

## CHAPTER TEN

### The Myth of "Sidney Warburg"

A vital question, only partly resolved, is the extent to which Hitler's accession to power in 1933 was aided *directly* by Wall Street financiers. We have shown with original documentary evidence that there was *indirect* American participation and support through German affiliated firms, and (as for example in the case of I.T.T.) there was a knowledgeable and deliberate effort to benefit from the support of the Nazi regime. Was this indirect financing extended to direct financing?

After Hitler gained power, U.S. firms and individuals worked on behalf of Nazism and certainly profited from the Nazi state. We know from the diaries of William Dodd, the American Ambassador to Germany, that in 1933 a stream of Wall Street bankers and industrialists filed through the U.S. Embassy in Berlin, expressing their admiration for Adolf Hitler — and anxious to find ways to do business with the new totalitarian regime. For example, on September 1, 1933 Dodd recorded that Henry Mann of the National City Bank and Winthrop W. Aldrich of the Chase Bank both met with Hitler and "these bankers feel they can work with him."<sup>1</sup> Ivy Lee, the Rockefeller public relations agent, according to Dodd "showed himself at once a capitalist and an advocate of Fascism."<sup>2</sup>

So at least we can identify a sympathetic response to the new Nazi dictatorship, reminiscent of the manner in which Wall Street international bankers greeted the new Russia of Lenin and Trotsky in 1917.

#### Who Was "Sidney Warburg"?

The question posed in this chapter is the accusation that some Wall Street financiers (the Rockefellers and Warburgs specifically have been accused) directly planned and financed Hitler's takeover in 1933, and that they did this from Wall Street. On this question the so-called myth of "Sidney Warburg" is relevant. Prominent Nazi Franz von Papen has stated in his *Memoirs*:<sup>3</sup>

... the most documented account of the National Socialists' sudden acquisition of funds was contained in a book published in Holland in 1933, by the old established Amsterdam publishing house of Van Holkema & Warendorf, called *De Geldbronnen van Het Nationaal-Socialisme (Drie Gesprekken Met Hitler) under the name "Sidney Warburg."*

A book with this title in Dutch by "Sidney Warburg" was indeed published in 1933, but remained on the book stalls in Holland only for a matter of days. The book was purged.<sup>4</sup> One of three surviving original copies was translated into English. The translation was at one time deposited in the British Museum, but is now withdrawn from public circulation and is unavailable for research. Nothing is now known of the original Dutch copy upon which this English translation was based.

The second Dutch copy was owned by Chancellor Schussnigg in Austria, and nothing is known of its present whereabouts. The third Dutch copy found its way to Switzerland and was translated into German. The German translation has survived down to the present day in the Schweizerischen Sozialarchiv in Zurich, Switzerland. A certified copy of the authenticated German translation of this Swiss survivor was purchased by the author in 1971 and translated into English. It is upon this English translation of the German translation that the text in this chapter is based.

Publication of the "*Sidney Warburg*" book was duly reported in the *New York Times* (November 24, 1933) under the title "Hoax on Nazis Feared." A brief article noted that a "Sidney Warburg" pamphlet has appeared in Holland, and the author is not the son of Felix Warburg. The translator is J. G. Shoup, a Belgian newspaperman living in Holland. The publishers and Shoup "are wondering if they have not been the victims of a hoax." The *Times* account adds:

*The pamphlet repeats an old story to the effect that leading Americans, including John D. Rockefeller, financed Hitler from 1929 to 1932 to the extent of \$32,000,000, their motive being "to liberate Germany from the financial grip of France by bringing about a revolution." Many readers of the pamphlet have pointed out that it contains many inaccuracies.*

*Why was the Dutch original withdrawn from circulation in 1933? Because "Sidney Warburg" did not exist and a "Sidney Warburg" was claimed as the author. Since 1933 the "Sidney Warburg" book has been promoted by various parties both as a forgery and as a genuine document. The Warburg family itself has gone to some pains to substantiate its falsity.*

*What does the book report? What does the book claim happened in Germany in the early 1930s? And do these events have any resemblance to facts we know to be true from other evidence?*

*From the viewpoint of research methodology it is much more preferable to assume that the "Sidney Warburg" book is a forgery, unless we can prove the contrary. This is the procedure we shall adopt. The reader may well ask — then why bother to look closely at a possible forgery? There are at least two good reasons, apart from academic curiosity.*

*First, the Warburg claim that the book is a forgery has a curious and vital flaw. The Warburgs deny as false a book they admit not to have read nor even seen. The Warburg denial is limited specifically to non-authorship by a Warburg. This denial is acceptable; but it does not deny or reject the validity of the contents. The denial merely repudiates authorship.*

*Second, we have already identified I.G. Farben as a key financier and backer of Hitler. We have provided photographic evidence (page 64) of the bank transfer slip for 400,000 marks from I.G. Farben to Hitler's "Nationale Treuhand" political slush fund account administered by Rudolf Hess. Now it is probable, almost certain, that "Sidney Warburg" did not exist. On the other hand, it is a matter of public record that the Warburgs were closely connected with I.G. Farben in Germany and the United States. In Germany Max Warburg was a director of I.G. Farben and in the United States brother Paul Warburg (father of James Paul Warburg) was a director of American I.G. Farben. In brief, we have incontrovertible evidence that some Warburgs, including the father of James Paul, the denouncer of the "Sidney Warburg" book, were directors of I.G. Farben. And I.G. Farben is known to have financed Hitler. "Sidney Warburg" was a myth, but I.G. Farben directors Max Warburg and Paul Warburg were not myths. This is reason enough to push further.*

Let us first summarize the book which James Paul Warburg claims is a forgery.

## **A Synopsis of the Suppressed "Sidney Warburg" Book**

*The Financial Sources of National Socialism opens with an alleged conversation between "Sidney Warburg" and joint author/translator I. G. Shoup. "Warburg" relates why he was handing Shoup an English language manuscript for translation into Dutch and publication in Holland In the words of the mythical "Sidney Warburg":*

*There are moments when I want to turn away from a world of such intrigue, trickery, swindling and tampering with the stock exchange .... Do you know what I can never understand? How it is possible that people of good and honest character — for which I have ample proof — participate in swindling and fraud, knowing full well that it will affect thousands.*

*Shoup then describes "Sidney Warburg" as "son of one of the largest bankers in the United States, member of the banking firm Kuhn, Loeb & Co., New York." "Sidney Warburg" then tells Shoup that he ("Warburg") wants to record for history how national socialism was financed by New York financiers.*

*The first section of the book is entitled simply "1929." It relates that in 1929 Wall Street had enormous credits outstanding in Germany and Austria, and that these claims had, for the most part, been frozen. While France was economically weak and feared Germany, France was also getting the "lion's share" of reparations funds which were actually financed from the United States. In June 1929, a meeting took place between the members of the Federal Reserve Bank and leading American bankers to decide what to do about France, and particularly to check her call on German reparations. This meeting was attended (according to the "Warburg" book) by the directors of Guaranty Trust Company, the "Presidents" of the Federal Reserve Banks, in addition to five independent bankers, "young Rockefeller," and Glean from Royal Dutch Shell. Carter and Rockefeller according to the text "dominated the proceedings. The others listened and nodded their heads."*

*The general consensus at the bankers' meeting was that the only way to free Germany from French financial clutches was by revolution, either Communist or German Nationalist. At an earlier meeting it had previously been agreed to contact Hitler to "try to find out if he were amenable to American financial support." Now Rockefeller reportedly had more recently seen a German-American leaflet about the Hitler national socialist movement and the purpose of this second meeting was to determine if "Sidney Warburg" was prepared to go to Germany as a courier to make personal contact with Hitler.*

*In return for proferred financial support, Hitler would be expected to conduct an "aggressive foreign policy and stir up the idea of revenge against France." This policy, it was anticipated, would result in a French appeal to the United States and England for assistance in "international questions involving the eventual German aggression." Hitler was not to know about the purpose of Wall Street's assistance. It would be left "to his reason and resourcefulness to discover the motives behind the proposal." "Warburg" accepted the proposed mission and left New York for Cherbourg on the Ile de France, "with a diplomatic passport and letters of recommendation from Carter, Tommy Walker, Rockefeller, Glean and Herbert Hoover."*

*Apparently, "Sidney Warburg" had some difficulty in meeting Hitler. The American Consul in Munich did not succeed in making contact with the Nazis, and finally Warburg went directly to Mayor Deutzberg of Munich, "with a recommendation from the American Consul," and a plea to guide Warburg to Hitler. Shoup then presents extracts from Hitler's statements at this initial meeting. These extracts include the usual Hitlerian anti-Semitic rantings, and it should be noted that all the anti-Semitic parts in the "Sidney Warburg" book are spoken by Hitler. (This is important because James Paul Warburg claims the Shoup book is totally anti-Semitic.) Funding of the Nazis was discussed at this meeting and Hitler is reported to insist that funds could not be deposited in a German bank but only in a foreign bank at his disposal. Hitler asked for 100 million marks and suggested that "Sidney Warburg" report on the Wall Street reaction through von Heydt at Lutzowufer, 18 Berlin.<sup>5</sup>*

*After reporting back to Wall Street, Warburg learned that \$24 million was too much for the American bankers; they offered \$10 million. Warburg contacted von Heydt and a further meeting was arranged, this time with an "undistinguished looking man, introduced to me under the name Frey." Instructions*

were given to make \$10 million available at the Mendelsohn & Co. Bank in Amsterdam, Holland. Warburg was to ask the Mendelsohn Bank to make out checks in marks payable to named Nazis in ten German cities. Subsequently, Warburg travelled to Amsterdam, completed his mission with Mendelsohn & Co., then went to Southampton, England and took the Olympia back to New York where he reported to Carter at Guaranty Trust Company. Two days later Warburg gave his report to the entire Wall Street group, but "this time an English representative was there sitting next to Glean from Royal Dutch, a man named Angell, one of the heads of the Asiatic Petroleum Co." Warburg was questioned about Hitler, and "Rockefeller showed unusual interest in Hitler's statements about the Communists."

A few weeks after Warburg's return from Europe the Hearst newspapers showed "unusual interest" in the new German Nazi Party and even the New York Times carried regular short reports of Hitler's speeches. Previously these newspapers had not shown too much interest, but that now changed.<sup>6</sup> Also, in December 1929 a long study of the German National Socialist movement appeared "in a monthly publication at Harvard University."

Part II of the suppressed "Financial Sources of National Socialism" is entitled "1931" and opens with a discussion of French influence on international politics. It avers that Herbert Hoover promised Pierre Laval of France not to resolve the debt question without first consulting the French government and [writes Shoup]:

*When Wall Street found out about this Hoover lost the respect of this circle at one blow. Even the subsequent elections were affected — many believed that Hoover's failure to get reelected can be traced back to the issue.<sup>7</sup>*

In October 1931, Warburg received a letter from Hitler which he passed on to Carter at Guaranty Trust Company, and subsequently another bankers' meeting was called at the Guaranty Trust Company offices. Opinions at this meeting were divided. "Sidney Warburg" reported that Rockefeller, Carter, and McBean were for Hitler, while the other financiers were uncertain. Montague Norman of the Bank of England and Glean of Royal Dutch Shell argued that the \$10 million already spent on Hitler was too much, that Hitler would never act. The meeting finally agreed in principle to assist Hitler further, and

*Warburg again undertook a courier assignment and went back to Germany.*

*On this trip Warburg reportedly discussed German affairs with "a Jewish banker" in Hamburg, with an industrial magnate, and other Hitler supporters. One meeting was with banker von Heydt and a "Luetgebrunn." The latter stated that the Nazi storm troopers were incompletely equipped and the S.S. badly needed machine guns, revolvers, and carbines.*

*In the next Warburg-Hitler meeting, Hitler argued that "the Soviets cannot miss our industrial products yet. We will give credit, and if I am not able to deflate France myself, then the Soviets will help me." Hitler said he had two plans for takeover in Germany: (a) the revolution plan, and (b), the legal takeover plan. The first plan would be a matter of three months, the second plan a matter of three years. Hitler was quoted as saying, "revolution costs five hundred million marks, legal takeover costs two hundred million marks — what will your bankers decide?" After five days a cable from Guaranty Trust arrived for Warburg and is cited in the book as follows:*

*Suggested amounts are out of the question. We don't want to and cannot. Explain to man that such a transfer to Europe will shatter financial market. Absolutely unknown on international territory. Expect long report, before decision is made. Stay there. Continue investigation. Persuade man of impossible demands. Don't forget to include in report own opinion of possibilities for future of man.*

*Warburg cabled his report back to New York and three days later received a second cablegram reading:*

*Report received. Prepare to deliver ten, maximum fifteen million dollars. Advise man necessity of aggression against foreign danger.*

*The \$15 million was accepted for the legal takeover road, not for the revolutionary plan. The money was transferred from Wall Street to Hitler via Warburg as follows — \$5 million to be paid at Mendelsohn & Company, Amsterdam; \$5 million at the Rotterdamse Bankvereinigung in*

Rotterdam; and \$5 million at "Banca Italiana."

Warburg travelled to each of these banks, where he reportedly met Heydt, Strasser and Hermann Goering. The groups arranged for checks to be made out to different names in various towns in Germany. In other words, the funds were "laundered" in the modern tradition to disguise their Wall Street origins. In Italy the payment group was reportedly received at the main building of the bank by its president and while waiting in his office two Italian fascists, Rossi and Balbo, were introduced to Warburg, Heydt, Strasser, and Goering. Three days after payment, Warburg returned to New York from Genoa on the Savoya. Again, he reported to Carter, Rockefeller, and the other bankers.

The third section of "Financial Sources of National Socialism" is entitled simply "1933." The section records "Sidney Warburg's" third and last meeting with Hitler — on the night the Reichstag was burned. (We noted in Chapter Eight the presence of Roosevelt's friend Putzi Hanfstaengl in the Reichstag.) At this meeting Hitler informed Warburg of Nazi progress towards legal takeover. Since 1931 the Nationalist Socialist party had tripled in size. Massive deposits of weapons had been made near the German border in Belgium, Holland, and Austria — but these weapons required cash payments before delivery. Hitler asked for a minimum of 100 million marks to take care of the final step in the takeover program. Guaranty Trust wired Warburg offering \$7 million at most, to be paid as follows — \$2 million to the Renania Joint Stock Company in Dusseldorf (the German branch of Royal Dutch), and \$5 million to other banks. Warburg reported this offer to Hitler, who requested the \$5 million should be sent to the Banca Italiana in Rome and (although the report does not say so) presumably the other \$2 million was paid to Dusseldorf. The book concludes with the following statement from Warburg:

*I carried out my assignment strictly down to the last detail. Hitler is dictator of the largest European country. The world has now observed him at work for several months. My opinion of him means nothing now. His actions will prove if he is bad, which I believe he is. For the sake of the German people I hope in my heart that I am wrong. The world continues to suffer under a system that has to bow to a Hitler to keep itself on its feet. Poor world, poor humanity.*

*This is a synopsis of "Sidney Warburg's" suppressed book on the financial origins of national socialism in Germany. Some of the information in the book is now common knowledge — although only part was generally known in the early 1930s. It is extraordinary to note that the unknown author had access to information that only surfaced many years later — for example, the identity of the von Heydt bank as a Hitler financial conduit. Why was the book taken off the bookstands and suppressed? The stated reason for withdrawal was that "Sidney Warburg" did not exist, that the book was a forgery, and that the Warburg family claimed it contained anti-Semitic and libelous statements.*

*The information in the book was resurrected after World War II and published in other books in an anti-Semitic context which does not exist in the original 1933 book. Two of these post-war books were Rene Sonderegger's *Spanischer Sommer* and Werner Zimmerman's *Liebet Eure Feinde*.*

*Most importantly James P. Warburg of New York signed an affidavit in 1949, which was published as an appendix in von Papen's *Memoirs*. This Warburg affidavit emphatically denied the authenticity of the "Sidney Warburg" book and claimed it was a hoax, Unfortunately, James P. Warburg focuses on the 1947 Sonderegger anti-Semitic book *Spanischer Sommer*, not the original suppressed "Sidney Warburg" book published in 1933 — where the only anti-Semitism stems from Hitler's alleged statements.*

*In other words, the Warburg affidavit raised far more questions than it resolved. We should therefore look at Warburg's 1949 affidavit denying the authenticity of *Financial Sources of National Socialism*.*

### **James Paul Warburg's Affidavit**

*In 1953 Nazi Franz von Papen published his *Memoirs*.<sup>8</sup> This was the same Franz von Papen who had been active in the United States on behalf of German espionage in World War I. In his *Memoirs*, Franz von Papen discusses the question of financing Hitler and places the blame squarely on industrialist Fritz Thyssen and banker Kurt von Schroder. Papen denies that he (Papen) financed Hitler, and indeed no credible evidence has been forthcoming to link von Papen with Hitler's funds (although*

Zimmerman in *Liebert Eure Feinde* accuses Papen of donating 14 million marks). In this context von Papen mentions "Sidney Warburg's" *The Financial Sources of National Socialism*, together with the two more recent post-World War II books by Werner Zimmerman and Rene Sonderegger (alias Severin Reinhardt).<sup>9</sup> Papen adds that:

*James P. Warburg is able to refute the whole falsification in his affidavit .... For my own part I am most grateful to Mr. Warburg for disposing once and for all of this malicious libel. It is almost impossible to refute accusations of this sort by simple negation, and his authoritative denial has enabled me to give body to my own protestations.*<sup>10</sup>

There are two sections to Appendix II of Papen's book. First is a statement by James P. Warburg; second is the affidavit, dated July 15, 1949.

The opening paragraph of the statement records that in 1933 the Dutch publishing house of Holkema and Warendorf published *De Geldbronnen van Het Nationaal-Socialisme. Drie Gesprekken Met Hitler*, and adds that,

*This book was allegedly written by "Sidney Warburg." A partner in the Amsterdam firm of Warburg & Co. informed James P. Warburg of the book and Holkema and Warendorf were informed that no such person as "Sidney Warburg" existed. They thereupon withdrew the book from circulation.*

James Warburg then makes two sequential and seemingly contradictory statements:

*... the book contained a mass of libelous material against various members of my family and against a number of prominent banking houses and individuals in New York. I have never to this day seen a copy of the book. Apparently only a handful of copies escaped the publisher's withdrawal.*

Now on the one hand Warburg claims he has never seen a copy of the "Sidney Warburg" book, and

*on the other hand says it is "libelous" and proceeds to construct a detailed affidavit on a sentence by sentence basis to refute the information supposedly in a book he claims not to have seen! It is very difficult to accept the validity of Warburg's claim he has "never to this day seen a copy of the book." Or if indeed he had not, then the affidavit is worthless.*

*James Warburg adds that the "Sidney Warburg" book is "obvious anti-Semitism," and the thrust of Warburg's statement is that the "Sidney Warburg" story is pure anti-Semitic propaganda. In fact (and Warburg would have discovered this fact if he had read the book), the only anti-Semitic statements in the 1933 book are those attributed to Adolf Hitler, whose anti-Semitic feelings are hardly any great discovery. Apart from Hitler's ravings there is nothing in the original "Sidney Warburg" book remotely connected with anti-Semitism, unless we classify Rockefeller, Glean, Carter, McBean, etc. as Jewish. In fact, it is notable that not a single Jewish banker is named in the book — except for the mythical "Sidney Warburg" who is a courier, not one of the alleged money givers. Yet we know from an authentic source (Ambassador Dodd) that the Jewish banker Eberhard von Oppenheim did indeed give 200,000 marks to Hitler,<sup>11</sup> and it is unlikely "Sidney Warburg" would have missed this observation if he was deliberately purveying false anti-Semitic propaganda.*

*The first page of James Warburg's statement concerns the 1933 book. After the first page James Warburg introduces Rene Sonderegger and another book written in 1947. Careful analysis of Warburg's statement and affidavit point up that his denials and assertions essentially refer to Sonderegger and not to Sidney Warburg. Now Sonderegger was anti-Semitic and probably was part of a neo-Nazi movement after World War II, but this claim of anti-Semitism cannot be laid to the 1933 book — and that is the crux of the question at issue. In brief, James Paul Warburg starts out by claiming to discuss a book he has never seen but knows to be libelous and anti-Semitic, then without warning shifts the accusation to another book which was certainly anti-Semitic but was published a decade later. Thus, the Warburg affidavit so thoroughly confuses the two books that the reader is lead to condemn the mythical "Sidney Warburg" along with Sonderegger.<sup>12</sup> Let us look at some of J.P. Warburg's statements:*

## York City, July 15, 1949

1. Concerning the wholly false and malicious allegations made by Rene Sonderegger of Zurich, Switzerland, *et al.*, as set forth in the foregoing part of this statement, I, James Paul Warburg, of Greenwich, Connecticut, U.S.A., depose as follows:
2. No such person as "Sidney Warburg" existed in New York City in 1933, nor elsewhere, as far as I know, then or at any other time.
3. I never gave any manuscript, diary, notes, cables, or any other documents to any person for translation and publication in Holland, and, specifically, I never gave any such documents to the alleged J.G. Shoup of Antwerp. To the best of my knowledge and recollection I never at any time met any such person.
4. The telephone conversation between Roger Baldwin and myself, reported by Sonderegger, never took place at all and is pure invention.
5. I did not go to Germany at the request of the President of the Guaranty Trust Company in 1929, or at any other time.
6. I did go to Germany on business for my own bank, The International Acceptance Bank Inc., of New York, in both 1929 and 1930. On neither

## Affidavit

Note that the affidavit concerns Rene Sonderegger, *not* the book published by J.G. Shoup in 1933.

We can assume that the name "Sidney Warburg" is a pseudonym, or used falsely.

The affidavit confines itself to grant of materials "for translation and publication in Holland."

Reported by Sonderegger, not "Sidney Warburg."

But Warburg *did* go to Germany in 1929 and 1930 for the International Acceptance Bank, Inc.

Note that Warburg, by his own statement, told his banking associates that Hitler would come to power. This claim was made *in 1930 — and*

of these occasions did I have anything to do with investigating the possible prevention of a Communist revolution in Germany by the promotion of a Nazi counter- revolution. As a matter of recorded fact, my opinion at the time was that there was relatively little danger of a Communist revolution in Germany and a considerable danger of a Nazi seizure of power, I am in a position to prove that, on my return from Germany after the Reichstag elections of 1930, I warned my associates that Hitler would very likely come to power in Germany and that the result would be either a Nazi- dominated Europe or a second world war — perhaps both. This can be corroborated as well as the fact that, as a consequence of my warning, my bank proceeded to reduce its German commitments as rapidly as possible.

7. I had no discussions anywhere, at any time, with Hitler, with any Nazi officials, or with anyone else about providing funds for the Nazi Party. Specifically, I had no dealing of this sort with Mendelssohn & Co., or the Rotterdamsche Bankvereinigung or the Banca Italiana. (The latter is probably meant to read Banca d'Italia, with which I likewise had no such dealings.)

8. In February 1933 (see pages 191 and 192 of *Spanischer Sommer*) when I am alleged to have brought Hitler the last installment of

the Warburgs continued as *directors* with I.G. Farben and other pro-Nazi firms.

There is no evidence to contradict this statement. So far as can be traced Warburgs were not connected with these banking firms except that the Italian correspondent of Warburg's Bank of Manhattan was "*Banca Commerciale Italiana*" — which is close to "*Banca Italiana*."

There is no evidence to contradict these statements. "Sidney Warburg" provides no supporting evidence for his claims.

American funds and to have been received by Goering and Goebbels as well as by Hitler himself, I can prove that I was not in Germany at all. I never set foot in Germany after the Nazis had come to power in January 1933. In January and February I was in New York and Washington, working both with my bank and with President-elect Roosevelt on the then-acute banking crisis. After Mr. Roosevelt's inauguration, on March 3, 1933, I was working with him continuously helping to prepare the agenda for the World Economic Conference, to which I was sent as Financial Adviser in early June. This is a matter of public record.

9. The foregoing statements should suffice to demonstrate that the whole "Sidney Warburg" myth and the subsequent spurious identification of myself with the non-existent "Sidney" are fabrications of malicious falsehood without the slightest foundation in truth.

See *Wall Street and FDR*, (New York: Arlington House Publishers, 1975), for details of FDR's German associations.

No. James P. Warburg states he has never seen the original "Sidney Warburg" book published in Holland in 1933. Therefore his affidavit only applies to the Sonderegger book which *is* inaccurate. Sidney Warburg may well be a myth, but the association of Max Warburg and Paul Warburg with I.G. Farben and Hitler is *not* a myth.

*Does James Warburg intend to mislead?*

*It is true that "Sidney Warburg" may well have been an invention, in the sense that "Sidney Warburg" never existed. We assume the name is a fake; but someone wrote the book. Zimmerman and Sonderegger may or may not have committed libel to the Warburg name, but unfortunately when we*

*examine James P. Warburg's affidavit as published in von Papen's Memoirs we are left as much in the dark as ever. There are three important and unanswered questions: (1) why would James P. Warburg claim as a forgery a book he has not read; (2) why does Warburg's affidavit avoid the key question and divert discussion away from "Sidney Warburg" to the anti-Semitic Sonderegger book published in 1947; and (3) why would James P. Warburg be so insensitive to Jewish suffering in World War II to publish his affidavit in the Memoirs of Franz von Papen, who was a prominent Nazi at the heart of the Hitler movement since the early days of 1933?*

*Not only were the German Warburgs persecuted by Hitler in 1938, but millions of Jews lost their lives to Nazi barbarism. It seems elementary that anyone who has suffered and was sensitive to the past sufferings of German Jews would avoid Nazis, Nazism, and neo-Nazi books like the plague. Yet here we have Nazi von Papen acting as a genial literary host to self-described anti-Nazi James P. Warburg, who apparently welcomes the opportunity. Moreover, the Warburgs had ample opportunity to release such an affidavit with wide publicity without utilizing neo-Nazi channels.*

*The reader will profit from pondering this situation. The only logical explanation is that some of the facts in the "Sidney Warburg" book are either true, come close to the truth, or are embarrassing to James P. Warburg. One cannot say that Warburg intends to mislead (although this might seem an obvious conclusion), because businessmen are notoriously illogical writers and reasoners, and there is certainly nothing to exempt Warburg from this categorization.*

### **Some Conclusions from the "Sidney Warburg" Story**

*"Sidney Warburg" never existed; in this sense the original 1933 book is a work of fiction. However, many of the then-little-known facts recorded in the book are curate; and the James Warburg affidavit is not aimed at the original boo but rather at an anti-Semitic book circulated over a decade later.*

*Paul Warburg was a director of American I.G. Farben and thus connected with the financing of Hitler. Max Warburg, a director of German I.G. Farben, signed — along with Hitler himself — the document*

*which appointed Hjalmar Schacht to the Reichsbank. These verifiable connections between the Warburgs and Hitler suggest the "Sidney Warburg" story cannot be abandoned as a total forgery without close examination.*

*Who wrote the 1933 book, and why? I.G. Shoup says the notes were written by a Warburg in England and given to him to translate. The War-burg motive was alleged to be genuine remorse at the amoral behavior of Warburgs and their Wall Street associates. Does this sound like a plausible motive? It has not gone unnoticed that those same Wall Streeters who plot war and revolution are often in their private lives genuinely decent citizens; it is not beyond the realm of reason that one of them had a change of heart or a heavy conscience. But this is not proven.*

*If the book was a forgery, then by whom was it written? James War-burg admits he does not know the answer, and he writes: "The original purpose of the forgery remains somewhat obscure even today."<sup>13</sup>*

*Would any government forge the document? Certainly not the British or U.S. governments, which are both indirectly implicated by the book. Certainly not the Nazi government in Germany, although James Warburg appears to suggest this unlikely possibility. Could it be France, or the Soviet Union, or perhaps Austria? France, possibly because France feared the rise of Nazi Germany. Austria is a similar possibility. The Soviet Union is a possibility because the Soviets also had much to fear from Hitler. So it is plausible that France, Austria, or the Soviet Union had some hand in the preparation of the book.*

*Any private citizen who forged such a book without inside government materials would have to be remarkably well informed. Guaranty Trust is not a particularly well-known bank outside New York, yet there is an extraordinary degree of plausibility about the involvement of Guaranty Trust, because it was the Morgan vehicle used for financing and infiltrating the Bolshevik revolution.<sup>14</sup> Whoever named Guaranty Trust as the vehicle for funding Hitler either knew a great deal more than the man in the street, or had authentic government information. What would be the motive behind such a book?*

*The only motive that seems acceptable is that the unknown author had knowledge a war was in*

preparation and hoped for a public reaction against the Wall Street fanatics and their industrialist friends in Germany — before it was too late. Clearly, whoever wrote the book, his motive almost certainly was to warn against Hitlerian aggression and to point to its Wall Street source, because the technical assistance of American companies controlled by Wall Street was still needed to build Hitler's war machine. The Standard Oil hydrogenation patents and financing for the oil from coal plants, the bomb sights, and the other necessary technology had not been fully transferred when the "Sidney Warburg" book was written. Consequently, this could have been a book designed to break the back of Hitler's supporters abroad, to inhibit the planned transfer of U.S. war-making potential, and to eliminate financial and diplomatic support of the Nazi state. If this was the goal, it is regrettable that the book failed to achieve any of these purposes.

---

#### Footnotes:

<sup>1</sup>William E. Dodd, *Ambassador Dodd's Diary*, op. cit., p. 31.

<sup>2</sup>*Ibid.*, p. 74.

<sup>3</sup>Franz von Papen, *Memoirs*, (New York: E.P. Dutton & Co., 1953), p. 229.

<sup>4</sup>The English text for this chapter is translated from an authenticated surviving German translation of a copy of the Dutch edition of *De Geldbronnen van Het Nationaal-Socialisme (Drie Gesprekken Met Hitler)*, or *The Financial Sources of National Socialism (Three conversations with Hitler)*. The original Dutch author is given as "Door Sidney Warburg, vertaald door I.G. Shoup" (By Sidney Warburg, as told by I.G. Shoup).

The copy used here was translated from the Dutch by Dr. Walter Nelz, Wilhelm Peter, and Rene Sonderegger in Zurich, February 11, 1947, and the German translation bears an affidavit to the effect that: "The undersigned three witnesses do verify that the accompanying document is none other than a true and literal translation from Dutch into German of the book by Sidney Warburg, a copy of which

*was constantly at their disposal during the complete process of translation. They testify that they held this original in their hands, and that to the best of their ability they read it sentence by sentence, translating it into German, comparing then the content of the accompanying translation to the original conscientiously until complete agreement was reached."*

<sup>5</sup>*Note that "von Heydt" was the original name for the Dutch Bank voor Handel en Scheepvaart N.V., a subsidiary of the Thyssen interests and now known to have been used as a funnel for Nazi funds. See Elimination of German Resources.*

<sup>6</sup>*Examination of the Index for the New York Times confirms the accuracy of the latter part of this statement. See for example the sudden rush of interest by the New York Times, September 15, 1930 and the feature article on "Hitler, Driving Force in Germany's Fascism" in the September 21, 1930 issue of the New York Times. In 1929 the New York Times listed only one brief item on Adolf Hitler. In 1931 it ran a score of substantial entries, including no fewer than three "Portraits."*

<sup>7</sup>*Hoover said he lost the support of Wall Street in 1931 because he would not go along with its plan for a New Deal: see Antony C. Sutton, Wall Street and FDR, op. cit.*

<sup>8</sup>*Franz von Papen, Memoirs, (New York: E.P. Dutton & Co., Inc., 1958). Translated by Brian Connell.*

<sup>9</sup>*Werner Zimmerman, Liebet Eure Feinde, (Frankhauser Verlag: Thielle-Neuchatel, 1948), which contains a chapter, "Hitler's geheime Geldgeber" (Hitler's secret financial supporters) and Rene Sonderegger, Spanischer Sommer, (Aroltern, Switzerland: Aehren Verlag, 1948).*

<sup>10</sup>*Franz von Papen, Memoirs, op. cit., p. 23.*

<sup>11</sup>*William E. Dodd, Ambassador Dodd's Diary, op. cit. pp, 593-602.*

<sup>12</sup>*The reader should examine the complete Warburg statement and affidavit; see Franz von Papen, Memoirs, op. cit. pp. 593-602,*

<sup>13</sup>*Franz von Papen, Memoirs, op. cit., p. 594.*

<sup>14</sup>*See Antony C. Sutton, Wall Street and the Bolshevik Revolution, op. cit,*

*BACK*