

Terror's Legacy: Schacht, Skorzeny, Allen Dulles

by Michael Liebig

Part 1

In response to the March 11 Madrid train bombings, Lyndon LaRouche stated that widely trumpeted assertions that the Basque separatist ETA or “Islamic terrorists” were responsible for the attack, were utterly groundless, and noted that instead, there are parallels to the train station bombing in Bologna, Italy in 1980, which was the high point of the “Strategy of Tension” aimed at Italy during the 1969-82 period.

Years of criminal investigations conducted by Italian authorities have proven conclusively, that neo-fascist terrorist cells were in fact responsible for the “blind terrorism” in Bologna during the “Strategy of Tension” days, and that behind these cells were Licio Gelli’s Synarchist Propaganda Due (P2) Lodge networks, along with elements operating within Italian and Anglo-American intelligence services (see *EIR*, March 26 and April 2, and following article).

A Three-Dimensional Problem

This “Strategy of Tension,” however, cannot be understood “two-dimensionally”—i.e., neo-fascist terrorist groups, and intelligence services—because to this we must add a third dimension: the Synarchist financial oligarchy, which, under conditions of grave economic and financial crisis, intends to establish a permanent “state of emergency” managed by authoritarian, or even outright fascist, forms of government. “Normal,” more or less republican-democratic forms of government could, in the view of this Synarchist oligarchy, never be induced to permit the depressing of living standards to the degree and duration necessary to prop up the current tottering system.

It was just those considerations, which prompted the establishment of a series of ever more brutal, fascist dictatorships beginning in 1922 and up through 1945. The formal legal groundwork for this Synarchist agenda was established by Carl Schmitt, and its economic policy paradigms were articulated by Adolf Hitler’s Economics Minister, Hjalmar Horace Greeley Schacht. And thus, the terrorist side of the “Strategy of Tension” is intended as a catalyst for the establishment of a “state of emergency” under conditions of systemic financial and economic crisis.

The neo-fascist terrorist cells, and above them, their Synarchist controllers who are responsible for the “Strategy of Tension,” did not just come out of nowhere in the 1960s. They were the result of a process that began during World War II, a symbiosis of Synarchist financial interests and their influence within the Anglo-American secret intelligence milieu, with the hard core of the Nazi SS and its non-German fascist collaborators.

After the war, Anglo-American intelligence circles took over and maintained the old SS structures as a useful tool in the fight against Soviet communism. In the event of a Soviet invasion of Western Europe, they were to be deployed as underground guerrillas and secret partisans (code-name: “Gladio”) operating within Communist-occupied Europe. The key figure in this strategy was Allen Dulles, a man who uniquely embodied this overlap between Synarchist financial interests and political secret-intelligence operations.

Over the course of the past 60 years, out of this web of Synarchist interests and extended former SS networks, there emerged what is probably the most important terrorist infrastructure of all—and not only in Europe, but internationally. This has included some seemingly strange liaisons, such as with the intelligence services of some communist countries.



Hjalmar Schacht, one of terrorism's "grandfathers," epitomized the Synarchist financier circles who have always been "at the top" of the triple interlink of fascist terrorist forces, intelligence services, and banking circles. After World War II, Schacht was "acquitted" at Nuremberg under great Synarchist pressure, and then put in charge of reorganizing the financial assets of the Nazi SS.

Within Europe, Spain and Italy have been the main bases of this Synarchist-neo-fascist terrorist infrastructure. This terrorist milieu should not be thought of as a conspiracy with a quasi-military organizational structure, but rather as a flexible network, each of whose components can be deployed separately for particular aims, under specific circumstances. The Bologna bombers can be thought of as the "sons" of this symbiosis, and the Madrid bombers as their "grandchildren" or "great-grandchildren."

A Discussion in Zhitomir

In the early days of August 1942, a remarkable discussion took place in Zhitomir in Ukraine (then part of the Soviet Union). Participants included Reichsführer SS Heinrich Himmler, and the head of Office IV of the Reich Central Security



Wall Street lawyer and financier Allen Dulles was negotiating directly with the Nazi SS leaders during the World War II years from Bern, in neutral Switzerland, looking to the use of the vast financial and "manpower" assets of the SS. After the war, he was a key re-organizer of American intelligence agencies, "bringing over" Schacht and Nazi military figures like Skorzeny to the U.S. sphere of influence.

Administration (RSHA), Standartenführer Walter Schellenberg, who later, in 1944, was to rise to chief of the SS Security Service (SD). At this meeting, Himmler, who was second only in power (and criminality) to Hitler himself, was discussing Nazi Germany's political and military situation in the third year of war, with Schellenberg, a 32-year-old "rising star" in the SS hierarchy.

They came to the conclusion that Nazi Germany's strategic situation was rapidly deteriorating. Even before the defeats of Stalingrad and El Alamein, they recognized that with the entry of the United States into the war, Nazi Germany no longer had even a chance of victory. Moreover, the battle of Midway Island in June 1942 had demonstrated that Japan would no longer be able to tie down the bulk of U.S. forces in the Pacific theater. Himmler and Schellenberg agreed that Nazi Germany lacked the necessary forces to successfully conduct a two-front war. Therefore, an "alternative solution" had to be considered: A "compromise peace" was to be sought with Great Britain and the United States, in order to be able to pursue the war against Soviet Russia with some prospect of success. Himmler assigned Schellenberg to make secret overtures to the Western powers to that end, extending an offer that in exchange for peace, Nazi Germany would agree to relinquish the territories it had conquered in Western Europe. As a "token of goodwill," Foreign Minister von Ribbentrop was to be dismissed from his post at the end of 1942. And even though in his memoirs, where he reported at length on his Zhitomir discussion, Schellenberg does not go into one final aspect, we can presume that both men envisioned the removal of Hitler, because they knew all too well that as long as he remained in power, no separate peace with the Western Powers would be possible.

Allen Dulles and the SS

In November 1942, Allen Dulles, acting as representative of the U.S. Office of Strategic Services (OSS), the wartime predecessor of the Central Intelligence Agency, arrived in Bern, Switzerland. This diplomat, intelligence expert, attorney, financier, and brother of John Foster Dulles was the prototypical representative of the Synarchist Wall Street financial oligarchy. Between 1916 and 1926, he had held diplomatic posts in Vienna, Bern, and Berlin. Later he joined his brother's New York law firm, which began his years-long close contact with leading Germans, including with Reichsbank president Hjalmar Schacht.

Dulles's official 1942 assignment in Bern was to sound out the situation within Nazi Germany, since neutral Switzerland was the most suitable listening-post. But Dulles also had his own agenda: ascertain how Nazi Germany's strategic—and especially its economic—potential, along with all its conquered territories, could be brought under Anglo-American control with the least possible military outlay. (It should also be noted that despite the state of war, the Nazi leadership had never carried out a thorough expropriation of the substantial financial and physical assets held by Anglo-American interests inside Nazi Germany and in the occupied territories.) At the same time, not only was Soviet Russia's access to the Axis powers' potential to be blocked, but Russia itself was to be weakened as much as possible, Dulles thought, in order to erase Bolshevism and Pan-Slavism from the world's political map.

On Jan. 15, 1943, Prince Max von Hohenlohe-Langenburg, acting as first emissary of Himmler and Schellenberg, met with Dulles. Hohenlohe already knew Dulles personally from the latter's stay in Vienna in 1916. They met twice more during the following two months. Hohenlohe later assured his superiors that the talks with Dulles had been constructive, and that Dulles had told him that he preferred such dialogs with representatives of real German power (in other words, with the SS), over those with "deposed politicians, emigrés, and biased Jews." During that time, Dulles also held numerous meetings with Reinhard Spitzzy, the SS officer attached to the Foreign Ministry. Himmler's personal attorney Carl Langbehn likewise made contact with Dulles.

For understandable reasons, the SS leadership's contacts with Dulles remain largely shrouded in mystery to the present day. Efforts have been made to make it appear as if Dulles had been taking steps to strengthen the resolve of the resistance groupings within Germany. But a closer examination reveals that Dulles clearly preferred to negotiate with the "real power-brokers"—the SS—over representatives of the anti-Hitler resistance conspiracy. Dulles's negotiations with SS representatives occurred at precisely the same time as the SS was carrying out the most monstrous phases of its extermination and terror measures—and Dulles was by no means unaware of that fact. We can also presume that during this stay in Bern, Dulles was in contact with Hjalmar Schacht via middlemen; ever since 1943, Schacht, as Nazi Minister Without Portfolio,

not only knew Dulles, but also continued to maintain his far-flung network of contacts within the British and American financial oligarchy.

By that time, the SS had become the head of a huge economic empire. Not only did it run a gigantic "labor-lending service" with concentration camp prisoners and forced laborers, all the while enriching itself with the seized assets of persecuted Jews; but the SS empire also had enormous financial and industrial assets at its disposal. This included extensive intersecting stock holdings with private financial and economic interests. Leading bankers and economic managers constituted a veritable "advisory council" for the SS economic empire, in the guise of advisory boards, "circles of friends," and through membership in the Allgemeine SS. This latter practice meant that bankers, economic managers, academics, aristocrats, and other members of Germany's "elite," could hold high-ranking positions in the SS, while still continuing their business activities.

The SS was therefore much more than a police-state institution *par excellence*. It was not only a monstrous apparatus for oppression and a mass-murder machine; but at the same time, it was a huge corporation. And as such, as far as the Synarchist financial circles in the United States and Great Britain were concerned, it was an altogether acceptable partner which one could "do business" with.

The Conference at the 'Red House'

On Aug. 10, 1944—as the German People's Court was summarily convicting and executing the leaders of the German Resistance in the aftermath of the failed assassination attempt on Hitler—Schellenberg's SD organized a conference in the Red House Hotel in occupied Strasbourg, attended by leading bankers and economic managers. Nazi Germany's military defeat was imminent. And what was the SS leadership discussing with the top bankers and economic bosses?

The topic of the Strasbourg SD conference was how to transfer the greatest possible quantity of financial assets held by the SS, into neutral countries abroad, before Nazi Germany collapsed altogether. This prospect, of course, could be expected to strike a resonant chord with the Synarchist financial circles in the United States and Great Britain. Recall that the Nazi leadership had never carried out a thorough expropriation of the huge Anglo-American financial and physical assets in Nazi Germany and in the occupied territories. That was where Hjalmar Schacht's influence had prevailed—and the SS had played along with it.

It was therefore no surprise that the key figure in the megatransfer of SS assets agreed upon at the Strasbourg SD conference, was none other than Hjalmar Schacht himself, with his unparalleled array of foreign connections, not only with neutral countries, but also with the Western powers. And indeed, Schacht's mentor for many years was Montagu Norman, who until 1944 headed the Bank of England.

Yet another key figure in the transfer of SS assets was Swiss financier and Nazi activist François Genoud, who had

an extensive network of contacts in the Arab world. Genoud had been in contact with Allen Dulles since 1943. Large chunks of SS assets were transferred via Switzerland into Spain and Portugal, and from there to Turkey, Sweden, and Argentina, where they were invested.

We can presume that Dulles was well informed about this transfer of SS assets abroad, since it was also Dulles who made sure that after the war, Schacht was appointed as the so-called “trustee” of the SS funds. Preceding this, Schacht had been acquitted of war crimes by the Nuremberg Tribunal.

Another participant in the Strasbourg SD conference was Otto Skorzeny, head of Office VI S (“S” for sabotage) of the RSHA. Skorzeny was head of the SD Jagdkommando, the SS’s “special operations” unit. He became world-reknowned for allegedly freeing Mussolini in July 1944, from the Gran Sasso in the Appennines Mountains where he was imprisoned. And in the following post-war period, Skorzeny played a central role in the web of right-wing financial interests, neo-fascist organizations, paramilitary groups, and secret intelligence networks—the true “grandmother” of modern terrorism.

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