

V. From Lyndon LaRouche

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What Actually Is Fascism?

by Lyndon H. LaRouche, Jr.

Recently, editor Joachim Fest of the West German daily *Frankfurter Allgemeine Zeitung* proposed that one must look behind the abhorrence attached to Nazism to examine the phenomena of fascism and Hitler politically, clinically. Fest concluded his proposal with the observation that narrow focus on the image of Hitler might tend to distract attention away from the alternate guises in which a “new Hitler” might arise.

Herr Fest’s observation occurs during the same period that the neo-Fabian Klaus Croissant has proposed a terrorist “liberation struggle” against a “fascist” Federal Republic of Germany (B.R.D.). More cautious than Croissant, Jean-Paul Sartre, and Professor Noam Chomsky have joined the fellow-travelers



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Joachim Fest



CC/Government Press Office

Jean-Paul Sartre



Marcello Júnior-ABr-hor-66

Noam Chomsky



CC/Institute for Policy Studies/Jeremy Bigwood

Marcus Raskin

of neo-Fabian terrorism in denouncing the B.R.D. and Italy for alleged “repression” of terrorist forces.

At the same time, the networks of the Washington, D.C.-based Institute for Policy Studies and its Western

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European collaborators have made a morally imbecilic clamor demanding either toleration or outright support of the terrorists, along the lines of the Institute for Policy Studies-allied Paris *Libération* rag. Using such ugly frauds as “plutonium equals fascism,” these sanctimonious moral imbeciles have acted on cue to target bankers, industrialists, and politicians for terrorist assassination, all under various linguisticians’ distortions of the meaning of the term “fascism.” Ironically, many

of the leaders of the international neo-Fabian networks, such as Marcus Raskin of IPS, are avowed “philosophical fascists,” and the program of the “environmentalists” and their terrorist sympathizers is explicitly Orwellian or “Clockwork Orange” fascism.

Given the linguisticians’ distortion of the word “fascism” in connection with current escalation of terrorist murders, it is urgent that the questions concerning the proper meaning of “fascism” be quickly cleared up.

Two Faces of Fascism

Nazism, like present-day “environmentalism” in the B.R.D., has two faces. The primary fact concerning Nazism, like present-day “environmentalism,” is that the institution of the Nazi regime was imposed upon Germany from the outside, by German central bank head Hjalmar Schacht’s collaborators among, chiefly, London and Manhattan financial circles—and not by German industrialists. The secondary fact concerning Nazism is that social forces of varied outlooks and composition were manipulated into acting as an auxiliary political strike-force in support of Schacht’s Hitler project.

This is the common feature of phenomena such as fascism, environmentalism, terrorism, Maoism, present-day Trotskyism, and so forth. To understand the driving force behind the overall phenomenon, one must concentrate attention at the top, on the Hjalmar Schachts and their analogs. It is at the top that the essence of the matter is defined. However, the relatively tiny forces immediately associated with the top of such conspiracies require significant numbers of manipulated dupes as a social base for



Bildarchiv Preußischer Kulturbesitz

German central bank head Hjalmar Horace Greeley Schacht (r.) with Adolph Hitler.

the establishment of fascist regimes or other institutions of fascist policies. This social base compels us to focus on the second, complementary aspect of fascism, environmentalism, terrorism, and exotic synthetic religions generally. In this second aspect of the matter, we are obliged to consider the susceptibilities of the various distinct social strata being manipulated. This second aspect of the matter involves the difficulty that large fascist movements have never been sociologically or politically homogeneous.

There is a third important feature of Nazi history which should be summarily identified in order to put it competently to one side. The historic irony of Nazi history is that although London and

Manhattan financial circles created the conditions for the Hitler regime and installed the Hitler regime on Germany—as a kind of final act of the Versailles Armistice Commission—following Munich 1938, Hitler and Nazi Germany were freed from the last vestiges of puppet status, and Nazi policy developed a dynamic quite contrary to the expectations of Chamberlain, Daladier, and others. The essential fact of the matter is that, like the wife of the fabled Rabbi of Prague (or Goethe’s sorcerer’s apprentice), the London and Manhattan financiers involved could create the Nazi Golem and set it into motion, after which their creation took on an independent course according to its own developed nature, and represented a force they could no longer control. Although this was clearly foreseeable at the time of Munich 1938, the foolish London and Manhattan circles involved did not recognize their folly until the Summer of 1940.

The summary strategic eval-



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A monument to the fabled Rabbi of Prague.



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A one-Rentenmark note.

uation to be made on this point is that when Manhattan and London circles set Hjalmar Schacht's Hitler-project into motion, they transformed both Germany and Nazism, creating a curious symbiotic interdependency between the Nazi machine and German national economic and related interests. The result was that Germany's economic and related interests expressed themselves in the distorted forms possible within the framework of the *Rentenmark* and Mefo-Bill structures created by Schacht and administered by the Hitler apparatus.

Schacht's Nazi Policies

The Hitler regime and World War II were the lawful final outcome of the war reparations atrocities of the post-World War I Versailles Treaty. A group of Manhattan-centered monetarist financiers, represented by Colonel House and House's mentally unstable puppet, President Woodrow Wilson, imposed upon defeated Germany a level of war reparations payments substantially beyond Germany's ability to pay. The forces responsible for this policy represented exactly the same group of bankrupt financial interests behind the current U.S. Carter-Mondale Administration.

The purpose of the war reparations was twofold. Most

immediately, by imposing massive war reparations upon Germany, the fiction of German payments to principally France and England was employed to "bail out" the inflated debt obligations of London and Paris to the Manhattan bankers. This was the primary purpose and function of the Versailles war reparations. The secondary feature was a determination of certain Anglo-American, Fabian-centered forces to drastically weaken Germany's industrial potential. Since the beginning of the 19th Century, the London monetarists, and later their Manhattan Fabian allies, have been obsessed by the fear that German industrial development would break free of Atlantic financial control

and develop a form of intensive industrial economic cooperation with Russia and other parts of Eastern Europe. Their fear is the same as the Amsterdam bankers' fear of *Colbertisme* in 17th-Century France and the Welfen fears of a German-France alliance during the latter part of the 18th Century. Any significant industrial development on the continent centering around Central Europe would represent an economic power sufficient to force a policy of industrial-technological progress globally—by competitive force—and thus break the stranglehold on world commerce and finance maintained by Amsterdam, London, and Manhattan

(successively and in competition and partnership) since 1653. (The historical analogy is the role of the reactionary-feudalist Welfen and their Bardi and Peruzzi banker allies in combating the Hohenstaufen city-builders and the Hansa.) This second consideration was also the motivation for the evil "Morgenthau Plan" advanced during the 1940s.

Like the echoes of Versailles policies in the post-1968 and post-1971 efforts to "bail out" the bankrupt Bretton Woods system, the monetary system based on Versailles war reparations was essentially a financial bubble, a pyramiding of worthless debts on the basis of issuing enlarged debts, soon to be-



Texas State Historical Association

U.S. President Woodrow Wilson (l.) and Col. Edward M. House in 1915.

come worthless, to refinance the old. The first bailout effort was the Dawes Plan, which provided the context for Schacht's *Rentenmark* swindle. The second major effort of this sort could not succeed, since the foreign markets for German industrial exports were contracting for financial reasons. The Young Plan was a failure before it was launched, and Schacht moved to destabilize the Weimar government, using his small, captive, but marginally decisive "liberal party" as the lever for this national sabotage.

It is interesting to note that most texts on Schacht available in Germany today scrupulously omit Schacht's middle names: Hjalmar Horace Greeley Schacht of Brooklyn, New York, U.S.A. Schacht, with a double, German-American citizenship, chose to take up his German citizenship, but his American connections during and following the Versailles Armistice Commission period, and his connections to the Armistice Commission itself, are the keys to understanding Schacht throughout his adult life—1919–1936, 1937–1945, and 1947 to his death, as well as the disposition of his case at Nuremberg.

Granted, one must be cautious in evaluation of an individual's connections to occupying powers, as one must be cautious in evaluating certain key individuals' connections to British and U.S. intelligence agencies during the post-1938 period. A certain allowance must be made for the circumstances of the times in such matters. Only a relative few, beyond those who have lived as adults in an occupied nation, can properly appreciate the full weight of that point. In Schacht's case, no such caution is justified.

The economic side of Nazism was in full swing prior to 1933, not from Hitler or Gregor Strasser, but from Schacht. As the international monetary crisis deepened, especially after the fall of the Vienna Kreditanstalt and the floating of the British pound in 1931, the existing measures of Schachtian austerity in Germany became altogether insufficient to prop up the tottering German debt structure. A collapse of German debt structures at this juncture would have toppled the power of key London and Manhattan financial institutions totally. More drastic measures were required in the estimation of Schacht and his London and Manhattan associates.

The existing Weimar structures could not facilitate such increased austerity. The Reichstag had to be eliminated, along with the party structures which might serve as a mobilization point for counterattack against foreign-imposed austerity. For this, Schacht emphasized, Hitler was needed. In 1932, faced with the onset

of a rapid collapse in Hitler's support, the lag in Nazi Party support, and the resurgence of the Strasser influence within the Nazi strata, Schacht begged his London and Manhattan associates to aid him in putting Hitler immediately into power. Schacht's Jewish associates in Manhattan and London were assured that the Nazi's Jewish policies would never exceed a temporary annoyance, soothing the conscience of the *New York Times*, among others of that category. In short, Hitler was put into power by Schacht's London and Manhattan backers not because Hitler's influence was ascending, but because it was showing signs of collapse.

Although some German industrialists were involved with Hitler—because of anti-communist, anti-trade-union impulses, because they preferred Hitler to Strasser's "left" Nazis, or because they were controlled by Manhattan cartels—the essential, organic impulse of German industry was reflected by von Seeckt and the Rapallo negotiations. This was not a peculiarity of some German industrialists; the Rapallo policy coincided with industrial Germany's most vital national interests, and those German industrialists who were relatively independent of control of the alliances of Manhattan and London monetarists naturally tended to reflect Germany's vital interests in that way.

By being forced into Schacht's Hitler project, the German industrialists were made prisoners of the Nazi monetary system. This arrangement transformed the industrial-exports and development impulse otherwise energizing Rapallo into a driving force within Schacht's *Rentenmark* and Mefo-Bill credit system. The destruction of industry and labor-force skills by Schacht's spiraling austerity measures of the 1928–1936 period brought Germany by about 1936–1937 to the point at which a continuation of that economic self-cannibalization meant the foreseeable collapse of the German economy's ability to produce. Either Germany threw off Hitler and Schacht, or Germany had to gobble up and loot its neighbors as the only remaining alternative to internal autocannibalization of industry and labor.

Despite several opportunities to topple Hitler, including a reported 1938 Canaris project killed by the British, the so-called Allies acted at each crucial point to keep Hitler in place, notably during the Rhineland occupation and the Munich Pact. The Allies accepted the dumping of their accomplice Schacht by German nationalist factions, and fostered Hitler's gobbling up of Austria, Czechoslovakia, and Poland as part of the grand scenario in which Germany would bleed its forc-

es in destroying the Soviet Union preparatory to an Allied occupation of the Ruhr and Rhineland. Germany’s preemptive occupation of Norway and Denmark, and the strategically essential 1940 defeat and occupation of France, finally aroused the stupid financier backers of Schacht in London and Manhattan to the fact that the Rabbi’s Wife had lost control of the Golem.

In the overall pattern from 1928 through 1945, every Nazi offensive attributed to Nazi ideology as such has a coherent objective basis in the peculiar kind of economic policies and financial institutions associated with the work of Hjalmar Schacht, including the slave-labor system of *Arbeitsbeschaffung* (“job creation”) for foreigners and Jews, and other much-cited features of the Nazi occupation system. In short, all of those features of Nazi Germany’s policy which are generally attributed to fascism are not the ideological excretion of a fascist “sociological phenomenon,” but are properly termed Schachtianism in its natural course and consequences.

The essence of fascism, if we mean by fascism the deprecated features of the Nazi order, is Schachtian economics. The avowedly Schacht-modeled doctrines of Chicago’s Milton Friedman, the policies of the World Bank’s Robert McNamara, and the notorious philosophy of the so-called “International Monetary Fund conditions” are the essence of contemporary fas-



Publicity photo from PBS series

Milton Friedman

cism in the Nazi model.

That answers the first aspect of Joachim Fest’s question.

The Fascist Movement

Fascist movements so-called, like the Nazi Party, have been composed of a spectrum of mutually incompatible social elements and philosophical outlooks. The “delicatessen” quality of the Nazi Party program prior to 1933, the long list of mutually irreconcilable demands, reflects that fact: various kinds of anti-communists, various currents of *Deutschtümelei* (“Germanic-ness”), pure and simple nationalists seeking a pragmatic alternative to chaos, plus a hard-core element of enraged lumpens,¹ and a countercultural “youth movement” stratum identical to the present-day Maoists, Trotskyists, and hard-core “environmentalists.”

What is to be stressed most emphatically in this connection is the fallacy of the “conservatism tends to fascism” argument. Nazi propaganda itself is excellent evidence against this. The Nazi propaganda emphasis on “Krupp steel” and other symbols of industrial development points up the fact that to rule Germany the Nazis were obliged to play upon the deep desire for industrial and technological progress within even the ranks of numerous layers of nominal Nazi supporters and party members. There was a profound discrepancy between the systematic destruction of industry and the labor force under Schacht and the nationalist impulses



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Secretary of Defense Robert S. McNamara and General William Westmoreland, Vietnam Assistance Command Commander.

1. Shorthand for members of the *Lumpenproletariat*; the “proletariat in rags.”

of important varieties of German citizens who went over to support of the Nazis largely on the basis of hatred of Versailles and a commitment to restoration of Germany's industrial progress.

"Yes, that may be true, but those people were still Nazis." Such objections reflect an historical ignorance of the ABCs of political processes. The majority of Nazi supporters were not fascists, but nationalists. We see the principle enacted before our eyes today on the issues of terrorism and "environmentalism."

Very few people, in the progress of civilization to date, have developed the capacity to make individual moral choices in politics based on individual rational judgments. In general, people behave as prisoners of the parties, factions, and other established social institutions with which they are associated by choice or force of circumstances. In the OECD nations, in point of fact the majority of the adult populations rightly supports industrial-technological progress, and is organically committed to the principles prescribing accelerated development of nuclear fission and fusion. The social base of the anti-industrialist, "environmentalist" faction is relatively tiny, and composed chiefly of lumpen types and assorted muddleheaded and disoriented liberals. How, then, is it possible that these nations are ostensibly balked by a mere relative handful of terrorists and their fellow-travelers, or by a relatively tiny force espousing the lunatic doctrines of "environmentalism"? The essential answer is elementary: by controlling the balance of coverage in major printed and electronic media, and by pressure at a few controlling points of leadership in parties and party fractions, the institutions to which the people are attached are corrupted, and the natural impulses of the majority of the population are prevented from finding a channel for organized expression.

Barring exceptional shifts in institutions, people generally behave by choosing affiliation with *and submission to* available choices of established institutions. Only under exceptional circumstances do people respond to an absence of suitable existing institutions by creating an appropriate new institution. That is the key to the mass base the Nazi machine acquired from 1933 onwards. In general, people did not affiliate with the Nazis because they were fascist, but because there existed, in their estimation, no existing credible alternative institutions but those brought into the Nazi machine's orbit.

The point is that one cannot determine the causal elements of fascist states by examining the social com-

position of the organizations and alliances from the political base of a fascist state.

There is only one element of fascist movements which is properly called "fascist" in the sense associated with the crimes of the Nazi regime. That element is the social element which offers its own version of the same programmatic results as the austerity proposals of a Hjalmar Schacht, Milton Friedman, and the "International Monetary Fund conditions for Third-World countries." These are the people who espouse the nominalist doctrine of *irrationalism*, and who also propose to stop the progress of technology in favor of "returning to 'more natural' conditions." In short, the hard-core fascists of today are the Maoists, the terrorists, and the hard-core "environmentalists" who support "zero growth."

The contemporary form of fascist doctrine is based on the variety of linguistics associated with RAND Corporation's Professor Noam Chomsky. This branch of the pseudo-scholarship generally known as "analytical philosophy" denies the existence of knowable truth, and restricts the issue of knowledge to meaning. That is the modern form of classical irrationalism. Worse, the Chomskyian linguist focuses on methods of mass brainwashing. The slogans by linguisticians engaged in fascist brainwashing are typified by the proposal "to eliminate belief in the word 'progress' and then to root out the 'power structure' associated with the word 'progress.'"

The Solution to Fest's Question

The new "Hitlers" for which Joachim Fest is searching can be readily identified by two criteria. First, the new "Hitlers" will be backed by the new Schachts. They will be agents for the policies proposed by the International Monetary Fund's Witteveen, Chicago's Milton Friedman, and the World Bank's Robert McNamara: austerity and stopping industrial development and technological progress in favor of rolling over inflated masses of debt structures. The supporters of such new "Hitlers" will be backed, as Hitler was in significant part, by a "Youth Movement" of the sort best typified by today's Maoists, Trotskyists, anarchists, and hard-core "environmentalists."

We know who the potential new "Hitlers" are. Unfortunately, we warn Joachim Fest, the law prohibits their being named in print.²

2. German libel law forbids public identification of any individual as "a new Hitler."