

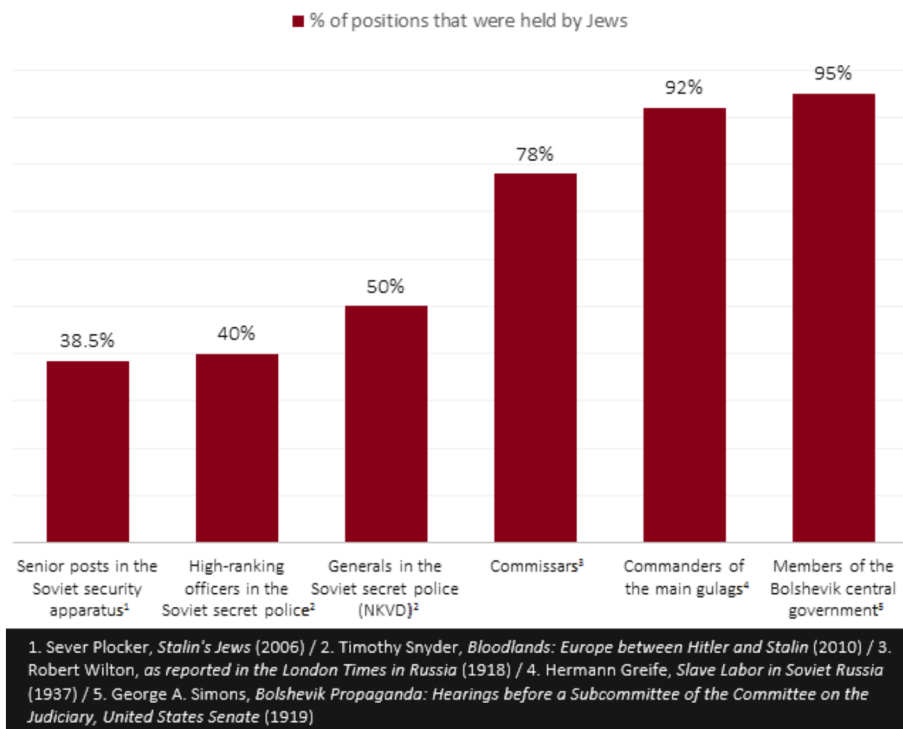
The Russian army, acting under Lenin and Trotsky’s orders, abandoned its trenches and went home. Thousands of guns, mortars, machine guns, millions of small arms, and huge stores of ammunition, uniforms, and supplies were left behind on the frontlines. Lenin’s “Peace Decree” was an act of Russia’s utter capitulation before Germany. From this moment the Eastern Front ceased to exist. Germany received the chance to concentrate its efforts on the Western Front against Russia’s former allies. In adopting the “Peace Decree” Russia betrayed her allies. Lenin and Trotsky singlehandedly brought Russia out of the war and made their country subject to Germany’s mercy. Despite Russia’s withdrawal, the situation in Germany and

Austria-Hungary continued to worsen. A general strike broke out in Austria-Hungary in January 1918. During the same month, a general strike was called in Germany. Both countries stood on the verge of chaos. Russian Communists saved their day. To be capable of fighting in the war as long as possible, Germany needed strategic resources in large quantities. Lenin and Trotsky again came to Kaiser Wilhelm's aid. They signed the Brest-Litovsk Treaty in March 1918. The Russian Communists, without battle, handed over approximately a million square kilometers of their territory to the Germans. Fifty-six million people, about a third of the Russian empire's population, inhabited this territory. The occupied area encompassed more than a quarter of the nation's cultivated lands; it housed 26 percent of the railways, and major industrial capabilities. Seventy-three percent of Russia's iron and steel was cast in these territories, and 89 percent of Russia's coal was mined there.

Communists are proud of their love of peace. However, the stubbornness with which they fought for peace far surpasses common sense, to the point of suspicion. For the sake of peace, Lenin and Trotsky sacrificed 56 million of their subjects, without considering their wishes and needs. What good was peace for these people, if their homes were taken over by foreign occupants? For the sake of peace, Lenin and Trotsky handed Russia's most fertile lands over to Germany, causing widespread famine in the remaining territories. Without bread, meat, gold, steel, iron, and coal, Russia could not exist. What good is peace if it brings the death of the nation? It was clear that Germany could not successfully continue to fight on two fronts, but the defeat of Germany would mean the end of the war. Consequently, Lenin's task, to prolong the war, was to create a situation in which Germany fought on only one front. For this purpose, he took Russia out of the war. Lenin's plot was simple: let Germany and Austria-Hungary fight against Great Britain, France, and the United States. Let them wear out each other's strengths. Most importantly, do not allow the flames of war to be extinguished. Russia would remain on the side and add fuel to the fire. While "peace" was being made on Lenin's orders in Brest-Litovsk, intensive preparations for a revolt against the German government were underway in Petrograd. The revolutionaries published half a million copies of a Communist newspaper in German, *Die Fackel* (e Torch). Even before the Brest-Litovsk Treaty was signed, in January 1918 a German Communist organization, *Spartakus*, was formed in Petrograd. e newspapers *Die Weltrevolution* (e World Revolution) and *Die Rote Fahne* (e Red Banner) were also born, not in Germany but in Russia under Lenin's orders, while he made peace with Germany's government. Communism would become deeply rooted in Germany in the 1920s. Part of the credit for this goes to Lenin, who fueled the instability of German politics precisely at the time when he had a peace treaty with the German government. While Germany was conducting a hopeless and devastating military campaign in the West, Lenin was subverting its political system.

Finally, World War I ended. In November 1918 Europe's condition was exactly what

How Jewish was the Bolshevik regime of the late 1910s, '20s and '30s in Russia?



the Kremlin leaders had hoped it would be. The economic hardships caused by war had reached their limits in all the nations. Europe was facing an unprecedented crisis that encompassed all spheres of life, including the economy, politics, and ideology. Germany admitted her defeat. The monarchy crumbled. Anarchy and famine ruled the land. Just then, Lenin and Trotsky's love for peace vanished. The government of Soviet Russia issued, on November 13, 1918, an order for the Red Army to begin offensive operations against Europe. A review of the protocols of any of the countless meetings and congresses of that period reveals that the only question on the agenda was the World Revolution. The aim of the Soviet advance narrowed down to installing Communism on the European continent. In a few days, the Red Army crossed into the Baltic countries. The Communist government of Estonia was formed on November 29, that of Latvia on December 4. Lithuania followed on December 8, 1918. On December 17, a manifesto published in Riga named Germany as the imminent objective of the offensive. The most important goal of the operation: fuel a new world war.

Lenin's calculations were precise: Worn out by World War I, the German empire is unable to bear the pressures of another war. The war ends with the crushing of the empire and is followed by a revolution. In war-torn Europe, on the remaining fragments of the old empires, Communist countries arise, remarkably similar to Lenin's Bolshevik regime. Lenin was ecstatic: "We are at the doorstep of world revolution!"

First Attempts to Unleash a Second World War

As a result of World War I, Europe found itself in a situation which the Communists called revolutionary. In 1918 Communist parties formed in many European countries. In Kiel, German navy seamen called a strike on November 3, 1918. Two days later, the strike spread to all of northern Germany, and on November 7–8 it reached the main industrial regions and the capital city, Berlin. The strikes were suppressed, or subsided on their own. But in January 1919, a Soviet republic was declared in Bremen. The Hungarian Soviet Republic formed in March. In April, the Bavarian Soviet Republic followed. Following the Soviet example, these Communist nations formed Red Armies and secret police squads, which called themselves “extraordinary commissions in the struggle against counterrevolution.” These extraordinary commissions immediately instigated a reign of terror against all layers of society, and the Red Armies threw themselves into revolutionary wars to “liberate” the neighboring nations. A part of the Hungarian Red Army marched into Slovakia and, on June 20, 1919, proclaimed the Slovak Soviet Republic. A Communist government formed immediately and declared a policy of nationalization of all private lands and annulment of private property. It nationalized all commercial enterprises, banks, and transportation systems. For silencing the voices of discontent, they formed the Slovak Red Army and Extraordinary Commission. At the same time Soviet Ukraine declared war on Romania, and began preparations to advance west, to connect with Soviet Hungary.

Lenin and Trotsky prepared to establish Communism in Asia as well as in Europe. On August 5, 1919, Trotsky wrote a secret memorandum arguing that “the road to Paris and London lies through the cities of Afghanistan, Punjab, and Bengal.” He proposed “preparations for a march on India, to help the Indian revolution.” To achieve this goal Trotsky said it was necessary to form “a political and military command center of Asian revolution, and a revolution academy” in the Urals or in Turkestan, to form a special corps of 30,000 to 40,000 horsemen and “unleash them on India” to help the “native revolutionaries.” Civil war raged in Russia and distracted the efforts to ignite a second world war in 1918 and 1919. The main resources of the Red Army were tied up on internal fronts fighting against those who opposed Communism. Lenin and Trotsky were not able to send aid to the Communist nations that sprouted in Central Europe, nor could the Red Army reach Germany.

In 1919 in Moscow, Lenin and Trotsky created the Communist International, abbreviated as Comintern. This organization defined itself as “the Headquarters of World Revolution.” The goal of the Comintern was the creation of a “World Soviet Socialist Republic.” It began the process of creating and strengthening Communist parties on all continents. These parties constituted sections of the Comintern and were subordinate to its leadership. Allegedly, all Communist parties in the world, including the Russian party, had an equal status. They all contributed to the communal

bank of the Comintern. Delegates from all Communist parties of the world held congresses, developed strategies and tactics, and elected a common leadership—the Executive Committee of the Comintern. This organ oversaw all the Communists of the world. The Communist Party of Russia officially was a section of the Comintern, on equal footing with all the other parties, and bound to abide by commonly developed decisions. In practice, however, the reality was an entirely different story. All the funds in the Comintern budget came from the gold reserves of Soviet Russia. All the Communist parties of the world were paid for by Moscow and existed only through financing from the Kremlin. The Comintern itself was also created with Kremlin funds. The leaders of the Comintern lived and worked in Moscow, under tight control of the Soviet secret police. All their directives came from the Kremlin. Only those who were agreeable to the Kremlin leaders, and who carried out all their orders without dissent, were chosen.

Communists conducted not only an open struggle, but also a secret one. Stated briefly, their ideology narrowed down to advocating: “The old world must be destroyed, and a new one built in its place.” To destroy the old world and build a new one, it is necessary to gain political power. Gaining political power requires using all measures, ranging from the most peaceful to the most violent, from the most open to the most secretive. “The struggle for a new world must unfold not on a national scale, but on a world scale. The interests of the World Revolution are more important than the interests of individual countries.”

Every person joining the Communist Party accepted this ideology, meaning he or she agreed to fight against the interests of their own nation, if it became necessary, and to use all methods, including covert and violent action. Suddenly the intelligence services of the Soviet Union received legions of volunteers from practically every nation in the world. All that remained was to select the most competent ones, train them, finance them, and assign them to missions in the fight against their own countries and governments. In the 1920s Soviet intelligence suddenly became the most powerful intelligence organization in the world. Thousands of Germans, Czechs, Hungarians, Americans, English, Japanese, and French selflessly worked in the name of a bright future for all humanity. In actuality, they worked for the interests of the Kremlin.

Lenin was the first to understand that World War I left a rocky legacy. The victorious allied nations, especially France, were carried away in demanding reparations from Germany. Forced into making huge payments to the victors, Germany faced a sharp economic crisis, and the German people experienced hunger, poverty, and constant misfortune. Lenin was the first to understand that the Versailles Treaty was a bomb waiting to explode under Europe. Germany would never make peace due to the unfairness of the pact; there would always be those who opposed the treaty, who would call out for revenge and act to get it. On October 15, 1920, Lenin declared: “The order held by the Versailles peace treaty lies over a volcano, since the seventy

percent of the world's people who are enslaved are anxiously awaiting someone to come and start a struggle for their liberation, and to rock the foundation of their countries." Just who could that man be?

In 1920 Russian Communists undertook a new attempt to spark a second world war by ripping through Poland into Germany. Although the most favorable conditions for revolution had already lessened, Germany in 1920 was still an acceptable place for class struggles. Germany was ruined and dishonored. All her ideals were besmirched and mocked. The country was enveloped in a harsh economic crisis; in March 1920 Germany experienced a general strike, estimated to have had more than 12 million participants. Germany resembled a powder keg, waiting for just one spark. The Red Army was supposed to bring this spark to Germany. In the summer of 1920, the western front of the Red Army, under the leadership of the ruthless General Mikhail Tukhachevski, began to advance with the objective of crushing Europe. Excerpts from order #1423 given to the western front on July 2, 1920, announced: "Fighters of the Workers' Revolution! The fate of the World Revolution will be decided in the West. The path to the world fire lies over the dead body of White (anti-Communist) Poland. We will carry happiness and peace on our bayonets to the working people of the world. To the West! To decisive battles and thundering victories!"

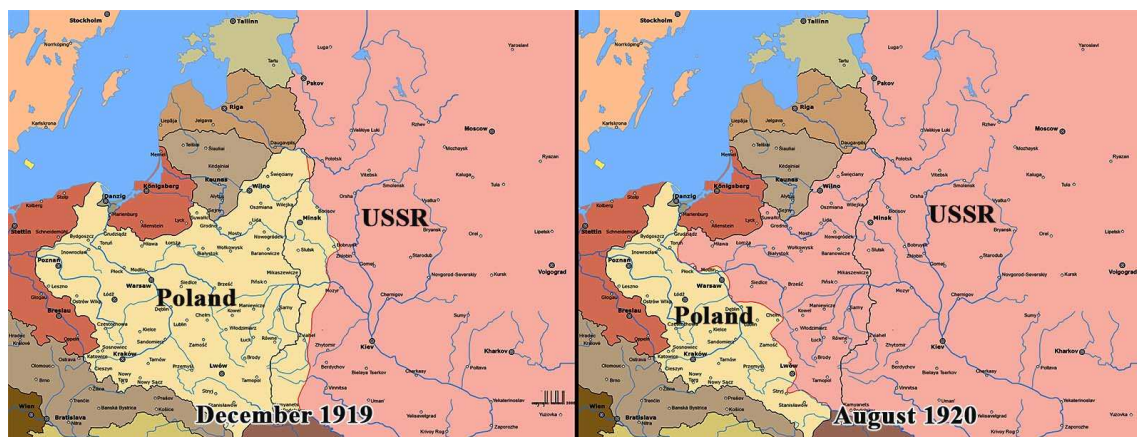


Figure 9.15: Polish-Soviet War: The map shows the Soviet advance but were ultimately defeated at the Polish capital Warsaw.

In the days when the Red Army was advancing toward the Polish cities of Warsaw and Lvov, a second congress of the Comintern was taking place in Russia. The Headquarters of the World Revolution then issued a call:

“Brothers—Red Army Fighters, you should know your fight against the Polish slave drivers is the most just war in history. You are fighting not only for the interests of Soviet Russia, but for the interests of the whole of working mankind, for the interest of the Communist International. . . . Soviet Germany, united with Soviet Russia, will immediately become more powerful than all the capitalist powers combined! The Communist International declared that Soviet Russia’s goal is its

own goal too. The international proletariat will not sheath its sword until Soviet Russia joins the Federation of the Soviet Republics of the World as an integral link.“

On July 23, 1920, directly from the Comintern congress, Lenin telegraphed Stalin at the Polish front: “Situation in Comintern is outstanding. Zinoviev, Bukharin, and I think that it would be proper to encourage a revolution in Italy. My personal opinion is that, to do so, Hungary has to be sovietized, possibly along with Czechoslovakia and Rumania.”⁵ In a conversation with the French delegates to the congress, Lenin was even blunter: “Yes, the Soviet troops are in Warsaw. Soon, Germany will be ours. We will conquer Hungary again; the Balkans will rise against capitalism. Italy will tremble. Bourgeois Europe is cracking at the seams in the storm.”

The Red Army stepped onto Polish territory and immediately in the first occupied city declared the creation of the PSSR—the Polish Soviet Socialist Republic.⁷ Felix Dzerzhinski, the head of the Soviet secret police and an ethnic Pole, led the PSSR. By the end of the second congress of the Comintern, Warsaw was half surrounded by the units of the Red Army. Prior to the Polish counterattack, the Red Army crossed the Vistula River in the vicinity of the town of Wloclawek—360 kilometers, or ten marching days, from Berlin.⁸ There was no common border between Soviet Russia and Germany. In order to spark the fires of revolution, it was necessary to tear down the dividing barrier—Poland. On September 22, 1920, Lenin spoke to the Ninth Conference of the Russian Communist Party and bluntly described the logic guiding the Bolsheviks in their drive: “e defensive war against capitalism is over, we have won. . . . We are now going to try to attack them, to help the sovietization of Poland. . . . We have set ourselves a task: to seize Warsaw. . . . It turned out that not just the fate of Warsaw is being decided, but the fate of the whole Versailles Treaty.”

To the Communists’ misfortune, Tukhachevski, who did not understand strategy, was in command of Soviet troops. Tukhachevski’s armies were crushed near Warsaw and fled in disgrace. In the critical moment, Tukhachevski lacked strategic reserves, and this decided the outcome of the grandiose battle. This time, Europe was fortunate. The Soviet Communists had to postpone the revolution in Europe until 1923.

The First Contact

After the failed first try of further revolution the Russian people demanded peace, not world domination. St. Petersburg, the “cradle of the revolution,” experienced one workers’ strike after another. The workers demanded bread and freedom. The Bolsheviks crushed the workers’ demonstrations, but in March 1921 all of a sudden the Baltic fleet intervened on the workers’ behalf. The sailors of the seaport city of Kronstadt (a naval base), the same ones who gave power to Lenin and Trotsky, now sought their freedom from Communist rule. They demanded that the Soviets (the workers’ and peasants’ councils, the basic organizing units of society created by the

Communists) be purged of Communists. In addition, the nation experienced a wave of peasant uprisings.

The peasants' and sailors' uprisings and the workers' demonstrations were crushed by the same man who lost the Polish war, Mikhail Tukhachevski. He showed inhuman cruelty, and disregarded all international rules of law and human rights. Under his leadership thousands of hostages were executed by firing squad, peasants were shelled with poison gas, and villages were burned. Villagers were drowned in swamps; sailors were drowned, pushed into holes cut in the ice. Communist leaders were desperately looking for a way out of the crisis. The Comintern, finding itself in this desperate situation, made a decision that the only thing that could save Bolshevism was a revolution in Germany. The head of the Comintern, Grigorii Zinoviev, sent his loyal follower, the Hungarian revolutionary Bela Kun, to Berlin. Kun, who in 1919 had been the actual head of the short-lived Hungarian Soviet Republic, arrived in Berlin in March 1921 with an order from Zinoviev and the Executive Committee of the Comintern to the Central Committee of the German Communist Party to seize power. For this the German Communists had to organize an immediate uprising and abolish the Weimar Republic.

On March 22 a general strike was declared in the industrial regions of central Germany. On March 24 the Communists took control of government buildings in Hamburg. In Leipzig, Dresden, Chemnitz, and other cities of central Germany, the Communists organized a takeover of courts, municipal buildings, banks, and police headquarters. The official organ of German Communists, *Die Rote Fahne*, openly called for revolution." Although the attempt to take control of Germany in 1921 suffered defeat, in Moscow preparations immediately began for a new seizure of power in Germany and the world. On December 30, 1922, the Union of Soviet Socialist Republics (USSR) was born. In this name there are no national or geographical limits. According to the plans of the founders of the USSR, the Union was meant to spread throughout the world. The "Declaration of the Founding of the Union of the Soviet Socialist Republics" proclaimed that the USSR is only the first decisive step in a creation of the World Soviet Socialist Republic. The number of republics was planned to expand until the entire world formed one giant Communist state. The Founding Declaration of the USSR was an open and direct declaration of war to the rest of the world. It was an official document that stated the main purpose of the existence of the giant state: to destroy and subordinate all remaining states of the world.

Attempts to unleash a war and revolution were repeated by the Soviet Communists many times over. There was an attempt to start a "Balkan revolution," and obtain, in Trotsky's words, a direct route from the Balkan region to the ports of France and Britain.⁶ An assassination attempt was made against the Bulgarian Tsar Boris, but miraculously he survived. In September 1923 armed uprisings began in Bulgaria, started on the Comintern's orders. On September 27, 1923, the Soviet Politburo ordered ten Bulgarian Communists (officers and pilots) to the navy base in Sev-

astopol. If a nearby Bulgarian city close to the shore was in rebel hands, the pilots would establish a connection by airplane between the south of Russia and Bulgaria. Then, “upon the establishment of the connection, to send out arms that have been in Sevastopol since last year, prepared for the Bulgarian revolution . . . and . . . send Bulgarian Communists currently in Moscow and other Russian cities to Bulgaria with arms.” The leader of the uprisings was Georgy Dimitrov—future head of the Comintern. Attempts were also made to spark revolutions in South America, Estonia, Latvia, Lithuania, China, India, and many other countries.

However, Germany remained the ultimate objective. One of the several attempts to take power in Germany is especially interesting. This attempt was undertaken in the fall of 1923 when Lenin no longer participated in the leadership. The reins of power were almost completely in Stalin’s hands, although neither the country, nor the world, not even his rivals within the party, had come to understand this. Stalin’s personal secretary, Boris Bazhanov, described the preparations for seizure of power in Germany: “At the end of September an emergency meeting of the Political Bureau of the Central Committee of the Russian Communist Party of Bolsheviks (the former name of the Communist Party of the Soviet Union—the CPSU, as it was renamed in October 1952) was held, so secret that it was attended only by the members of the Politburo and myself. No regular member of the Central Committee was permitted to be present. This meeting was called in order to fix a date for a coup in Germany. It was decided on November 9, 1923.”

Bazhanov wrote that the funds earmarked to support the German revolution were tremendous, and a decision was made to support the effort without limits. Inside the Soviet Union, all Communists of German origin and all Communists who knew the German language were mobilized. They were trained and sent to Germany for underground work. Not only regular Soviet Communists were sent to Germany, but leaders of higher rank as well, among them the People’s Commissar (member of the cabinet of ministers of the Soviet government) Vasily Schmidt, the members of the Central Committee of the Soviet Communist Party Karl Radek and Grigory Piatakov, the candidate for membership to the Politburo of the Communist party of the USSR Nikolai Bukharin, and many others. In 1923 many others, also under aliases, arrived in Germany: Tukhachevski, Unshlikht, Vatsetis, Menzhinskii, Trillisser, Yagoda, and many others. The Soviet ambassador to Germany, Nikolai Krestinski, formed a powerful web of secret intelligence. The Soviet embassy transformed itself into the headquarters of the revolution. Roughly its orders were passed from Moscow, along with a flow of funds, which were immediately transformed into a storm of subversive propaganda, arms, and war supplies.

The Comintern commission dealing with German affairs consisted of the entire Soviet leadership: Stalin, Trotsky, Zinoviev, Bukharin, and Radek. Stalin thought that it was necessary to avoid at all cost anything that might reveal that the revolution was “dictated” or “instigated” by the USSR. The plan was simple: November 7—the

anniversary of the Communist takeover in Russia—would be the day for workers' demonstrations of solidarity in Germany. Special units, trained in Moscow by Communist secret police and military intelligence under the supervision of Joseph Unshlikht, would act as provocateurs and incite conflicts with police. Their goal was to cause violent clashes and arrests thus inflaming the anger of the workers. On November 8, the clashes were to grow from street fights into more serious threats. On the night of November 9, Unshlikht's units were to seize the most important government establishments, making it appear to be a spontaneous reaction of the masses against police brutality. The script was simple, yet reliable. The so-called "Great October Socialist Revolution" followed the same script; so did the "proletarian revolutions" in Estonia, Lithuania, and Latvia in 1918 and in 1940. Following this blueprint, Communists took control of many states after World War II: a "spontaneous demonstration" of workers, the wrath of the people—and small units of cunning professionals.

Let's examine the dates. In August of 1923, Stalin decided that "German Communists, by themselves, will have to seize power in Germany." After this, in October, high-ranking Soviet officials were sent to Germany, and one of Stalin's agents conducted talks with the Nazis and discussed cooperative actions. In other words, the Soviets were saying on the one hand, "Dear Nazis, please help the Communists take power in Germany." On the other hand, they were saying "Let the Communists rule Germany by themselves." This is a familiar Communist maneuver, and it was Stalin's personal trademark. Communists took power in Russia in alliance with other parties. Then they destroyed their allies after they became useless. Stalin personally acted in the same fashion. He eliminated his political adversaries by using his allies, and then eliminated the allies.

Stalin's Role in the Rebirth of German War Power

The Kremlin leaders should have used all the powers of the Soviet diplomacy and intelligence services to uncover and root out all attempts to revive the German military machine. Let Germany stay weak! If Germany does not have tanks, aviation, heavy artillery, poison gases, submarines, if Germany has no trained panzer corps, pilots, navigators, if the German generals are banned from developing new tactics and methods of conducting operations, if German engineers do not have the ability to create new models of weapons, and factories do not produce these weapons—then Germany would never start a new war. But the Kremlin leaders did not order their intelligence services to undertake a mission for the strict execution of and adherence to the Versailles Treaty. They did the opposite. A secret reorganization of the German army began with the help of the Soviet government. Moscow gave the German commanders all that they were forbidden to possess: tanks, heavy artillery, war planes, training classes, and weapons testing and shooting ranges. Germany was also provided with access to the Soviet factories that produced tanks and airplanes

that were the most advanced in the world so the Germans would be able to look, to memorize, to copy. Stalin allowed the German government to create secret design bureaus and training centers on Soviet territory.



**“Death is the solution to all problems.
No man - no problem.”**

**“Ideas are more powerful than guns. We would not
let our enemies have guns, why should we let
them have ideas.”**

**“It is enough that the people know there was an
election. The people who cast the votes decide nothing.
The people who count the votes decide everything.”**

**“The death of one man is a tragedy.
The death of millions is a statistic.”**

Joseph Stalin

On November 26, 1922, an agreement about the production of metal airplanes and plane engines was signed with the German aviation firm Junkers Flugzeugwerke. It was this agreement with Junkers that paved the way for large-scale Soviet-German military cooperation. In July 1923 two new agreements were set out: one was about the production of munitions and military equipment and the other about the construction of a chemical plant. On April 15, 1925, an agreement was signed about the creation of a secret air force center in the Russian city of Lipetsk for training German military pilots. By the end of 1933, the school had prepared 450 fighter pilots, air reconnaissance observers, and members of bomber squads. Many of them later entered the core of Reichsmarschall Hermann Goering’s command staff. It is safe to say that the Luftwaffe (the German air force) was born in the Soviet town of Lipetsk. Nobody was supposed to know that Stalin was preparing Germany for a new world war. Planes, designed for training and testing, arrived by non-stop flights at high altitude. All those Germans who headed to the German aviation school in Lipetsk were formally discharged from the Reichswehr. Their names were changed. The return of bodies of those who perished during the frequent training accidents was quite a challenge. They were sent by sea through Leningrad, in containers labeled “Mechanical Parts.” Their relatives were not told of the true causes of death.

Stalin understood that the new war would not only be an air war, but a tank war as well. Therefore, he gave particular attention to preparing German Panzer corps. In 1926, near the Soviet city of Kazan, a tank school for the Reichswehr was created. German tankers wore Soviet uniforms there. Stalin fully equipped future German Panzer generals: he gave them tanks, fuel, ammunition, transport, housing, repair facilities, and a gigantic well-guarded weapons range—to create, to invent, to test. Kazan became the birthplace and alma mater of German armored divisions. Fifteen

years separate the end of World War I and Hitler's coming to power. Stalin's merit before Hitler's Germany lies in that he did not allow Germany to fall behind its enemies in technological and scientific advancement. Stalin bridged the gap between the retiring generation of engineers from the Kaiser era and the newly ascending generation of the Third Reich. Stalin's efforts secured the transfer of all amassed scientific and technological potential, knowledge, and experience from the retiring designers to the newly starting creators of military equipment and weapons. It was not enough to train personnel and perfect models of weapons. One also needs military factories that will produce these weapons. Here as well the Kremlin leaders already, at the end of the 1920s, showed full understanding, and came to the aid of the German war industry. An agreement was worked out about the creation in Russia of production facilities for the German war industry, masked as Soviet-German enterprises. The Junkers deal was the first such enterprise. In 1922 the firm began constructing metal planes and plane motors. Beginning in 1924, the factory already had begun to produce several hundred planes per year. Following Junkers were Friedrich Krupp (cannons, shells, and tanks), BMW (tank motors and plane motors), Bersol (poisonous gases), Karl Walther (rifles), and others. Stalin prepared Germany for a second world war. Without Stalin's help, Germany could not arm itself and destroy Europe. Obviously, when arming Germany, Stalin was not planning that all this would be used against him. The idea was that Germany could still get under communist control and become part of the USSR.

Why Did Stalin Like Hitler's Book So Much?

A study of the war between Germany and the Soviet Union should start with the question: Why did Hitler invade? In 1924 Hitler wrote in his book *Mein Kampf*: "We want to return to that point, where our previous development halted six hundred years ago. We want to halt Germany's constant efforts to expand to the south and west, and have our sights set towards the territories situated to the east." This phrase became famous and has been quoted time after time. Politicians, diplomats, generals, historians, and journalists have tirelessly repeated these words. Even in the 1920s this quote was cited in the essays and public speeches of Soviet leaders. Trotsky, Bukharin, Zinoviev, and Kamenev repeated it. In the 1930s, especially after the Nazis came to power, Hitler's frankness resounded with new authority. Any public speaker on the impending war began with this proclamation by Hitler. After Stalin's death in 1953, hordes of historians quoted Hitler and accused Stalin of short-sightedness. The Fuehrer openly declared his intentions. Stalin should have read *Mein Kampf* and taken appropriate measures. From the moment that *Mein Kampf* first appeared in 1925 until the moment Hitler invaded in 1941, this quote was repeated from every loudspeaker. It was shouted at factory meetings, it was used to scare the people. It was repeated by the Comintern and printed in schoolbooks. After all this, how could the German invasion have been a surprise for Stalin? Did

Stalin himself read *Mein Kampf*?

Yes, he read it. Moreover, Stalin was the first foreign reader. He was its greatest scholar and fan. The first translation of *Mein Kampf* was into Russian, under Stalin's personal orders. The book was published for the leadership of the party and the army. Marshal of the Soviet Union Konstantin Konstantinovich Rokossovsky wrote: "In our time we all read Hitler's book *Mein Kampf*."¹ The translation was completed without obtaining the author's permission. But his royalties were paid, though not right away. At the moment *Mein Kampf* was published, Stalin was not the only leader—there was a whole crowd of leaders in the Kremlin. Not all of them understood the meaning of Hitler's creation. Comrade Stalin, however, immediately grasped, weighed, and evaluated everything. After having strangled his competition, Stalin paid his due to the author of *Mein Kampf*. The number of copies printed in Russian at that time is unknown to me. One thing is clear: the circulation was minimal. For those few copies of the precious book, Stalin paid generously. How much did he pay? Stalin gave Hitler power over Germany. "Without Stalin, there would have been no Hitler, there would have been no Gestapo"—so said Trotsky in October 1936 as he evaluated Stalin's aid to Hitler.

On November 8, 1923, a socialist revolution hit Germany. The revolution was organized by the Comintern, and carefully directed behind the scenes by Soviet intelligence officers and envoys from Moscow. Although the revolution failed, Hitler's socialist workers' party showed itself as a unified, though small, formation of German workers. Hitler personally led his comrades into police fire. Some of his followers perished; Hitler himself was wounded and landed in jail. That is where he fell into heresy. Hitler wrote a book, in which he uttered those famous words about lands in the east. Lenin and Trotsky decided that for the sake of the happiness of people everywhere they needed to sacrifice the people of their own country, whereas Hitler decided that the opposite had to be done: for the sake of the happiness of his people, he was willing to sacrifice people of other nations. For example, conquer lands to the east for Germany, regardless of the consequences for the people inhabiting those lands. Hitlerism could have been eliminated from the moment of its conception. Sending an idealistic murderer to Munich would not have been a difficult feat for Stalin. Nobody would have paid any attention to one socialist breaking the skull of another, a very common occurrence. How many people did Stalin eradicate? Why did he not touch Hitler?

Stalin read *Mein Kampf* from cover to cover and figured out that the main goal Hitler set for Germany's future was not lands in the east, mentioned in only one phrase in the book, but in liberating Germany from the chains of the Versailles Treaty. Hitler made enemies within and outside Germany. Internal enemies were the Jews. Outside enemies were the French, and the Jews. Stalin's tactic relied on doing everything with someone else's hands, eliminating one enemy with the hands of the other. "Stalin always found monkeys, who brought him nuts from the hottest fire."

is was said by Robert Conquest.³ “Nobody could make his competitors knock heads like Stalin, always staying on the side and coming out superior to all.” is was noted by A. Antonov-Ovseenko.⁴ To this, one must add that Stalin was the most ardent perpetrator of Lenin’s mission: to “create a Communist society with the hands of our enemies.” Stalin understood that if Hitler tried to free Germany from France’s economic slavery and from the Versailles Treaty, Britain would immediately interfere, because France imposed the treaty in alliance with Britain. If Germany entered into war with Britain and France, other countries would be pulled into the conflict as well. is was just what Stalin needed. It did not at all follow from Mein Kampf that Hitler would advance to the east. In Mein Kampf there is a mention of lands in the east, but no indication of when Germany needs to conquer those lands. Hitler simply “pointed his finger” in the direction. He even said (in Part 1, Chapter III): “e effort would have to be envisaged in terms of centuries; just as in all problems of colonization, steady perseverance is a far more important element than the output of energetic effort at the moment.” Hitler was planning to build a thousand-year Reich. Even in the famous, repeatedly quoted passage, he speaks of centuries: “We want to return to that point, at which our previous development stopped six hundred years ago.”

The book Mein Kampf clearly demonstrated the arrival of a man who was going to fight against the world, the man whom the world was going to hate, the man against whom all people would rise up, the man the whole world would declare war upon. The entire world’s hatred would concentrate against Hitler and his followers. If Hitler unleashed a war, first and foremost this war would be against anyone but the Soviet Union. If Hitler unleashed a war, logic would demand the dissipation of German strength along the entire European continent, and beyond. ose who fought against Hitler would be considered saviors and liberators. is is exactly what Stalin needed. Stalin knew: if Hitler went to war against France and Britain, the question of lands in the east would fade on its own.

Industrialization and Collectivization

In 1927, a Five Year Plan for developing industry was adapted in the Soviet Union. is began the industrialization, over-industrialization, super-industrialization. After the first, the second Five Year Plan followed, and then a third one. We can judge the purpose of the Five Year Plans from the following fact. At the beginning of the first Plan, the Red Army had seventy-nine tanks; at the end it had over 4,538.1 Nevertheless, the military accent was not so noticeable in the first five years. The main focus then was not on the production of arms, but on the creation of an industrial base, which later was to produce armaments. The second Five Year Plan was a continuation of the development of the industrial base. is meant the creation of furnaces, giant electricity plants and oxygen plants, and coal ore mines. The

production of arms was not yet the main objective although Stalin does not forget about it either; in the first two five-year intervals, 21,573 warplanes were produced.² But it was the third Five Year Plan, which was scheduled to end in 1942, that had as its goal the output of hoped-for military production, in enormous quantities and of very high quality. Under Stalin, the Soviet Union truly attained grandiose achievements.

The first secret of the success: terror. Communists shut down the borders of the country; it was impossible to run away. Secret police unleashed a fight against “saboteurs.” Any accident in a production line, any breakage, any lack of success was declared a result of an evil plot. The guilty (and the innocent) were imprisoned; the terms were quite lavish. Those who were named “malevolent saboteurs” were shot. The terror had a dual effect. On the one hand, discipline improved, and any opposition was crushed. Millions of people ended up in the concentration camps. It was a slave workforce. Inmates do not have to be paid at all. They can be sent anywhere. They do not need housing—a torn tent, wooden barrack that they build for themselves, or a hole in the ground that they will dig will suffice. Inmates can be almost never fed or clothed. Their lives cost nothing. They can be forced to work any number of hours in a day, without holidays. They can be executed for unfulfilled production quotas. The development of the remote regions of Siberia and the Far East would have been impossible without the multi-million-strong armies of the inmates (and the “special settlers,” in other words, those deported by force and exiled to those remote regions). The government planned in advance the number of prisoners that would be needed for the next year, and would place an advance order for the arrests with the People’s Commissariat of Internal Affairs (NKVD).

The second secret of Stalin’s industrialization success: vast resources available in the USSR. Over a thousand years of its history, Russia had amassed an enormous treasure. The country had huge gold reserves. In churches, monasteries, museums, tsarist palaces, and the homes of rich people, mind-boggling valuables were collected: icons, paintings, statues, medals, books, antique furniture, furs, and jewelry. All this was mercilessly confiscated and sold abroad. Stalin sold enormous reserves of gold, platinum, and diamonds to the outside world. In just a few years, Stalin sold all that the nation had been gathering for centuries. Stalin robbed churches and monasteries, the imperial vaults, and museums. Icons and precious books, paintings by great Renaissance masters, collections of diamonds, and the treasures of museums and libraries were all exported. On top of all this, Russia has every sort of natural resource and in almost inexhaustible quantities. Millions of people were cutting down forests and transporting the timber to the northern ports. The timber was the base of exports. Stalin also organized gold mining on a never-before-seen scale. Among others, a group of concentration camps was formed under the name “Dal’sstroy” (the Russian abbreviation for “Far Eastern Construction Trust”). Jacques Rossi, a Frenchman, spent almost half of his life in Soviet concentration camps.



Figure 9.16: Map of the collectivization of farms.

Starting in the late 1930s and all the way into the beginning of the 1950s, several hundred thousand inmates were mining up to 100 tons of gold a year for Stalin.⁴ In 1939, just Dal'stroy by itself mined 66.7 tons of gold on Kolyma. The plan for 1940 was for 80 tons of gold. And the production of gold kept on growing. For comparison's sake: In tsarist Russia, the maximum production of gold was 64 tons, in 1913; average annual gold production in the world in 1930–39 was 803 tons. Therefore, just the Kolyma camps were providing Stalin with 12 percent of the world's gold production. Siberian and Far East gold was the golden key to the success of industrialization. But Dal'stroy was not the only place where gold was mined. Stalin also paid for foreign technology with coal, nickel, manganese, petroleum, cotton, and also with lumber, caviar, and furs. In 1930, the main Soviet export became grain. They managed to get 883 million gold rubles for the exported grain. The sales of oil and oil products and also timber and timber products produced another 430 million gold rubles. Capitalists paid almost 500 million gold rubles for flax and furs. Later on, because of grain overproduction in the United States, world grain prices dropped. In 1932–33, the overall revenue from grain sales, at very low “dumping” prices, was only 369 million gold rubles. In 1933, the revenue from grain sales was only 8 percent of overall export revenues. Even half of the grain sold during 1932–33 would have been enough to save all of the country's regions from starvation.

Millions of slaves of communism fulfilled the first Five Year Plan, while at the same time the United States experienced an unprecedented economic crisis, which spread to Europe. The crisis gave additional impulse to Stalin's buildup. Finding themselves in the midst of the Great Depression, inventors and businessmen in America, Germany, Great Britain, and France sold technology at low prices. Fortunately, Stalin had plenty of gold in reserve. Western technology was the main key to success. In the beginning of the 1930s, the USSR became the world's biggest importer of machinery and equipment. The People's Commissar of Heavy Industry, Sergo Ordzhonikidze,

declared with satisfaction: “Our plants, our mines, our factories are now equipped with such outstanding technology that no other country has. . . .Where did we get it from? We bought from the Americans, from the Germans, from the French, from the British the most advanced technological achievement and then outfitted our enterprises.”

American engineers traveled to the Soviet Union and designed factories, while Stalin’s slaves dug pits, poured concrete roads, and erected walls. Right away, cranes, tools, and equipment came from abroad, and the foreign engineers mounted, set, and tested all this. In the early 1930s, to the amazement of the entire world, in the city of Nizhny Tagil sprang up the most powerful industrial enterprise in the world—Uralvagonzavod (the Ural Railroad Car Factory). Americans talk with deserved pride of the giant factory which they designed and built not in America, but in the Soviet Union. During the course of six decades, until the very crumbling of the Soviet Union, Uralvagonzavod remained the largest enterprise in the world (the Guinness book of world records confirms this). Uralvagonzavod was built in such a manner that it could at any moment switch from producing railroad cars to producing tanks. In 1941, an order was issued to produce tanks, and Uralvagonzavod without any delays began mass production. During four years of war, Uralvagonzavod produced 35,000 T-34 tanks. It also produced other weapons. The Chelyabinsk tractor factory was also built in the Urals at the same time. It also was built according to American designs and fully outfitted with American equipment, and it also was built in such a way that at any moment it could stop producing tractors and instead begin producing tanks. During the course of the war, this factory was called Tankograd. They build up the biggest industry in the world at that time.

Modern factories were built in the Soviet Union, but the lives of the people were not at all improving as a result. The most ordinary pots and pans, rubber boots, plates, the simplest furniture, cheapest clothing, nails, and matches—all these became scarce. Huge lines formed outside the stores. Stalin was paying for industrialization with his people’s standard of living, letting it drop very low. Stalin had one more ace: spies. The West supplied Stalin with the most contemporary industrial equipment, and sold licenses for production of the newest models of weapons and military technology. But all that could not be obtained by legal means was stolen by Stalin’s spies. Stalin was generous with his gold when it came to spying. In order to raise the productivity of his scientists and engineers, Stalin imprisoned entire collectives of engineers, accusing them of being spies. Prominent aviation, tank, and artillery engineers found themselves behind bars. The task set before them was simple: create the best bomber (tank, cannon, engine, and submarine) in the world and you will receive freedom; fail and you will go to Dal’sstroy to extract gold; the inmates there do not live too long. Imprisoned engineers did not have to be paid millions for their work, they did not need good houses or apartments, and there was no need to send them to resorts by the warm sea: without all this, they were still very

interested in creating the best weapons in the world on very short deadlines. These were talented people; on top of talent, Stalin's spies supplied everything that was created by the best minds in the world. Every imprisoned engineer had before him the best American, German, British, and other designs in the given field. He could choose the best, and based on it create something even more remarkable.

Immediately after the Communists seized power, the land was divided among the peasants. Land was divided rather fairly—according to the number of mouths to feed, meaning the size of area a family received depended on the number of its members. Millions of Russian peasants dreamed for centuries of receiving land. Now their dreams had finally come true, but resulted in a widespread famine across the land. The cause for this was that the Communists gave people the land, but demanded everything the peasants could grow to be given back to the government. The land is yours, but all that you can grow on it is not yours. It is understandable that nobody wanted to voluntarily give up the fruits of his labor. In answer to this, Communists created “food regulation” brigades and entire armies—units of armed men who took away from the peasants all their reserves. The peasants answered with armed resistance, but they failed.

In the struggle for bread the Communists won, but they celebrated their victory too soon. It is possible to take away from the peasant all his bread, his potatoes, to lead away his cows and to slaughter his pigs; however, it is impossible to force a man to continue working hard. The Russian peasants stopped growing agricultural products since the Communists were taking away what they produced. This resulted in the horrible famine of 1920–21. Lenin was forced to retreat from his rigid politics. Free trade of foodstuffs was allowed; the gold ruble was introduced. All this was called by the term NEP—New Economic Policy. There was nothing new in it. It was good old capitalism. The country was revived almost immediately. By 1923, there was so much produce that Russia was once again able to export grain. Then, in 1927, Stalin began his industrialization. This process brought on consequences that were not foreseen by the Communists. The country had huge reserves of produce, but peasants were in no rush to sell them. The reason was simple: over several years, hardworking peasants had hoarded significant reserves of gold rubles. They went to the shops in search of manufactured products, but there was nothing to buy. Practically all industrial production in the Soviet Union focused on the military. There were tanks, airplanes, parachutes, cannons, shells, cartridges, and machine guns, but no home appliances. What does a man need cash for, if there is nothing to buy? The peasants once again either stopped selling products or stopped producing them.

The Communists now faced a dilemma: either direct a part of production to producing goods for the wealthy peasants to consume or get rid of the wealthiest, meaning the most hardworking, the smartest. Rather than return to normal human existence and end communism, Stalin chose to enslave the peasants on collective farms and eliminate private ownership. In 1928, Stalin began the bloody war against peasants,

which was called collectivization. Units of the Red Army encircled entire regions. Those peasants who produced more than others were, in the middle of winter, herded together with their families into railroad cattle cars and transported across thousands of kilometers to Siberia, the Urals, or Kazakhstan, where they were thrown out into the cold on the bare steppes. This grandiose operation was initiated on Stalin's orders and executed by his rising deputy Molotov. Many years later, Molotov was asked how many people were transported to the wild, uninhabited regions during collectivization. He answered: "Stalin said that we relocated ten million. In reality, we relocated twenty million." Historical literature and documentary sources offer different numbers of the demographic losses resulting from the collectivization and starvation of 1932–33. Presently, the following figures look most justified: 3.5 to 5 million people perished from famine, and about 3 to 4 million people died at the places of exile as a result of intolerable conditions of repression and unbearable life. Cannibalism flourished in the country. Stalin, meanwhile, during these horrible times was selling millions of tons of grain each year to accumulate currency in order to produce weapons in mass quantities.

Stalin's Role in Elevating Hitler

The year 1927 was when Stalin finally secured and firmly established his place atop the power structure. From this moment, Stalin's attention was concentrated not only on fortifying his dictatorship, but on issues of the Communist movement and the World Revolution. Stalin needed victory in Europe, especially in Germany. For this, he needed to eliminate three obstacles that were preventing the German revolution. Stalin had to bring order to the German Communist Party and force it to execute orders coming from Moscow, establish common borders with Germany, and destroy the German Social Democrats. Stalin understood better than anyone else that revolution comes as a result of war. War heightens tensions, ruins economies, and brings nations closer to the fateful limits, beyond which their ordinary existence ceases to be. In matters of war and peace, he adhered to this principle: if the Social Democrats, with their pacifism, divert the proletariat's attention from revolution and from war that gives birth to revolution, then merciless war must be waged against the Social Democrats. On November 6, 1927, Stalin sounded the slogan: "It is impossible to finish off capitalism without finishing off the Social Democrats."

In 1927 Stalin foresaw the Nazi takeover in Germany, and considered this development desirable: "Precisely the fact that the capitalist government is turning fascist is leading to a heightening of tensions within the capitalist countries, and to revolutionary actions by workers," Stalin told the Central Committee in 1927.³ Stalin gave Hitler's regime the name "terrorist dictatorship" and stressed that "the revolutionary crisis will increase faster [since] the more the bourgeoisie gets confused in its combinations and tactics, the more it employs terrorist methods." In his report to the

Seventeenth Party Congress, he stressed: “I speak not about fascism in general, but about fascism of the German type.”

In 1925, Stalin declared that World War II was inevitable, as was the Soviet Union’s entrance into that war. “ere can be no doubt that a war in Europe will start and they will all fight in it.”⁴ But Stalin did not want to start the war himself, or to be its participant from the first day: “We will have to enter, but we will enter last, we will enter in order to throw in our weight and tip the scale.”⁵ The more crimes Hitler committed in Europe, the better for Stalin, the more reasons Stalin had to send the Red Army to liberate Europe. Stalin saw that Hitlers party was not strong enough in Germany and in the elections in 1932, the NSDAP lost to the combined force of the Social Democrats and the Communists.

Hitler’s party (NSDAP)—11,705,000

Social Democrats—7,231,000

Communist Party—5,971,000

Hitler’s National Socialist Workers’ Party faced a crisis. At first glance, Hitler seemed to be the winner and the most popular politician in Germany, and therefore should have taken power. However, he did not have an absolute majority, and could not take power. But combined, the Social Democrats and the Communists had more votes. Hitler’s National Socialist Workers’ Party was in a deep financial crisis as well, its funds diminishing fast. Goebbels wrote in his diary: “All hope has disappeared.... There is not a pfennig in our cash boxes....

Nobody gives us any credit. . . . We are on our last breath.” Goebbels’s entry on December 23, 1932, said: “I am overwhelmed by a terrible feeling of loneliness, which borders on a sense of total loss! The year 1932 was a sequence of one misfortune after another. It should be erased completely. . . . We have no prospects, no hopes left.” The terrible position the Nazis found themselves in was no secret to outside observers. By New Year’s Eve, the powerful newspaper *Frankfurter Zeitung* was already rejoicing at the “disintegration of the NSDAP myth.” Harold Laski, one of the leading intellectuals of the English left, was assured that: “e day when the National Socialists presented a lethal danger has passed. . . . If we discount chance, it is not so improbable that Hitler will finish his career as an old man in some Bavarian village, telling tales to his friends in the evenings in some beer hall, about how he once almost orchestrated a takeover in the German Reich.” Facing bankruptcy, Hitler, as recorded in Goebbels’s diary, considered two options: the first was flight, the other was suicide. Ten years after the crisis, Hitler himself told his inner circle: “e situation was at its worst in 1932, when we were forced to sign many debt obligations in order to fund our press and election campaigns, and keep the party running. . . . In the name of the NSDAP, I signed for these obligations, knowing that if the NSDAP stopped functioning, everything was lost.”

German National Socialism faced doom until Hitler was saved by Stalin. Comrade Stalin did not just save Hitler; he handed him the keys to power. Democracy is structured in such a way that, during the turning points of history, minority groups play the key roles. It occurs because history has innumerable possible courses and outcomes. When everything goes well, people agree with the leaders' course of action, but during times of crisis alternative ideas and plans arise. Policy alternatives split the nation almost evenly between two diametrically opposed views. In such a situation, a third party—a minority—becomes the kingmaker, and its role can be decisive. In 1932 Germany experienced precisely this situation: Hitler was in first place, the Social Democrats second, and the Communists third. But none of the three could control the absolute majority needed to come to power. In this case, Germany's fate, and the fate of Europe, was in the hands of the German Communists. If the Communists sided with the Social Democrats, Nazism would perish and never again resurface. If the Communists turned against the Social Democrats, Social Democracy would crumble. For the Communists, forming a coalition with the Social Democrats meant defeating Hitler. After this victory, the Communists would automatically rise from third place to second, and share power with the first-place party, the Social Democrats—a very appealing option. The Communists had a second option: to go against the Social Democrats, thereby opening the way for Hitler to take power. The consequences of such a move were very predictable: Hitler, having come to power, would throw both Social Democrats and Communists into concentration camps. If the German Communists went against the Social Democrats, they would be sentencing to death both themselves and the Social Democrats.

Acting on Stalin's orders, the German Communist leaders chose the second option—they did not wish to form a block with the Social Democrats. Publicly, for regular Communists and workers, the Communist Party policy against the Social Democrats was explained with twisted reasoning: there is no radical difference between a regime of parliamentary democracy and a fascist dictatorship. Both are forms of dictatorship by the bourgeoisie, which was growing more and more reactionary. The German Communist leaders kept repeating, after their Moscow masters, that a fascist-like turn taken by the bourgeois parties and their Social Democrat supporters was even more dangerous than the Nazis because the Social Democrats hid their true motives. German Communist leaders told the workers: We are Communists, struggling against capitalism and fascism, while the Social Democrats are acting as protectors of capitalism, and are becoming de facto allies of the fascists. Therefore, the Social Democrats are really nothing more than a "left wing" of fascism, or they are "social fascists," a party which conducts a policy of "hidden fascism" that is more dangerous than Nazi policy. The peace-loving policy of the Social Democrats prevents war; therefore it prevents revolution and, ultimately, prevents the victory of the Working Class, while the Nazi policy enhances the chances for war and revolution and, ultimately, the victory of the Working Class. From this bizarre dialectic, they concluded that Hitler's party must carry out the main attack on the Social Democrats, since they

were the most dangerous enemy, which still retained some influence over the worker class and hindered an effective war on capitalism.

Hitler came to power as a result of this perverted ideological mind game. German Communists, out of instincts for self-preservation, should have joined a coalition with the Social Democrats. But Stalin intervened and opened the way for Hitler. The first time there was open cooperation between the Nazis and Communists was in August 1931 in Eastern Prussia, where the Social Democrats were in power. The Nazis initiated a referendum to oust the Social Democrats. At first the Communists were opposed to the referendum. However, after instructions from Moscow, they changed their minds. The Nazis and Communists joined forces under a common red flag, on which the swastika and the hammer and sickle were intertwined. Despite the Communists' calling the plebiscite a "Red Referendum" and the Nazis "working people's comrades," the referendum failed to gain a majority. A year later, several days before the November 1932 elections for the Reichstag, a public transportation strike began in Berlin. The Communists and Nazis jointly coordinated the strike. Storm troopers and rotfronters (Communist paramilitary) paralyzed public transportation for five days, dug up tram tracks, picketed, beat up those who came to work, and used force to stop the cars that the authorities managed to put to work.

Once the Nazis came to power, Stalin used all his might to push them toward war. When Germany attacked Poland, and France and Britain entered the war against Germany, Stalin ordered the Communists of the Western democracies to oppose the war. The Western democracies were branded as capitalist imperialists, and the Comintern ordered its members to weaken the armies of the Western democracies through strikes in armament and airplane factories. The Communist Parties were to demand an end to the "imperialist war." Hitler was portrayed as a fighter for the working classes. But by pushing Hitler into conflict with democratic Europe, Stalin had issued Hitler a death sentence. By offering to divide Poland with Hitler, Stalin had dragged him into a larger scale war with no end in sight. Stalin expected that the Western allies and Germany would exhaust their strength by fighting against each other as they did in World War I. The struggle between Hitler and the Western democracies would create the moment for a "mighty strike" from the East and bring forth world revolution on the bayonets of the Red Army. Five years prior to the Nazis' rise to power in Germany, Stalin had already planned their annihilation: "[We will] crush fascism, destroy capitalism, establish Soviet power, and liberate the colonies from slavery."

9.11 Changing Economic Patterns

Introduction

An economic system does not have to be expansive—that is, constantly increasing its production of wealth—and it might well be possible for people to be completely happy in a non-expansive economic system if they were accustomed to it. In the twentieth century, however, the people of our culture have been living under expansive conditions for generations. Their minds are psychologically adjusted to expansion, and they feel deeply frustrated unless they are better off each year than they were the preceding year. The economic system itself has become organized for expansion, and if it does not expand it tends to collapse. The basic reason for this maladjustment is that investment has become an essential part of the system, and if investment falls off, consumers have insufficient incomes to buy the consumers' goods which are being produced in another part of the system because part of the flow of purchasing power created by the production of goods was diverted from purchasing the goods it had produced into savings, and all the goods produced could not be sold until those savings came back into the market by being invested. In the system as a whole, everyone sought to improve his own position in the short run, but this jeopardized the functioning of the system in the long run. The contrast here is not merely between the individual and the system, but also between the long run and the short run.

The Harmony of Interests

The nineteenth century had accepted as one of its basic faiths the theory of “the harmony of interests.” This held that what was good for the individual was good for society as a whole and that the general advancement of society could be achieved best if individuals were left free to seek their own individual advantages. This harmony was assumed to exist between one individual and another, between the individual and the group, and between the short run and the long run. In the nineteenth century, such a theory was perfectly tenable, but in the twentieth century it could be accepted only with considerable modification. As a result of persons seeking their individual advantages, the economic organization of society was so modified that the actions of one such person were very likely to injure his fellows, the society as a whole, and his own long-range advantage. This situation led to such a conflict between theory and practice, between aims and accomplishments, between individuals and groups that a return to fundamentals in economics became necessary. Unfortunately, such a return was made difficult because of the conflict between interests and principles and because of the difficulty of finding principles in the extraordinary complexity of twentieth-century economic life.

The Factors of Economic Progress

The factors necessary to achieve economic progress are supplementary to the factors necessary for production. Production requires the organization of knowledge, time, energy, materials, land, labor, and so on. Economic progress requires three additional factors. These are: innovation, savings, and investment. Unless a society is organized to provide these three, it will not expand economically. "Innovation" means devising new and better ways of performing the tasks of production; "saving" means refraining from consumption of resources so that they can be mobilized for different purposes; and "investment" means the mobilization of resources into the new, better ways of production. The absence of the third factor (investment) is the most frequent cause of a failure of economic progress. It may be absent even when both of the other factors are working well. In such a case, the savings accumulated are not applied to inventions but are spent on consumption, on ostentatious social prestige, on war, on religion, on other nonproductive purposes, or even left unspent.

Powerful Groups Seek to Maintain Status Quo

Economic progress has always involved shifts in productive resources from old methods to new ones. Such shifts, however beneficial to certain groups and however welcome to people as a whole, were bound to be resisted and resented by other groups who had vested interests in the old ways of doing things and in the old ways of utilizing resources. In a progressive period, these vested interests are unable to defend their vested interests to the point of preventing progress; but, obviously, if the groups in a society who control the savings which are necessary for progress are the same vested interests who benefit by the existing way of doing things, they are in a position to defend these vested interests and prevent progress merely by preventing the use of surpluses to finance new inventions. Such a situation is bound to give rise to an economic crisis. From one narrow point of view, the twentieth century's economic crisis was a situation of this type. To understand how such a situation could arise, we must examine the development in the chief capitalist countries and discover the causes of the crisis.

Great Britain

In Britain, throughout the nineteenth century, the supply of capital was so plentiful from private savings that industry was able to finance itself with little recourse to the banking system. The corporate form was adopted relatively slowly, and because of the benefits to be derived from limited liability rather than because it made it possible to appeal to a widespread public for equity capital. Savings were so plentiful that the surplus had to be exported, and interest rates fell steadily. Promoters and investment bankers were not much interested in domestic industrial securities (except

railroads), and for most of the century concentrated their attention on government bonds (both foreign and domestic) and on foreign economic enterprises. Financial capitalism first appeared in foreign securities, and found a fruitful field of operations. The corporation law (as codified in 1862) was very lenient. There were few restrictions on formations of companies, and none on false prospectuses or false financial reports. Holding companies were not legally recognized until 1928, and no consolidated balance sheet was required then. As late as 1933, of 111 British investment trusts only 52 published a record of their holdings. Secrecy Is One of the Elements of the English

This element of secrecy is one of the outstanding features of English business and financial life. The weakest "right" an Englishman has is the "right to know," which is about as narrow as it is in American nuclear operations. Most duties, powers, and actions in business are controlled by customary procedures and conventions, not by explicit rules and regulations, and are often carried out by casual remarks between old friends. No record perpetuates such remarks, and they are generally regarded as private affairs which are no concern of others, even when they involve millions of pounds of the public's money. Although this situation is changing slowly, the inner circle of English financial life remains a matter of "whom one knows," rather than "what one knows." Jobs are still obtained by family, marriage, or school connections; character is considered far more important than knowledge or skill; and important positions, on this basis, are given to men who have no training, experience, or knowledge to qualify them.

As part of this system and at the core of English financial life have been seventeen private firms of "merchant bankers" who find money for established and wealthy enterprises on either a long-term (investment) or a short-term ("acceptances") basis. These merchant bankers, with a total of less than a hundred active partners, include the firms of Baring Brothers, N. M. Rothschild, J. Henry Schroder, Morgan Grenfell, Hambros, and Lazard Brothers. These merchant bankers in the period of financial capitalism had a dominant position with the Bank of England and, strangely enough, still have retained some of this, despite the nationalization of the Bank by the Labour government in 1946. As late as 1961 a Baring (Lord Cromer) was named governor of the bank, and his board of directors, called the "Court" of the bank, included representatives of Lazard, of Hambros, and of Morgan Grenfell, as well as of an industrial firm (English Electric) controlled by these.

The heyday of English financial capitalism is associated with the governorship of Montagu Norman from 1920 to 1944, but it began about a century after the advent of industrial capitalism, with the promotion of Guinness, Ltd., by Barings in 1886, and continued with the creation of Allsopps, Ltd., by the Westminster Bank in 1887. In the latter year, only 10,000 companies were in existence although the creation of companies had been about 1,000 a year in the 1870's and about 1,000 a year in the 1880's. Of the companies registered, about a third fell bankrupt in their

first year. This is a very large fraction when we consider that about one-half the companies created were private companies which did not offer securities to the public and presumably already were engaged in a flourishing business.... In two years (1894-1896) E. T. Hooley promoted twenty-six corporations with various noble lords as the directors of each. The total capital of this group was £18.6 million, of which Hooley took £5 million for himself.

From this date onward, financial capitalism grew rapidly in Britain, without ever achieving the heights it did in the United States or Germany. Domestic concerns remained small, owner-managed, and relatively unprogressive (especially in the older lines like textiles, iron, coal, shipbuilding). One chief field of exploitation for British financial capitalism continued to be in foreign countries until the crash of 1931. Financial capitalism in Britain, as elsewhere, was marked not only by a growing financial control of industry but also by an increasing concentration of this control and by an increasing banking control of government. As we have seen, this influence of the Bank of England over the government was an almost unmitigated disaster for Britain. The power of the bank in business circles was never as complete as it was in government, because British businesses remained self-financing to a greater extent than those of other countries. This self-financing power of business in Britain depended on the advantage which it held because of the early arrival of industrialism in England. As other countries became industrialized, reducing Britain's advantage and her extraordinary profits, British business was forced to seek outside financial aid or reduce its creation of capital plant. Both methods were used, with the result that financial capitalism grew at the same time as considerable sections of Britain's capital plant became obsolete.

The control of the Bank of England over business was exercised indirectly through the joint-stock banks. These banks became increasingly concentrated and increasingly powerful in the twentieth century. The number of such banks decreased through amalgamation from 109 in 1866 to 35 in 1919 and to 33 in 1933. This growth of a "money trust" in Britain led to an investigation by a Treasury Committee on Bank Amalgamations. In its report (Colwyn Report, 1919) this committee admitted the danger and called for government action. A bill was drawn up to prevent further concentration but was withdrawn when the bankers made a "gentlemen's agreement" to ask Treasury permission for future amalgamations. The net result was to protect the influence of the Bank of England, since this might have been reduced by complete monopolization of joint-stock banking, and the bank was always in a position to influence the Treasury's attitude on all questions. Of the 33 joint-stock banks existing in 1933, 9 were in Ireland and 8 in Scotland, leaving only 16 for England and Wales. The 33 together had over £2,500 million in deposits in April 1933, of which £1,773 million were in the so-called "Big Five" (Midland, Lloyds, Barclays, Westminster, and National Provincial). The Big Five controlled at least 7 of the other 28 (in one case by ownership of 98 percent of the stock). Although competition among the

Big Five was usually keen, all were subject to the powerful influence of the Bank of England, as exercised through the discount rate, interlocking directorships, and above all through the intangible influences of tradition, ambition, and prestige.

In Britain, as elsewhere, the influence of financial capitalism served to create the conditions of monopoly capitalism not only by creating monopoly conditions (which permitted industry to free itself from financial dependency on banks) but also by insisting on those deflationary, orthodox financial policies which eventually alienated industrialists from financiers. Although monopoly capitalism began to grow in Britain as far back as the British Salt Union of 1888 (which controlled 91 percent of the British supply), the victory of monopoly capitalism over financial capitalism did not arrive until 1931. The year 1931 represented for Britain the turning point from financial to monopoly capitalism. In that year financial capitalism, which had held the British economy in semidepression for a decade, achieved its last great victory when the financiers led by Montagu Norman and J. P. Morgan forced the resignation of the British Labour government. But the handwriting was already on the wall. Monopoly had already grown to such a degree that it aspired to make the banking system its ... [ally] instead of its master. The deflationary financial policy of the bankers had alienated politicians and industrialists and driven monopolist trade unions to form a united front against the bankers.

This was clearly evident in the Conference on Industrial Reorganization and Relationships of April 1928. This meeting contained representatives of the Trade Union Congress and the Employers' Federation and issued a Memorandum to the chancellor of the Exchequer signed by Sir Alfred Mond of Imperial Chemicals and Ben Turner of the trade unions. Similar declarations were issued by other monopolist groups, but the split of monopolist capitalists and of financial capitalists could not become overt until the latter were able to get rid of the Labour government. Once that was achieved, labor and industry were united in opposition to the continuance of the bankers' economic policy with its low prices and high unemployment. The decisive event which caused the end of financial capitalism in Britain was the revolt of the British fleet at Invergordon on September 15, 1931, and not the abandonment of gold six days later. [Actually the powers of financial capitalism and monopoly capitalism have been cooperating to build and sustain the international financial system and the international economic system.]The mutiny made it clear that the policy of deflation must be ended. As a result, no real effort was made to defend the gold standard.

With the abandonment of gold and the adoption of a protective tariff, monopolist capital and labor joined in an effort to raise both wages and profits by a program of higher prices and restrictions on production. The old monopolies and cartels increased in strength and new ones were formed, usually with the blessing of the government. In 1942 a capable observer, Hermann Levy, wrote, "Today Britain is the only highly industrialized country in the world where no attempt has yet been made to restrict the domination of quasi-monopolist associations in industry and

trade.“

Germany

While Britain passed through the stages of capitalism in this fashion, Germany was passing through the same stages in a different way. In Germany, capital was scarce when industrialism arrived. Because savings from commerce, overseas trade, or small artisan shops were much less than in Britain, the stage of owner-management was relatively short. Industry found itself dependent upon banks almost at once. These banks were quite different from those in England, since they were “mixed“ and not divided into separate establishments for different banking functions. The chief German credit banks, founded in the period 1848-1881, were at the same time savings banks, commercial banks, promotion and investment banks, stockbrokers, safety deposits, and so on. Their relationship to industry was close and intimate from the creation of the Darmstädter Bank in 1853. These banks floated securities for industry by granting credit to the firm, taking securities in return. These securities were then slowly sold to the investing public as the opportunity offered, the bank retaining enough stock to give it control and appointing its men as directors of the enterprise to give that control final form.

The importance of the holding of securities by banks can be seen from the fact that in 1908 the Dresdner Bank was holding 2 billion marks' worth. The importance of interlocking directorates can be seen from the fact that the same bank had its directors on the boards of over two hundred industrial concerns in 1913. In 1929, at the time of the amalgamation of the Deutsche Bank and the Disconto Gesellschaft, the two together had directorships in 660 industrial firms and held the chairmanship of the board in 192 of these. Before 1914, examples of individuals with thirty or even forty directorships were not uncommon.

This banking control of industry was made even closer by the use which the banks made of their positions as brokers and depositories for securities. The German credit banks acted as stockbrokers, and most investors left their securities on deposit with the banks so that they could be available for quick sale if needed. The banks voted all this stock for directorships and other control measures, unless the owners of the stock expressly forbade it (which was very rare). In 1929 a law was passed preventing the banks from voting stocks deposited with them unless this had been expressly permitted by the owners. The change was of little significance, since by 1929 financial capitalism was on the wane in Germany. Moreover, permission to vote deposited stock was rarely refused. The banks also voted as a right all stock left as collateral for loans and all stock bought on margin. Unlike the situation in America, stocks bought on margin were considered to be the property of the bank (acting as stockbrokers) until the whole price has been paid. The importance of the stock-brokerage business to German banks may be seen in the fact that in the

twenty-four years 1885-1908 one-quarter of the gross profits of the large credit banks came from commissions. This is all the more remarkable when we consider that the brokerage commissions charged by German banks were very small (sometimes as low as one-half per thousand).

By methods such as these, a highly centralized financial capitalism was built up in Germany. The period begins with the founding of the Darmstädter Bank in 1853. This was the first bank to establish a permanent, systematic control of the corporations it floated. It also was the first to use promotion syndicates (in 1859). Other banks followed this example, and the outburst of promotion reached a peak of activity and corruption in the four years 1870-1874. In these four years, 857 stock companies with 3,306,810,000 marks of assets were floated, compared to 295 companies with 2,405,000,000 in assets in the preceding nineteen years (1851-1870). Of these 857 companies founded in 1870- 1874, 123 were in the process of liquidation and 37 were bankrupt as early as September 1874. These excesses of financial capitalist promotion led to a governmental investigation which resulted in a strict law regulating promotion in 1883. This law made it impossible for German bankers to make fortunes out of promotion and made it necessary for them to seek the same ends by consolidating their control of industrial corporations on a longterm basis. This was quite different from the United States, where the absence of any legal regulation of promotion previous to the SEC Act of 1933 made it more likely that investment bankers would seek to make short-term "killings" from promotions rather than long-term gains from the control of industrial companies. Another result is to be seen in the relatively sounder financing of German corporations through equity capital rather than through the more burdensome (but promoter-favored) method of fixed interest bonds.

The financial capitalism of Germany was at its peak in the years just before 1914. It was controlled by a highly centralized oligarchy. At the center was the Reichsbank whose control over the other banks was relatively weak at all times. This was welcomed by the financial oligarchy, for the Reichsbank, although privately owned, was controlled by the government to a considerable degree. The weakness of the Reichsbank's influence over the banking system arose from the weakness of its influence over the two usual instruments of central-banking control—the re-discount rate and open-market operations. The weakness of the former was based on the fact that the other banks rarely came to the Reichsbank for re-discounts, and usually had a discount rate below that of the Reichsbank. A law of 1899 tried to overcome this weakness by forcing the other banks to adjust their discount rates to that of the Reichsbank, but it was never a very effective instrument of control. Open-market control was also weak because of an official German reluctance "to speculate" in government securities and because the other banks were more responsive to the condition of their portfolios of commercial paper and securities than they were to the size of their gold reserves. In this they were like French rather than British banks. Only in

1909 did the Reichsbank begin a deliberate policy of control through open-market operations, and it was never effective. It was ended completely from 1914 to 1929 by the war, the inflation, and the restrictions of the Dawes Plan.

Because of these weaknesses of the Reichsbank, the control of German financial capitalism rested in the credit banks. This is equivalent to saying that it was largely beyond the control of the government, and rested in private hands. Of the hundreds of German credit banks, the overwhelming preponderance of power was in the hands of the eight so-called "Great Banks." These were the masters of the German economy from 1865 to 1915. Their overwhelming position can be seen from the fact that of 421 German credit banks in 1907 with 13,204,220,000 marks capital, the eight Great Banks held 44 percent of the total capital of the group. Moreover, the position of the Great Banks was better than this because the Great Banks controlled numerous other banks. In consequence, Robert Franz, editor of *Der Deutsche Oekonomist*, estimated in 1907 that the eight Great Banks controlled 74 percent of the capital assets of all 421 banks.

German Oligarchy Uses Direct Financial Pressure and Interlocking

The beginnings of monopoly capitalism in Germany goes back at least a generation before the First World War. As early as 1870, the financial capitalists, using direct financial pressure as well as their system of interlocking directors, were working to integrate enterprises and reduce competition. In the older lines of activity, such as coal, iron, and steel, they tended to use cartels. In the newer lines, like electrical supplies and chemicals, they tended to use great monopolistic firms for this purpose. There are no official figures on cartels before 1905 but it is believed that there were 250 cartels in 1896, of which 80 were in iron and steel. The official investigation of cartels made by the Reichstag in 1905 revealed 385, of which 92 were in coal and metals. Shortly after this, the government began to help these cartels, the most famous example of this being a law of 1910 which forced potash manufacturers to become members of the potash cartel.

In 1923 there were 1,500 cartels, according to the Federation of German Industrialists. They were, as we have seen, given a special legal status and a special court the following year. By the time of the financial collapse of 1931 there were 2,500 cartels, and monopoly capitalism had grown to such an extent that it was prepared to take over complete control of the German economic system. As the banks fell under government control, private control of the economic system was assured by releasing it from its subservience to the banks. This was achieved by legislation such as that curtailing interlocking directorates and the new corporation law of 1937, but above all by the economic fact that the growth of large enterprises and of cartels had put industry in a position where it was able to finance itself without seeking help from the banks.

This new privately managed monopoly capitalism was organized in an intricate hi-

erarchy whose details could be unraveled only by a lifetime of study. The size of enterprises had grown so big that in most fields a relatively small number were able to dominate the field. In addition, there was a very considerable amount of interlocking directorates and ownership by one corporation of the capital stock of another. Finally, cartels working between corporations fixed prices, markets, and output quotas for all important industrial products. An example of this—not by any means the worst—could be found in the German coal industry in 1937. There were 260 mining companies. Of the total output, 21 companies had 90 percent, 5 had 50 percent, and 1 had 14 percent. These mines were organized into five cartels of which I controlled 81 percent of the output, and 2 controlled 94 percent. And finally, most coal mines (69 percent of total output) were owned subsidiaries of other corporations which used coal, producers either of metals (54 percent of total coal output) or of chemicals (10 percent of total output).

Similar concentration existed in most other lines of economic activity. In ferrous metals in 1929, 3 firms out of 26 accounted for 68.8 percent of all German pig-iron production; 4 out of 49 produced 68.3 percent of all crude steel; 3 out of 59 produced 55.8 percent of all rolling mill products. In 1943, one firm (United Steel Works) produced 40 percent of all German steel production, while 12 firms produced over 90 percent. Competition could never exist with concentration as complete as this, but in addition the steel industry was organized into a series of steel cartels (one for each product). These cartels, which began about 1890, by 1930 had control of 100 percent of the German output of ferrous metal products. Member firm had achieved this figure by buying up the nonmembers in the years before 1930. These cartels managed prices, production, and markets within Germany, enforcing their decisions by means of fines or boycotts. They were also members of the International Steel Cartel, modeled on Germany's steel cartel and dominated by it. The International Cartel controlled two-fifths of the world's steel production and five-sixths of the total foreign trade in steel.

It is also very likely that the steel industry of Germany in 1937 was controlled by no more than five men of whom Flick was the most important.

These examples of the growth of monopoly capitalism in Germany are merely picked at random and are by no means exceptional. Another famous example can be found in the growth of I. G. Farbenindustrie, the German chemical organization. This was formed in 1904 of three chief firms, and grew steadily until after its last reorganization in 1926 it controlled about two-thirds of Germany's output of chemicals. It spread into every branch of industry, concentrating chiefly on dyes (in which it had 100 percent monopoly), drugs, plastics, explosives, and light metals. It had been said that Germany could not have fought either of the world wars without I. G. Farben. In the first war, by the Haber process for extracting nitrogen from the air, it provided supplies of explosives and fertilizers when the natural sources in Chile were cut off. In the second war, it provided numerous absolute necessities, of which artificial

rubber and synthetic motor fuels were the most important. This company by the Second World War was the largest enterprise in Germany. It had over 2,332.8 million reichsmarks in assets and 1,165 million in capitalization in 1942. It had about 100 important subsidiaries in Germany, and employed 350,000 persons in those in which it was directly concerned. It had interests in about 700 corporations outside Germany and had entered into over 500 restrictive agreements with foreign concerns.

The Entire German Industrial System Controlled by the Elite through Personal Friendships and Secret Agreements

While I. G. Farben was the greatest example of concentrated control in German monopoly capitalism, it was by no means untypical. The process of concentration by 1939 had been carried to a degree which can hardly be overemphasized. The Kilgore Committee of the United States Senate in 1945 decided, after a study of captured German records, that I. G. Farben and United Steel Works together could dominate the whole German industrial system. Since so much of this domination was based on personal friendships and relationships, on secret agreements and contracts, on economic pressures and duress as well as on property and other obvious control rights, it is not something which can be demonstrated by statistics. But even the statistics give evidence of a concentration of economic power. In Germany in 1936 there were about 40,000 limitedliability companies, with total nominal capitalization of about 20,000 million reichsmarks. I. G. Farben and United Steel Works had 1,344 million reichsmarks of this capital. A mere 18 companies out of the 40,000 had one-sixth of the total working capital of all companies. While monopolistic organization of economic life reached its peak in Germany, the differences in this respect between Germany and other countries have been overemphasized. It was a difference of degree only, and, even in degree, Britain, Japan, and a number of smaller countries were not so far behind the German development as one might believe at first glance. The error arose from two causes. On the one hand, German cartels and monopolies were well publicized, while similar organizations in other countries remained in hiding. As the British Committee on Trusts reported in 1929, "What is notable among British consolidations and associations is not their rarity or weakness so much as their unobtrusiveness." It is possible that the British vegetable-oil monopoly around Unilever was as powerful as the German chemical monopoly around I. G. Farben, but, while much has been heard about the latter, very little is heard about the former. After an effort to study the former, Fortune magazine wrote, "No other industry, perhaps, is quite so exasperatingly secretive as the soap and shortening industries."

This difference in attitude between German and other capitalists became increasingly evident in the 1930's. In that decade the German found his economic and his patriotic motives impelling him in the same direction (to build up the power and wealth of Germany against Russia and the West). The capitalists of France, Britain, and the United States, on the other hand, frequently experienced conflicting motives. Bolshevism presented itself as an economic threat ... at the same time that Nazism

presented itself as a political threat to their countries. Many persons were willing to neglect or even increase the latter threat in order to use it against the former danger. This difference in attitude between German and other capitalists arose from many causes. Among these were (a) the contrast between the German tradition of a national economy and the Western tradition of *laissez-faire*, (b) the fact that world depression caused the threat of social revolution to appear before Nazism rose as a political danger to the West, (c) the fact that cosmopolitan financial capitalism was replaced more rapidly by nationalist monopoly capitalism in Germany than in the West, and (d) the fact that many wealthy and influential persons like Montagu Norman, Ivar Kreuger, Basil Zaharoff, and Henri Deterding directed public attention to the danger of Bolshevism while maintaining a neutral, or favorable, attitude toward Nazism.

France

Financial capitalism lasted longer in France than in any other major country. The roots of financial capitalism there, like Holland but unlike Germany, go back to the period of commercial capitalism which preceded the Industrial Revolution. These roots grew rapidly in the last half of the eighteenth century and were well established with the founding of the Bank of France in 1800. At that date, financial power was in the hands of about ten or fifteen private banking houses whose founders, in most cases, had come from Switzerland in the second half of the eighteenth century. These bankers, all Protestant, were deeply involved in the agitations leading up to the French Revolution. When the revolutionary violence got out of hand, they were the chief forces behind the rise of Napoleon, whom they regarded as the restorer of order. As a reward for this support, Napoleon in 1800 gave these bankers a monopoly over French financial life by ... [allowing] them [to] control of the new Bank of France.

By 1811 most of these bankers had gone over to the opposition to Napoleon because they objected to his continuation of a warlike policy. France at that time was still in the stage of commercial capitalism, and constant war was injurious to commercial activity. As a result, this group shifted its allegiance from Bonaparte to Bourbon, and survived the change in regime in 1815. This established a pattern of political agility which was repeated with varying success in subsequent changes of regime. As a result, the Protestant bankers, who had controlled financial life under the First Empire, were still the main figures on the board of regents of the Bank of France until the reform of 1936. Among these figures the chief bore the names Mirabaud, Mallet, Neuflyze, and Hottinguer. In the course of the nineteenth century, a second group was added to French banking circles. This second group, largely Jewish, was also of non-French origin, the majority Germanic (like Rothschild, Heine, Fould, Stern, and Worms) and the minority of Iberian origin (like Pereire and Mires). A rivalry soon grew up between the older Protestant bankers and the newer Jewish bankers.

This rivalry was largely political rather than religious in its basis, and the lines were confused by the fact that some of the Jewish group gave up their religion and moved over to the Protestant group (such as Pereire and Heine).

The rivalry between these two groups steadily increased because of their differing political attitudes toward the July Monarchy (1830-1848), the Second Empire (1852-1870), and the Third Republic (1871-1940). In this rivalry the Protestant group was more conservative than the Jewish group, the former being lukewarm toward the July Monarchy, enthusiastic toward the Second Empire, and opposed to the Third Republic. The Jewish group, on the other hand, warmly supported the July Monarchy and the Third Republic but opposed the Second Empire. In this rivalry the leadership of each group was centered in the richest and more moderate banking family. The leadership of the Protestant group was exercised by Mirabaud, which was on the left wing of the group. The leadership of the Jewish group was held by Rothschild, which was on the right wing of that group. These two wings were so close that Mirabaud and Rothschild (who together dominated the whole financial system, being richer and more powerful than all other private banks combined) frequently cooperated together even when their groups as a whole were in competition. This simple picture was complicated, after 1838, by the slow rise of a third group of bankers who were Catholics. This group (including such names as Demachy, Seillière, Davillier, de Germiny, Pillet-Will, Gouin, and de Lubersac) rose slowly and late. It soon split into two halves. One half formed an alliance with the Rothschild group and accepted the Third Republic. The other half formed an alliance with the rising power of heavy industry (largely Catholic) and rose with it, forming under the Second Empire and early Third Republic a powerful industrial-banking group whose chief overt manifestation was the Comité des Forges (the French steel "trust").

Thus there were, in the period 1871-1900, three great groups in France: (a) the alliance of Jews and Catholics dominated by Rothschild; (b) the alliance of Catholic industrialists and Catholic bankers dominated by Schneider, the steel manufacturer; and (c) the group of Protestant bankers dominated by Mirabaud. The first of these accepted the Third Republic, the other two rejected the Third Republic. The first waxed wealthy in the period 1871-1900, chiefly through its control of the greatest French investment bank, the Banque de Paris et des Pays Bas (Paribas). This Paribas bloc by 1906 had a dominant position in French economic and political life. In opposition to Paribas the Protestant bankers established an investment bank of their own, the Union Parisienne, in 1904. In the course of the period 1904-1919 the Union Parisienne group and the Comité des Forges group formed an alliance based on their common opposition to the Third Republic and the Paribas bloc. This new combination we might call the Union-Comité bloc. The rivalry of these two great powers, the Paribas bloc and the Union-Comité bloc, fills the pages of French history in the period 1884-1940. It paralyzed the French political system, reaching the crisis stage in the Dreyfus case and again in 1934-1938. It also partially paralyzed

the French economic system, delaying the development from financial capitalism to monopoly capitalism, and preventing economic recovery from the depression in the period 1935-1940. It contributed much to the French defeat in 1940. At present, we are concerned only with the economic aspects of this struggle.

In France the stage of commercial capitalism continued much longer than in Britain, and did not begin to be followed by industrial capitalism until after 1830. The stage of financial capitalism in turn did not really begin until about 1880, and the stage of monopoly capitalism became evident only about 1925. During all this period the private bankers continued to exist and grow in power. Founded in commercial capitalism, they were at first chiefly interested in governmental obligations both domestic and foreign. As a result, the greatest private bankers, like the Rothschilds or Mallets, had intimate connections with governments and relatively weak connections with the economic life of the country. It was the advent of the railroad in the period 1830-1870 which changed this situation. The railroads required capital far beyond the ability of any private banker to supply from his own resources. The difficulty was met by establishing investment banks, deposit banks, saving banks, and insurance companies which gathered the small savings of a multitude of persons and made these available for the private banker to direct wherever he thought fitting. Thus, the private banker became a manager of other persons' funds rather than a lender of his own. In the second place, the private banker now became much more influential and much less noticeable. He now controlled billions where formerly he had controlled millions, and he did it unobtrusively, no longer in the open in his own name, but acting from the background, concealed from public view by the plethora of financial and credit institutions which had been set up to tap private savings. The public did not notice that the names of private bankers and their agents still graced the list of directors of the new financial enterprises. In the third place, the advent of the railroad brought into existence new economic powers, especially in iron-making and coal mining. These new powers, the first powerful economic influences in the state free from private banking control, arose in France from an activity very susceptible to governmental favor and disfavor: the armaments industry.

The industry grew, receiving its greatest boost from the advent of the railroad, with its increased demand for steel and coal, and from the government of Napoleon III (1852-1870), which added a new demand for armaments to the industrial market. Napoleon showed special favor to one firm of iron and armaments makers, the firm of Schneider at Le Creusot. Eugene Schneider obtained a monopoly in supplying arms to the French government, sold materials to government-encouraged railway construction, became president of the Chamber of Deputies, and minister of agriculture and commerce. It is hardly surprising that the industrialists looked back on the period of the Second Empire as a kind of golden age. The loss of political influence by the heavy industrialists after 1871 reduced their profits, and drove them to ally with the Catholic bankers. Thus, the struggle between financial capitalism and

monopoly capitalism which appeared in most countries was replaced in France by a clash between two economic blocs, both of which were interested in both industry and banking and neither of which was prepared to accept the unorthodox banking procedures which become one of the chief goals of monopoly capitalism. As a result, monopoly capitalism appeared late in France and, when it did, arose between the two great blocs, with ramifications in both, but largely autonomous from the central control of either. This new autonomous and rather amorphous group which reflected the rise of monopoly capitalism may be called the Lille-Lyons Axis. It rose slowly after 1924, and took over the control of France after the defeat of 1940.

Once begun, financial capitalism in France displayed the same excesses as elsewhere. In France these were worse than those in Britain or Germany (after the reforms of 1884), although they were not to be compared with the excesses of frenzy and fraud displayed in the United States.

The center of the French economic system in the twentieth century was not to be found, as some have believed, in the Bank of France, but, instead, resided in a group of almost unknown institutions—the private banks. There were over a hundred of these private banks, but only about a score were of significance, and even in this restricted group two (Rothschild and Mirabaud) were more powerful than all the others combined. These private banks were known as the Haute Banque, and acted as the High Command of the French economic system. Their stock was closely held in the hands of about forty families, and they issued no reports on their financial activities. They were, with a few exceptions, the same private banks which had set up the Bank of France. They were divided into a group of seven Jewish banks (Rothschild, Stern, Cahen d'Anvers, Propper, Lazard, Spitzer, and Worms), a group of seven Protestant banks (Mallet, Mirabaud, Heine, Neufize, Hottinguer, Odier, and Vernes), and a group of five Catholic banks (Davillier, Lubersac, Lehideux, Goudchaux, and Demachy). By the twentieth century the basic fissure to which we have referred had appeared between the Jews and the Protestants, and the Catholic group had split to ally itself either with the Jews or with the forces of monopolistic heavy industry. None the less, the various groups continued to cooperate in the management of the Bank of France.

The Bank of France was not the center of French financial capitalism except nominally, and possessed no autonomous power of its own. It was controlled until 1936, as it had been in 1813, by the handful of private banks which created it, except that in the twentieth century some of these were closely allied with an equally small but more amorphous group of industrialists. In spite of the fissure, the two blocs cooperated with each other in their management of this important instrument of their power. The Bank of France was controlled by the forty families (not two hundred, as frequently stated) because of the provision in the bank's charter that only the 200 largest stockholders were entitled to vote for the members of the board of regents (the governing board of the bank). Of the 200 who could vote for the twelve elected

regents, 78 were corporations or foundations and 122 were individuals. Both classes were dominated by the private banks, and had been for so long that the regents' seats had become practically hereditary. The chief changes in the names of regents were caused by the growth of heavy industry and the transfer of seats through female lines. Three seats were held by the same families for well over a century. In the twentieth century the names of Rothschild, Mallet, Mirabaud, Neuffize, Davillier, Vernes, Hottinguer, and their relatives were consistently on the board of regents.

The Bank of France acted as a kind of general staff for the forty families which controlled the nineteen chief private banks. Little effort was made to influence affairs by the re-discount rate, and open-market operations were not used until 1938. The state was influenced by the Treasury's need for funds from the Bank of France. Other banks were influenced by methods more exclusively French: by marriage alliances, by indirect bribery (that is, by control of well-paying sinecures in banking and industry), and by the complete dependence of French banks on the Bank of France in any crisis. This last arose from the fact that French banks did not emphasize gold reserves but instead regarded commercial paper as their chief reserve. In any crisis where this paper could not be liquidated fast enough, the banks resorted to the unlimited note-issuing power of the Bank of France. In the third line of control of the French economy were the investment banks called "barques d'affaires." These were dominated by two banks: the Banque de Paris et des Pays Bas set up by the Rothschild group in 1872 and the Banque de l'Union Parisienne founded by the rival bloc in 1904. These investment banks supplied long-term capital to industry, and took stock and directorships in return. Much of the stock was resold to the public, but the directorships were held indefinitely for control purposes.

The investment bank of the non-Jewish private banks and their industrial allies was the Union Parisienne. Among its sixteen directors were to be found such names as Mirabaud, Hottinguer, Neuffize, Vernes, Wendel, Lubersac, and Schneider in the period before 1934. The two largest stock-holders in 1935-1937 were Lubersac and Mallet. The directors of this bank held 124 other directorships on 90 important corporations in 1933. At the same time it held stock in 338 corporations. The value of the stock held by the Union Parisienne in 1932 was 482.1 million francs and of that held by Paribas was 548.8 million francs, giving a total for both of 1,030.9 million francs. In the fourth line of control were five chief commercial banks with 4,416 branches in 1932. At the beginning of the century these had all been within the "Paribas Consortium," but after the founding of the Union Parisienne in 1904 they slowly drifted over to the new bloc, the Comptoir National d'Escompte going over almost at once, with the others following more slowly. As a result, the control of the two great blocs over the great deposit banks was rather mixed during the twentieth century, with the old Jewish group of private bankers losing ground rather steadily. The decline of this group was closely related to the decline of international financial capitalism, and received its worse blow in the losses in foreign bonds re-

sulting from the First World War Regional deposit banks were controlled in varying degrees by one or the other of the two blocs, the Paribas control being stronger in the north, west, and south, while the Union-Comité bloc was stronger in the northeast, east, and southeast. Control of savings banks and insurance companies was also shared, especially where they had been founded before the two blocs achieved their modern form. For example, the largest insurance company in France, with capital and reserves of 2,463 million francs in 1931, had as directors such names as Mallet, Rothschild, Neuflyze, Hottinguer, and so on.

Banking Families Divide Up Their Spheres of Interest in Various

This cooperation between the two blocs in regard to the lower levels of the banking system (and the Bank of France itself) did not usually extend to industrial or commercial activity. There, competition outside the market was severe, and became a struggle to the death in 1932-1940. In some activities, spheres of interest were drawn between the two groups, and thus competition was reduced. Inside France, there was the basic division between east and west, the Jewish group emphasizing shipbuilding, transatlantic communications and transportation, and public utilities in the west, while the Protestant-Catholic group emphasized iron, steel, and armaments in the east. Outside France, the former group dominated the colonies, North Africa, and the eastern Mediterranean, while the latter group emphasized central and eastern Europe.

In some fields the rivalry of the two groups had worldwide ramifications. In petroleum products, for example, the Jewish bankers, through the Banque de Paris et des Pays Bas, controlled the Compagnie française des pétroles, which was allied to Standard Oil and Rockefeller, while the Catholic-Protestant bankers, through the Union Parisienne, controlled Petrofina, which was allied to Royal Dutch Shell and Deterding. Jules Exbrayat, partner of Demachy et Cie. (in which François de Wendel was majority owner) was a director of Union Parisienne and of Petrofina, and Alexandre Bungener, partner of Lubersac et Cie., was also a director of Union Parisienne and of Petrofina. Charles Sergeant, once undersecretary of the Ministry of Finance and sub-governor of the Bank of France, was for years chairman of the Union Parisienne, and played a role in one bloc similar to that played by Horace Finaly in the other bloc. He was a director of Petrofina and of the Union européenne industrielle et financière. When he retired for reasons of health in 1938 he was replaced in several positions (including Petrofina and Union Parisienne) by Jean Tannery, honorary governor of the Bank of France.

Outside the banking system which we have sketched, the French economy was organized in a series of trade associations, industrial monopolies, and cartels. These were usually controlled by the Catholic-Protestant bloc of private bankers, since the Jewish group continued to use the older methods of financial capitalism while their rivals moved forward to the more obvious methods of monopoly capitalism. In such cases, individual companies controlled by the Jewish group frequently jointed the

cartels and associations set up by the rival bloc.

The United States of America

... From the beginning, the United States had a shortage of labor in the face of an unprecedented richness of resources. As a result, it sought labor-saving devices and high output per man-day of work, even in agriculture. This means that the amount of capital equipment per man was unusually high throughout American history, even in the earliest period, and this undoubtedly presented a problem in an undeveloped country where private savings were, for many generations, scarce. The accumulation of such savings for investment in labor-saving mechanisms brought an opportunity to financial capitalism at an early date. Accordingly, the United States had financial capitalism over a longer period and in a more extreme form than any other country. Moreover, the size of the country made the problem of transportation so acute that the capital necessary for the early canals, railroads, and iron industry was large and had to be found from sources other than local private persons. Much of it came from government subsidies or from foreign investors. It was observable as early as 1850 and had overseas connections which were still in existence in the 1930's.

By the 1880's the techniques of financial capitalism were well developed in New York and northern New Jersey, and reached levels of corruption which were never approached in any European country. This corruption sought to cheat the ordinary investor by flotations and manipulations of securities for the benefit of "insiders." Success in this was its own justification, and the practitioners of these dishonesties were as socially acceptable as their wealth entitled them to be, without any animadversions on how that wealth had been obtained. Corrupt techniques, associated with the names of Daniel Drew or Jay Gould in the wildest days of railroad financial juggling, were also practiced by Morgan and others who became respectable from longer sustained success which allowed them to build up established firms.

Any reform of Wall Street practices came from pressure from the hinterlands, especially from the farming West, and was long delayed by the close alliance of Wall Street with the two major political parties, which grew up in 1880-1900. In this alliance, by 1900, the influence of Morgan in the Republican Party was dominant, his chief rivalry coming from the influence of a monopoly capitalist, Rockefeller of Ohio. By 1900 Wall Street had largely abandoned the Democratic Party, a shift indicated by the passage of the Whitney family from the Democrats to the Republican inner circles, shortly after they established a family alliance with Morgan. In the same period, the Rockefeller family reversed the ordinary direction of development by shifting from the monopoly fields of petroleum to New York banking circles by way of the Chase National Bank. Soon family as well as financial alliances grew up among the Morgans, Whitneys, and Rockefellers, chiefly through Payne and Aldrich family connections.

For almost fifty years, from 1880 to 1930, financial capitalism approximated a feudal structure in which two great powers, centered in New York, dominated a number of lesser powers, both in New York and in provincial cities. No description of this structure as it existed in the 1920's can be given in a brief compass, since it infiltrated all aspects of American life and especially all branches of economic life. At the center were a group of less than a dozen investment banks, which were, at the height of their powers, still unincorporated private partnerships. These included J. P. Morgan; the Rockefeller family; Kuhn, Loeb and Company; Dillon, Read and Company; Brown Brothers and Harriman; and others. Each of these was linked in organizational or personal relationships with various banks, insurance companies, railroads, utilities, and industrial firms. The result was to form a number of webs of economic power of which the more important centered in New York, while other provincial groups allied with these were to be found in Pittsburgh, Cleveland, Chicago, and Boston.

J. P. Morgan worked in close relationship to a group of banks and insurance companies, including the First National Bank of New York, the Guaranty Trust Company, the Bankers Trust, the New York Trust Company, and the Metropolitan Life Insurance Company. The whole nexus dominated a network of business firms which included at least one-sixth of the two hundred largest nonfinancial corporations in American business. Among these were twelve utility companies, five or more railroad systems, thirteen industrial firms, and at least five of the fifty largest banks in the country. The combined assets of these firms were more than \$30 billion. They included American Telephone and Telegraph Company, International Telephone and Telegraph, Consolidated Gas of New York, the groups of electrical utilities known as Electric Bond and Share and as the United Corporation Group (which included Commonwealth and Southern, Public Service of New Jersey, and Columbia Gas and Electric), the New York Central railway system, the Van Sweringen railway system (Allegheny) of nine lines (including Chesapeake and Ohio; Erie; Missouri Pacific; the Nickel Plate; and Pere Marquette); the Santa Fe; the Northern system of five great lines (Great Northern; Northern Pacific; Burlington; and others); the Southern Railway; General Electric Company; United States Steel; Phelps Dodge; Montgomery Ward; National Biscuit; Kennecott Copper; American Radiator and Standard Sanitary; Continental Oil; Reading Coal and Iron; Baldwin Locomotive; and others.

The Rockefeller group, which was really a monopoly capitalist organization investing only its own profits, functioned as a financial capitalist unit in close cooperation with Morgan. Allied with the country's largest bank, the Chase National, it was involved as an industrial power in the various Standard Oil firms and the Atlantic Refining Company, but it controlled over half the assets of the oil industry, plus the \$2 1/3 billion assets in Chase National Bank. Kuhn, Loeb was chiefly interested in railroads, where it dominated the Pennsylvania, the Union Pacific, the Southern Pacific, the Milwaukee, the Chicago Northwestern, the Katy (Missouri-Kansas-Texas Railroad Company), and the Delaware and Hudson. It also dominated the Bank of

Manhattan and the Western Union Telegraph Company for a total of almost \$11 billion in assets. The Mellon group centered in Pittsburgh dominated Gulf Oil, Koppers, Alcoa, Westinghouse Electric, Union Trust Company, the Mellon National Bank, Jones and Laughlin Steel, American Rolling Mill, Crucible Steel, and other firms for total assets of about \$3.3 billion.

It has been calculated that the 200 largest nonfinancial corporations in the United States, plus the fifty largest banks, in the mid-1930's, owned 34 percent of the assets of all industrial corporations, 48 percent of the assets of all commercial banks, 75 percent of the assets of all public utilities, and 95 percent of the assets of all railroads. The total assets of all four classes were almost \$100 billion, divided almost equally among the four classes. The four economic power blocs which we have mentioned (Morgan; Rockefeller; Kuhn, Loeb and Company; and Mellon) plus du Pont, and three local groups allied with these in Boston, Cleveland, and Chicago, together dominated the following percentages of the 250 corporations considered here: of industrial firms 58 percent of their total assets, of railroads 82 percent, and utilities 58 percent. The aggregate value of the assets controlled by the eight power groups was about \$61,205 million of the total assets of \$198,351 million in these 250 largest corporations at the end of 1935.

The economic power represented by these figures is almost beyond imagination to grasp, and was increased by the active role which these financial titans took in politics. Morgan and Rockefeller together frequently dominated the national Republican Party, while Morgan occasionally had extensive influence in the national Democratic Party (three of the Morgan partners were usually Democrats). These two were also powerful on the state level, especially Morgan in New York and Rockefeller in Ohio. Mellon was a power in Pennsylvania and du Pont was obviously a political power in Delaware. In the 1920's this system of economic and political power formed a hierarchy headed by the Morgan interests and played a principal role both in political and business life. Morgan, operating on the international level in cooperation with his allies abroad, especially in England, influenced the events of history to a degree which cannot be specified in detail but which certainly was tremendous....

In the United States, however, the ... [system] of financial capitalism was much more protracted than in most foreign countries, and was not followed by a clearly established system of monopoly capitalism. This blurring of the stages was caused by a number of events of which three should be mentioned: (1) the continued personal influence of many financiers and bankers ... ; (2) the decentralized condition of the United States itself, especially the federal political system; and (3) the long-sustained political and legal tradition of antimonopoly going back at least to the Sherman Antitrust Act of 1890. As a consequence, the United States did not reach a clearly monopolistic economy, and was unable to adopt a fully unorthodox financial policy capable of providing full use of resources. Unemployment, which had reached 13 million persons in 1933, was still at 10 million in 1940.

Of the diverse groups in the American economy, the financiers were most closely related to heavy industry because of the latter's great need for capital for its heavy equipment. The deflationary policies of the bankers were acceptable to heavy industry chiefly because the mass labor of heavy industry in the United States, notably in steel and automobile manufacturing, was not unionized, and the slowly declining prices of the products of heavy industry could continue to be produced profitably if costs could be reduced by large-scale elimination of labor by installing more heavy equipment. Much of this new equipment, which led to assembly-line techniques such as the continuous-strip steel mill, were financed by the bankers. With unorganized labor, the employers of mass labor could rearrange, curtail, or terminate labor without notice on a daily basis and could thus reduce labor costs to meet falls in prices from bankers' deflation. The fact that reductions in wages or large layoffs in mass-employment industries also reduced the volume of purchasing power in the economy as a whole, to the injury of other groups selling consumers' goods, was ignored by the makers of heavy producers' goods. In this way, farmers, light industry, real estate, commercial groups, and other segments of the society were injured by the deflationary policies of the bankers and by the employment policies of heavy industry, closely allied to the bankers. When these policies became unbearable in the depression of 1929-1933, these other interest blocs, who had been traditionally Republican (or at least, like the western farmers, had refused to vote Democratic and had engaged in largely futile third-party movements), deserted the Republican Party, which remained subservient to high finance and heavy industry.

This shift of the farm bloc, light industry, commercial interests (notably department stores), real estate, professional people, and mass, unskilled, labor to the Democratic Party in 1932 resulted in the election of Franklin D. Roosevelt and the New Deal. The new administration sought to ... reward and help the groups which had elected it. The farmers were helped by subsidies; labor was helped by government spending to make jobs and provide purchasing power and by encouragement of unionization; while real estate, professional people, and commercial groups were helped by the increasing demand from the increased purchasing power of farmers and labor.

The New Deal's actions against finance and heavy industry were chiefly aimed at preventing these two from ever repeating their actions of the 1920-1933 period. The SEC Act sought to supervise securities issues and stock-exchange practices to protect investors. Railroad legislation sought to reduce the financial exploitation and even the deliberate bankruptcy of railroads by financial interests (as William Rockefeller had done to the Chicago, Milwaukee, and St. Paul or as Morgan had done to the New York, New Haven and Hartford). The Banking Act of 1933 separated investment banking from deposit banking. The wholesale manipulation of labor by heavy industry was curtailed by the National Labor Relations Act of 1933, which sought to protect labor's rights of collective bargaining. At the same time, with the blessings of the new administration, a drive was made by labor groups allied with it

to unionize the masses of unskilled labor employed by heavy industry to prevent the latter from adopting any policy of mass layoffs or sharp and sudden wage reductions in any future period of decreasing demand. To this end a Committee for Industrial Organization was set up under the leadership of the one head of a mass labor union in the country, John L. Lewis of the United Mine Workers, and a drive was put on to organize the workers of the steel, automobile, electrical, and other industries which had no unions.

All this served to create more highly organized and more self-conscious interest blocs in American life, especially among farmers and labor, but it did not represent any victory for unorthodox financing, the real key to either monopoly capitalism or to a managed pluralist economy. The reason for this was that the New Deal, because of President Roosevelt, was fundamentally orthodox in its ideas on the nature of money. Roosevelt was quite willing to unbalance the budget and to spend in a depression in an unorthodox fashion because he had grasped the idea that lack of purchasing power was the cause of the lack of demand which made unsold goods and unemployment, ... and had quite orthodox ideas on the nature of money. As a result, his administration treated the symptoms rather than the causes of the depression and, while spending unorthodoxly to treat these symptoms, did so with money borrowed from the banks in the accepted fashion. The New Deal allowed the bankers to create the money, borrowed it from the banks, and spent it. This meant that the New Deal ran up the national debt to the credit of the banks, and spent money in such a limited fashion that no drastic re-employment of idle resources was possible. One of the most significant facts about the New Deal was Its orthodoxy on money. For the whole twelve years he was in the White House, Roosevelt had statutory power to issue fiat money in the form of greenbacks printed by the government without recourse to the banks. This authority was never used. As a result of such orthodoxy, the depression's symptoms of idle resources were overcome only when the emergency of the war in 1942 made it possible to justify a limitless increase in the national debt by limitless borrowing from private persons and the banks. But the whole episode showed a failure to grasp the nature of money and the function of the monetary system, of which considerable traces remained in the postwar period.

The Economic Factors

From an analytical point of view there are a number of important elements in the economic situation of the twentieth century. These elements did not all come into existence at the same time, nor did any single one come into existence everywhere simultaneously. The order in which these elements came into existence is roughly that in which we list them here:

1. rising standards of living
2. industrialism

3. growth of size of enterprises
4. dispersal of ownership of enterprises
5. separation of control from ownership
6. concentration of control
7. decline of competition
8. increasing disparity in the distribution of incomes
9. declining rate of expansion leading to crisis

1. A rise in the general or average standard of living in modern times is obvious and, with intermittent breaks, goes back for a thousand years. Such progress is welcome, but it obviously brings with it certain accompanying factors which must be understood and accepted. A rising standard of living, except in its earliest stages, does not involve any increase in consumption of necessities but instead involves an increase in the consumption of luxuries even to the point of replacing basic necessities by luxuries. As average incomes rise, people do not, after a certain level, eat more and more black bread, potatoes, and cabbage, or wear more and more clothing. Instead, they replace black bread with wheaten bread and add meat to their diet and replace coarse clothing by finer apparel; they shift their emphasis from energy foods to protective foods.

This process can be continued indefinitely. A number of students have divided goods from this point of view into three levels: (a) necessities, (b) industrial products, and (c) luxuries and services. The first would include food and clothing; the second would include railroads, automobiles, and radios; the third would include movies, books, amusements, yachts, leisure, music, philosophy, and so on. Naturally, the dividing lines between the three groups are very vague, and the position of any particular item will vary from society to society and even from person to person. As standards of living rise, decreasing proportions of attention and resources are devoted to primary or secondary types of products, and increasing proportions to secondary and tertiary types of products. This has very important economic consequences. It means that luxuries tend to become relatively more important than necessities. It also means that attention is constantly being shifted from products for which the demand is relatively inelastic to products for which the demand is relatively elastic (that is, expansible). There are exceptions to this. For example, housing, which is obviously a necessity, is a product for which demand is fairly elastic and might continue to be so until most persons lived in palaces, but, on the whole, the demand for necessities is less elastic than the demand for luxuries.

A rising standard of living also means an increase in savings (or accumulation of surplus) out of all proportion to the rise in incomes. It is a fairly general rule both for societies and for individuals that savings go up faster than incomes as the latter rise, if for no other reason than the fact that a person with an adequate supply of necessities will take time to make up his mind on which luxuries he will expend any increase

in income. Finally, a shift from primary to secondary production usually entails a very great increase in capital investment, while a shift from secondary to tertiary production may not result in any increase in capital investment proportionately as great. Leisure, amusements, music, philosophy, education, and personal services are not likely to require capital investments comparable to those required by the construction of railroads, steel factories, automotive plants, and electrical stations. As a result of these factors, it may well arise that a society whose rising standards of living have brought it to the point where it is passing from emphasis on secondary to emphasis on tertiary production will be faced with the necessity of adjusting itself to a situation which includes more emphasis on luxuries than on necessities, more attention to products of elastic demand than inelastic, and increased savings with decreasing demands for investment.

2. Industrialization is an obvious element in modern economic development. As used here, it has a very specific meaning, namely, the application of inanimate power to production. For long ages, production was made by using power from animate sources such as human bodies, slaves, or draft animals, with relatively little accomplished by power from such inanimate sources as wind or falling water. The so-called Industrial Revolution began when the energy from coal, released through a nonliving machine—the steam engine—became an important element in the productive process. It continued through improvements in the use of wind power and waterpower to the use of oil in internal-combustion engines and finally to power from atomic sources. The essential aspect of industrialism has been the great rise in the use of energy per capita of population.

As a result of this increase in the use of energy per capita, industrial output per man-hour rose significantly (in the United States 96 percent from 1899 to 1929). It was this increase in output per man-hour which permitted the rise in standards of living and the increases in investment associated with the process of industrialization. The Industrial Revolution did not reach all parts of Europe, or even all parts of any single country, at the same moment. In general, it began in England late in the eighteenth century (about 1776) and spread slowly eastward and southward across Europe, reaching France after 1830, Germany after 1850, Italy and Russia after 1890. This eastward movement of industrialism had many significant results, among them the belief on the part of the newer countries that they were at a disadvantage in comparison with England because of the latter's head start. This was untrue, for, from a strictly temporal point of view, these newer countries had an advantage over England, since their newer industrial installations were less obsolescent and less hampered by vested interests. Whatever advantage England had arose from better natural resources, more plentiful supply of capital, and skilled labor.

3. The growth of size of enterprise was a natural result of the process of industrialism. This process required very considerable outlays for fixed capital, especially in the activities most closely associated with the early stages of industrialism, such as

railroads, iron foundries, and textile mills. Such great outlays required a new legal structure for enterprise. This was found in the corporation or limited-liability joint-stock company. In this company large capital installations could be constructed and run, with ownership divided into small fractions among a large number of persons. This increase in size of units was apparent in all countries, but chiefly in the United States, Britain, and Germany. The statistics on this are incomplete and tricky to use, but, in general, they indicate that, while the number of corporations has been increasing, and the average size of all corporations has been falling, the absolute size of the largest corporations has been increasing rapidly in the twentieth century, and the share of total assets or of total output held by the largest corporations has been rising. As a result, the output of certain products, notably chemicals, metals, artificial fibers, electrical equipment, and so on, has been dominated in most countries by a few great firms.

In the United States, where this process has been studied most carefully, it was found that from 1909 to 1930 the number of billion-dollar corporations rose from 1 to 15, and the share of all corporation assets held by the 200 largest rose from 32 percent to over 49 percent. By 1939 this figure reached 57 percent. This meant that the largest 200 corporations were growing faster than other corporations (5.4 percent a year compared to 2.0 percent a year) and faster than total national wealth. As a result, by 1930 these 200 largest corporations had 49.2 percent of all corporate assets (or \$81 billion out of \$165 billion); they had 38 percent of all business wealth (or \$81 billion out of \$212 billion); they held 22 percent of all wealth in the country (or \$81 billion out of \$367 billion). In fact in 1930, a single corporation (American Telephone and Telegraph) had greater assets than the total wealth in 21 states. No such figures are available for European countries, but there can be no doubt that similar growth was taking place in most of them during this period.

4. Dispersal of ownership of enterprise was a natural result of the growth of size of enterprise, and was made possible by the corporate method of organization. As corporations increased in size, it became less and less possible for any individual or small group to own any important fractions of their stocks. [An individual or family can maintain control of a corporation by holding as little as 5-10 percent of the stock.] In most countries the number of security holders increased faster than the number of outstanding securities. In the United States the former increased in numbers seven times as fast as the latter from 1900 to 1928. This was a greater spread than in other countries, but elsewhere there was also a considerable spreading out of corporate ownership. This was exactly contrary to the prediction of Karl Marx that the owners of industry would get fewer and fewer as well as richer and richer.

5. The separation of ownership from control has already been mentioned. It was an inevitable counterpart of the advent of the corporate form of business organization; indeed, the corporate form was devised for this very purpose—that is, to mobilize the capital owned by many persons into a single enterprise controlled by a few. As

we have seen, this inevitable counterpart was carried to a quite unexpected degree by the devices invented by financial capitalism.

6. The concentration of control was also inevitable in the long run, but here also was carried by special devices to an extraordinary degree. As a result, in highly industrialized countries, the economic systems were dominated by a handful of industrial complexes. The French economy was dominated by three powers (Rothschild, Mirabaud, and Schneider); the German economy was dominated by two (I. G. Farben and Vereinigte Stahl Werke); the United States was dominated by two (Morgan and Rockefeller). Other countries, like Italy or Britain, were dominated by somewhat larger numbers.... In the United States, Morgan ... [guided] the economic swing from financial to monopoly capitalism, and yielded quite gracefully to the rising power of du Pont. In Britain, likewise, the masters of financial capitalism yielded to the masters of chemical products and vegetable oils, once the inevitable writing on the wall had been traced out in a convincing fashion. But all these shifts of power within the individual economic systems indicate merely that individuals or groups are unable to maintain their positions in the complex flux of modern life, and do not indicate any decentralization of control. On the contrary, even as group succeeds group, the concentration of control becomes greater.

7. A decline in competition is a natural consequence of the concentration of control. This decline in competition refers, of course, only to price competition in the market, since this was the mechanism which made the economic system function in the nineteenth century. This decline is evident to all students of modern economics, and is one of the most widely discussed aspects of the modern economic system. It is caused not only by the activities of businessmen but also by the actions of labor unions, of governments, of private social welfare organizations, and even of the herd-like behavior of consumers themselves.

8. The increasing disparity in the distribution of income is the most controversial and least well-established characteristic of the system. The available statistical evidence is so inadequate in all European countries that the characteristic itself cannot be proved conclusively. An extensive study of the subject, using the available materials for both Europe and the United States, with a careful analysis of the much better American materials, will permit the following tentative conclusions. Leaving aside all government action, it would appear that the disparity in the distribution of the national income has been getting wider. In the United States, for example, according to the National Industrial Conference Board, the richest one-fifth of the population received 46.2 percent of the national income in 1910, 51.3 percent in 1929, and 48.5 percent in 1937. In the same three years, the share of the poorest one-fifth of the population fell from 8.3 percent to 5.4 percent to 3.6 percent. Thus the ratios between the portion obtained by the richest one-fifth and that obtained by the poorest one-fifth increased in these three years from 5.6 to 9.3 to 13.5. If, instead of one-fifths, we examine the ratios between the percentage obtained by the richest one-tenth and

that obtained by the poorest one-tenth, we find that in 1910 the ratio was 10; in 1929 it was 21.7; and in 1937 it was 34.4. This means that the rich in the United States were getting richer relatively and probably absolutely while the poor were getting poorer both relatively and absolutely. This last is caused by the fact that the increase in the real national income in the period 1910-1937 was not great enough to compensate for the decrease in percentage going to the poor or for the increase in number of persons in that class.

As a result of such an increase in disparity in the distribution of national income, there will be a tendency for savings to rise and for consumers' purchasing power to decline relative to each other. This is because the savings of a community are largely made by the richer persons in it, and savings increase out of all proportion as incomes rise. On the other hand, the incomes of the poor class are devoted primarily to expenditures for consumption. Thus, if it is correct that there is an increasing disparity in the distribution of the national income of a country, there will be a tendency for savings to rise and consumer purchasing power to decline relative to each other. If this is so, there will be an increasing reluctance on the part of the controllers of savings to invest their savings in new capital equipment, since the existing decline of purchasing power will make it increasingly difficult to sell the products of the existing capital equipment and highly unlikely that the products of any new capital equipment could be sold more easily.

This situation, as we have described it, assumes that the government has not intervened in such a way as to change the distribution of the national income as determined by economic factors. If, however, the government does intervene to disturb this distribution, its actions will either increase the disparity in its distribution or will decrease it. If these actions increase it, the problem of the discrepancy to which we have referred between savings, on one hand, and the level of purchasing power and investment, on the other, will be made worse. If, on the other hand, the government adopts a program which seeks to reduce the disparity in the distribution of the national income, by, for example, adopting a program of taxation which reduces the savings of the rich while increasing the purchasing power of the poor, the same problem of insufficient investment will arise. In this way, the problem of increasing disparity in the distribution of national income leads to a single result (decline of investment relative to savings), whether the situation is left subject to purely economic factors or the government takes steps to decrease the disparity. The only difference is that, in the one case, the decline in investment may be attributed to a leak of consumer purchasing power, while, in the other case, it may be attributed to a "killing of incentive" by government action. Thus, we see that the controversy which has raged in both Europe and America since 1932 between progressives and conservatives in regard to the causes of the lack of investment is an artificial one. The progressives, who insisted that the lack of investment was caused by lack of consumer purchasing power, were correct. But the conservatives, who insisted that

the lack of investment was caused by a lack of confidence, were also correct. Each was looking at the opposite side of what is a single continuous cycle.

This cycle runs roughly as follows: (a) purchasing power creates demand for goods; (b) demand for goods creates confidence in the minds of investors; (c) confidence creates new investment; and (d) new investment creates purchasing power, which then creates demand, and so on. To cut this cycle at any point and to insist that the cycle begins at that point is to falsify the situation. In the 1930's the progressives concentrated attention on stage (a), while the conservatives concentrated attention on stage (c). The progressives, who sought to increase purchasing power by some redistribution of the national income, undoubtedly did increase purchasing power under stage (a), but they lost purchasing power under stage (c) by reducing confidence of potential investors. This decrease of confidence was especially noticeable in countries (like France and the United States) which were still deeply involved in the stage of financial capitalism. It would appear that the economic factors alone affected the distribution of incomes in the direction of increasing disparity. In no major country, however, were the economic factors alone allowed to determine the issue. In all countries government action noticeably influenced the distribution....

In Germany the changes in distribution of the national income were similar to those in Italy. although complicated by the efforts to create a social-service state (an effort going back to Bismarck) and by the hyperinflation. In general, the trend toward increasing disparity in distribution of the national income continued, less rapidly than in Italy, until after 1918. The inflation, by wiping out unemployment for the lower class and by wiping out the savings of the middle class, created a complex situation in which the wealth of the richest class was increased while the poverty of the poorest class was reduced, and the general trend toward increased disparity in income was probably reduced. This reduction became great under the social-service state of 1924-1930, but was drastically reversed because of the great increase in poverty in the lower classes after 1929. After 1934 the adoption of an unorthodox financial policy and a policy of benefits to monopoly capitalism reinforced the normal trend toward increasing disparity in distribution of income. This was in accord with the desires of the Hitler government, but the full impact of this policy was not apparent on the distribution of incomes until the period of full employment after 1937. Until 1938 Hitler's policy, although aimed at favoring the high-income classes, raised the standards of living of the lower-income levels even more drastically by shifting them from unemployment with incomes close to nothing into wage-earning positions in industry) so that the disparity in distribution of income was probably even reduced for a short-run period in 1934-1937. This was not unacceptable to the high-income classes, because it stopped the threat of revolution by the discontented masses and because it was obviously of long-run benefit to them. This long-run benefit began to appear when capacity employment of capital and labor was achieved in 1937. The continuance of the policy of rearmament after 1936 increased the incomes of the

high-income groups while decreasing the incomes of the lower-income groups and thus served, from 1937 onward, to reinforce the normal economic tendency toward an increasing disparity in the distribution of incomes. This, of course, is one of the essential features of a Fascist government, and is obvious not only in Germany since 1937, in Italy since 1927, but also in Spain since 1938.

9. A declining rate of economic expansion is the last important characteristic of the economic system of Europe in the present century up to 1950. This decline resulted almost inevitably from the other characteristics which we have already discussed. It varied from country to country, the countries of eastern Europe suffering less than those of western Europe on the whole, but chiefly because their previous rate of progress had been so much lower. The causes of this decline are basically to be found in a relative increase in the power of the vested interests within the community to defend the status quo against the efforts of the progressive and enterprising members of the community to change it. This was revealed in the market (the central mechanism of the economic system) as a result of a relative increase in savings in respect to investment. Savings have continued or have increased for several reasons. In the first place, a tradition which placed a high social esteem on savings existed in western Europe from the Protestant Reformation until the 1930'S. In the second place, there had grown up established institutionalized savings organizations like insurance companies. In the third place, the rising standards of living increased savings even more rapidly. In the fourth place, the increasing disparity in the distribution of incomes increased savings. In the fifth place, the increase in size of enterprises and the separation of ownership from control acted to increase the amount of corporate savings (undistributed profits).

On the other hand, the inclination to invest did not rise so rapidly as savings, or even decreased. Here, again, the reasons are numerous. In the first place, the shift in advanced industrial countries from secondary to tertiary production reduces the demand for heavy capital investment. In the second place, declining rates of population increase, and geographic expansion may adversely affect the demand for investment. In the third place, the increasing disparity in the distribution of incomes, whether it is counteracted by government action or not, has a tendency to reduce the demand for investment capital. In the fourth place, the decrease in competition has served to reduce the amount of investment by making it possible for the controllers of existing capital to maintain its value by curtailing the investment of new capital which would make the existing capital less valuable. This last point may require additional explanation. In the past, investment was not only capital-creating but also capital-destroying—that is, it made some existing capital worthless by making it obsolete. The creation by investment, for example, of shipyards for making iron-hull steam vessels not only created this new capital but at the same time destroyed the value of the existing yards equipped to make wooden-hull sailing ships. In the past, new investment was made in only one of two cases: (a) if an old investor

believed that the new capital would yield sufficient profit to pay for itself and for the old investment now made obsolete, or (b) if the new investor was completely free of the old one, so that the latter could do nothing to prevent the destruction of his existing capital holdings by the new investor. Both of these two alternatives, in the twentieth century tended to become less likely (until 1950), the former by the decline in consumer purchasing power and the latter by the decrease in competition.

The way in which the relative decline of investment in respect to savings results in economic crisis is not difficult to see. In the modern economic community, the sum total of goods and services appearing in the market is at one and the same time the income of the community and the aggregate cost of producing the goods and services in question. The sums expended by the entrepreneur on wages, rents, salaries, raw materials, interest, lawyers' fees, and so on, represent costs to him and income to those who receive them. His own profits also enter the picture, since they are his income and the cost of persuading him to produce the wealth in question. The goods are offered for sale at a price which is equal to the sum of all costs (including profits). In the community as a whole, aggregate costs, aggregate incomes, and aggregate prices are the same, since they are merely opposite sides of the identical expenditures.

The purchasing power available in the community is equal to income minus savings. If there are any savings, the available purchasing power will be less than the aggregate prices being asked for the products for sale and by the amount of the savings. Thus, all the goods and services produced cannot be sold as long as savings are held back. In order for all the goods to be sold, it is necessary for the savings to reappear in the market as purchasing power. The usual way in which this is done is by investment. When savings are invested, they are expended into the community and appear as purchasing power. Since the capital good made by the process of investment is not offered for sale to the community, the expenditures made by its creation appear completely as purchasing power. Thus, the disequilibrium between purchasing power and prices in which was created by the act of saving is restored completely by the act of investment, and all the goods can be sold at the prices asked. But whenever investment is less than savings, the available supply of purchasing power is inadequate by the same amount to buy the goods being offered. This margin by which purchasing power is inadequate because of an excess of savings over investment may be called the "deflationary gap." This "deflationary gap" is the key to the twentieth century economic crisis and one of the three central cores of the whole tragedy of the century.

9.12 The Crash of 1929 and Continuing Economic Warfare

Winston Churchill and Cecil Rhodes, intimate friends, shared the same Anglo-American beliefs of returning the United States to British rule. On June 2, 1899,

Churchill and Rhodes had breakfast at London's Burlington Hotel and planned South Africa's war, which began on October 11, 1899. Rhodes, on behalf of the bankers, believed that he had found his "man of action" for returning America to British domination using economic warfare. Following America's financial obligations due to its costly participation in World War I, Churchill concocted an elaborate scheme, wherein he collaborated with US officials and media magnates, to launch an economic offensive against American citizens. He, with dozens of people, constructed a financial terrorist network to eventually facilitate the 1929 stock market crash that reverberated around the world to affect economics for decades.

Despite the deliberate New York Panic (1920-21), America remained resilient and industrially strong. Independent farms provided adequate food. American infrastructure and transportation systems were modern, efficient, and technologically advanced compared to the rest of the world. In 1921, per capita income was \$522. Churchill joined forces with Treasury Secretary Andrew Mellon, New York Federal Reserve Chairman Benjamin Strong, and Montagu Norman to provide easy money for speculation. It was possible for investors to purchase \$1,000 worth of stock for \$100. On April 28, 1925, Churchill, then Chancellor of the Exchequer, returned England to the gold standard, adjusted the British pound to \$4.86, limiting industry and the quantity of British goods and decreasing the amount of affordable goods for export, also a disaster for English consumers. Churchill and his accomplices invested heavily into the United States stock market. From 1923 to 1929, the Federal Reserve's printing press created a 62 percent inflation rate, and then abruptly stopped.

FRIDAY, OCTOBER 26, 1929.

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MILLIONS OF DOLLARS OF DAMAGE DONE IN LABORATORY OUTBREAK.

NEGATIVES DESTROYED.

MAN KILLED AND LARGE BUILDING

ATTEMPT TO KILL PRINCE HUMBERT

BETROTHAL DAY DRAMA SHOT AT BY SOCIALIST

An attempt was made to murder the Prince of Piedmont, here supposed the great of Europe. As he very ably mounted the throne of the empire he will be well through yesterday the day on

SEARCH FOR NEW FRENCH PREMIER

LEADER OF RADICAL SOCIALIST PARTY RECEIVES CALL TO ELYSEE.

By THE DIPLOMATIC CORRESPONDENT

PRESIDENT Doumergue has not yet chosen the politician who is to become French

After World War I, America was Britain's principle competitor. On July 1, 1927, bankers, Montagu Norman of the Bank of England, and Hjalmar Schacht of the German Reichsbank arrived in New York aboard The Mauretania. They met with Benjamin Strong and Charles Rist, the Deputy Governor of the Banque de France. They laid the final plans to bankrupt America in order to rescue England's economy after Churchill's maneuvers. Strong planned to deliberately create inflation, by increasing domestic prices, making American goods less desirable and affordable. Importation of cheaper goods would shift the gold to the Bank of England. In what

people refer to as the roaring twenties, a time of wealth, optimism and excess, numerous newspaper and magazine articles promoted stock market speculation, claiming that one could make a veritable fortune in a short time for minimum monthly investments. However, there were also special speculators who owned dozens of accounts in various names, which they could trade in enormous blocks. Small investors, never in any position to actually manipulate the market, suffered the consequences, and received the blame for the 1929 crash, just as homebuyers received the blame for the real estate bubble and the financial crisis of 2007-2010. In 1929, Wall Street brokers reported that there were 1.6 million active stock market accounts and 600,000 margin accounts. Those margin accounts belonged to Churchill and his co-conspirators.

Churchill, his younger brother John "Jack," his 20-year old nephew Johnny, and his 18-year old son, Randolph, toured America for fiftyfour days prior to the crash. On October 4, 1939, Randolph would marry Pamela Beryl Digby, who people have described as a courtesan due to her numerous affairs with powerful millionaires including Baron Elie de Rothschild, William S. Paley, and others. On March 19, 1971, she contacted W. Averell Harriman the day after her husband, successful Hollywood producer Leland Hayward died. She married Harriman on September 27, 1971. She financially backed Bill Clinton who, after his election, rewarded her with an ambassadorship to England. Bernard Baruch, Winston's favorite American, persuaded Charles M. Schwab to allow the British visitors the use of his luxurious private railway car. Schwab had worked for Andrew Carnegie, and participated in the 1901 deal with J. Pierpont Morgan to merge Carnegie Steel with US Steel, with Schwab as its first president. In 1903, Schwab became president of Bethlehem Steel, a company that, in 1914, built twenty submarines for Britain, in only six months, all assembled in Montreal, to avoid the neutrality issue. Bethlehem Steel produced as much as all of Britain combined. Jack Churchill was partners with Horace C. Vickers in a huge stock market firm in London, Vickers da Costa. It had a key role, second to Baruch, in the economic storm that the Churchill brothers were brewing. Baruch introduced Churchill to William Crocker, head of the wealthy California banking family. The Churchill party spent the night of September 12, 1929, at the Crocker estate before visiting publisher William Randolph Hearst, another Baruch crony. They arrived at the \$30 million San Simeon Castle on September 13, 1929, where they spent several days while Hearst and Churchill discussed the world's future.

On September 23, 1929, Winston and Jack Churchill had dinner with William G. McAdoo, former Treasury Secretary (1913-1918) under Wilson. No doubt, this lifetime Morgan agent knew exactly what was going to occur within a month, and he could supply Churchill with an understanding of Treasury operations. In the mid-1920s, Baruch bought a seat on the Chicago Board of Trade for his brother, Sailing. On October 2, 1929, Baruch, with cozy relationships in Chicago, met Churchill, and his party when they arrived in Chicago. Churchill met with several prominent Chicago businessmen, and they devised a test to see how their plot would play out in



New York in just three weeks. In the final hour of trading on October 3, they flooded the market with 1,500,000 shares, forcing Schwab's competitor, US Steel to drop \$10 a share. On October 18, 1929, Churchill, accompanied by Charles Duncombe, Third Earl of Feversham and Ronald I. Campbell, visited Republican President Hoover who certainly knew the names of the plungers. At the top of the list were Baruch and John J. Raskob, a DuPont and General Motors executive, and the builder of the Empire State Building. Raskob was also the chairman of the Democratic National Committee (1928-1932). Obviously, party affiliations were and are totally irrelevant. On October 25, 1929, Hoover, with foreknowledge of the imminent financial catastrophe, about to destroy so many people, would proclaim, "The fundamental business of the country that is production and distribution of commodities, is on a sound and prosperous basis."

Churchill's grandfather, Leonard Jerome, had a seat on the New York Stock Exchange and was chummy with the Rockefellers and the Vanderbilts. During the final week before the crash, Churchill stayed with Percy A. Rockefeller (S&B), who arranged a special work area for him in his Manhattan office apartment. Percy's father, William Rockefeller, had been a close friend of Jerome, a Wall Street speculator and manipulator. On October 24, 1929, Black Thursday, Baruch maintained close contact with his brothers at Hentz & Company brokerage firm, where he kept a secret account, known only as number 19. At the opening of the market, huge transactions began taking place, 12.9 million shares that day, in blocks of 15,000 to 20,000 shares, held in some of the biggest companies. The final assault was scheduled to take place the following Tuesday. Churchill met with Baruch at Rockefeller's office then visited the Stock Exchange at 10:45. On the day of the initial crash, referred to as Black Thursday, Churchill, perhaps like other saboteurs, apparently wanted to observe some of his handiwork. He was also present for the calamitous