

# WHO RULES BRITANNIA?

## Is Montagu Norman's Policy Anti-Soviet, Pro-Nazi?

Ladislav Farago, writing in "Ken" (Chicago), of November 3, under the heading, "Inside the Four-Power Pact," submits the following evidence:

At Berchtesgaden, the Chamberlain tried to extend the Axis to take in Paris and London. But the British and French people couldn't be taken in. So they had to be chloroformed with fear. Thus London's Wall Street, dragging France by the franc, could at last join the Fascists openly, as it has planned secretly for four years. Here's the scenario of history's boldest farce.

In spite of Britain's frenzied war preparations, in spite of the trenches dug in the Royal Park, of the calling up of reserves, of the rationing of foodstuffs and of the Royal Declaration of a State of Emergency, Arthur Neville Chamberlain was determined to keep out of war at any price rather than to fight Germany as a partner of Russia. In this the British Prime Minister was following not only his own policy, but was acting under direct, unmistakable instructions from Montagu Collet Norman, for 18 years Governor of the Bank of England. Shortly before the Czechoslovakian crisis became acute, Norman had warned Chamberlain that under no circumstances was he to commit Britain to join the Soviet Union against Germany. On the contrary, Chamberlain was to do everything in his power to get Germany into a united front against Russia.

While there can be no doubt of the sincerity of Mr. Chamberlain's love of peace, this ultimate aim was the guiding motive which induced him to fly to Berchtesgaden and to Godesberg. The Four-power Conference in Munich, a long-desired dream of Herr Hitler, was the climax of a scheme prepared four years ago by the directors of the Bank of England, in co-operation with an influential Carlton Club clique, and with the head of Britain's armament factories.

Whatever Chamberlain told the People of England about his frantic endeavours and self-sacrificing efforts, he did not tell the complete story. He failed to mention the warning of Montagu Norman, the pressure of certain City circles, and his own preference for even the most humiliating peace to avoid alliance with the Soviet.

### Financiers Plot

In the spring of 1934 a select group of city financiers gathered around Montagu Norman in the windowless building of the Bank of England in Threadneedle Street. Among those present were Sir Alan Anderson, partner in Anderson, Green & Co.; Lord (then Sir Josiah) Stamp, chairman of the L.M.S. Railway system; Edward Shaw, chairman of the P. & O. steamship Lines; Sir Robert Kindersley, a partner in Lazard Bros.; Charles Hambro, partner in Hamros Bros., and C. F. Tiarks, head of J. Schroeder Co.

Mr. Norman spoke of the political constellation of Europe, and of the future outlook. In his opinion the issue which has dominated British politics during the past 15 years was still the burning one: the destruction of the Soviet regime in Russia. For the past 15 years, he argued, Britain had been conducting a campaign to this end, alone. He counted out France, a declining power, and Italy, burdened with too many domestic difficulties, as possible partners, in the successful completion of the programme. But now a new power was established on Europe's political horizon, namely: Nazi Germany. Hitler had disappointed his critics. His regime was no temporary nightmare but a system with a good future, and Mr. Norman advised his directors to include Hitler in their plans.

There was no opposition, and it was decided that Hitler should get covert help from London's financial section until Norman will have succeeded in putting sufficient pressure on the Government to make it abandon its pro-French policy for a more promising pro-German orientation.

### Financiers Act

Immediately the directors went into action. Their first move was to sponsor Hitler's secret rearmament, just about to begin. Using their controlling interests in both Vickers and Imperial Chemical Industries, they instructed these two huge armament concerns to help the German programme by all means at their disposal. Both Vickers and I.C.I. were quite willing to co-operate, especially since this now official policy of London's City was in line with their own anti-Russian plans. Long before Montagu Norman decided to use Hitler, Vickers had created a ring of armament factories in all countries which seemed Russia's potential enemies. They controlled the Societe Polonaise de Materielle de Guerre in Poland, the Mitsui Japanese Steel Works in Japan, the Vickers Terni and the Armstrong Pozzoli in Italy, and were working in close contact with Krupps and a number of other armament factories in Germany.

In fact, they were represented everywhere along the future front against Russia. This anti-Soviet ring was well established already before Japan, Germany and Italy agreed upon their own political anti-Comintern pact.

Soon, the British Navy was won over to the Bank's pro-German policy.

The first success in this positive German orientation was the Anglo-German naval agreement, which was the actual start of Hitler's realisation of his crusade against the provisions of the Versailles Treaty. There was much more in that agreement than the mutual limitation of England's and Germany's naval strength. It was agreed that the admiralty and the German naval command would work in the closest possible cooperation; secret clauses provided for an exchange of naval intelligence; diverse information and details of inventions concerning naval construction. Shortly after the agreement was signed an English commission, consisting of six high admiralty officials, journeyed to Berlin, set up headquarters in a boarding house in Berlin's In den Zelten, and surveyed Germany's naval strength. It was suggested to Germany that it abandon the metric system on its naval units and to adopt the English linear system in order to enable English armament manufacturers to supply ammunition promptly should the German navy be engaged against Russia in the Baltic Sea. Simultaneously, Germany placed at the disposal of the British admiralty an invention by the staff of the Berlin Technical College, for use in submarine construction.

The London War Office followed suit. They agreed to a Berlin suggestion to exchange officers of the fighting forces, and in 1934 three German officers came to London, while three English officers were sent to the German War Ministry. In the same year English armament firms placed huge advertisements in the *Mili-taerisches Wochenblatt*, offering for sale tanks and guns, prohibited by the Versailles Treaty. A statement made by General Sir Herbert Lawrence, chairman of Vickers, furnished the necessary evidence that the British Government knew about and approved these advertisements. When, at his company's annual meeting, he was asked to give the assurance that Vickers arms and munitions were not being used for secret rearming in Germany, he replied: "I cannot give you an assurance in definite terms, but I can tell you that nothing is done without the complete sanction and approval of our own Government."

## "Fixing" Cabinet

Between 1934 and 1937 Montagu Norman made several attempts to win Baldwin over to his anti-Russian front. But this "elder statesman" stubbornly resisted the governor's persistent attacks; for even though he was no friend of Russian orientation, when faced with a choice he considered Hitler worse than Stalin. Nevertheless, Norman succeeded in planting the idea in the minds of several members of Baldwin's Cabinet. The first minister to join Norman's anti-Russian, pro-German front was Sir Thomas In-skip, Minister of Co-ordination of Defence, whose anti-Russian attitude was a family affair. Sir Thomas, oft described as the most pious Englishman, was an old hand at anti-Russian activities; his father-in-law, the Earl of Glasgow, is the founder and leader of the "Christian Campaign Against Russia." The second, Cabinet member to come into line was Sir John Simon, who later was rewarded for his support by elevation to the post of Chancellor of the Exchequer, an office most closely connected with the Bank. The greatest victory was scored when Arthur Neville Chamberlain, then Chancellor of the Exchequer, was also won for Montagu Norman's plan. This decision made him Baldwin's successor when Britain's elder statesman resigned after the Coronation. With Chamberlain's moving into 10 Downing Street, the Bank's anti-Soviet policy made its triumphant entry into Whitehall.

*It is easy to understand Chamberlain's decision to adapt this policy when one considers how closely he is connected with the financial clique and the armament industry. Among his extensive financial holdings is a considerable block of Imperial Chemical Industries shares, 833 preferential and 5414 ordinary ones. His son Francis Chamberlain is on the staff of Imperial Chemical Industries' sales organisation at the main office in Birmingham.*

## Co-operation and Re-orientation

At the time Chamberlain replaced Baldwin at Number 10, Germany had an able and popular spokesman in London: Field Marshal Werner von Blomberg. The then German War Minister had come to London to represent Hitler at the Coronation, and stayed for several weeks after the ceremonies were ended. He utilised his stay to good advantage for momentous conferences with City circles as well as with the new masters in Downing Street. In his meetings with Chamberlain he is known to have proposed closer Anglo-German co-operation along the following lines:

Hitler was to annex Austria and dismember Czechoslovakia; in addition England would, in due course, return to Germany some of her lost colonies. Moreover, the British would use their influence in Paris to break up the Franco-Russian alliance and to force Czechoslovakia to sever her connection with the Soviet. In return, Hitler would join the *British* anti-Soviet front, agree to a certain limitation of armaments, and enter into a four-power pact including France and Italy.

Chamberlain agreed to the proposals, and the complete re-orientation of Britain's foreign policy began.

Early in June 1937, he summoned Anthony Eden to his office, and instructed him to abandon the traditional Foreign Office policy based on Anglo-French-Russian co-operation. He cautioned him to avoid anything which might be construed as an affront against Germany. Finally, he told Eden to suggest to the French Government, that they make a gesture indicating a departure from Franco-Russian cooperation. The Foreign Secretary attempted a tepid resistance, but Chamberlain confronted him with the alternative: yield or resign. Eden yielded. The first overt act in this new British policy came a few days later, when the Foreign Office convoked a miniature four-power conference to discuss the patrolling of Spanish coastal areas. Present in Mr. Eden's office were Conte Grandi, the Italian; the French M. Corbin, and Herr von Ribbentrop, the German Ambassador; the Russian Ambassador, Ivan Maisky, was ignored.

## New Diplomatic Precedent

Then and there a new diplomatic precedent was created. Previous to June 1937, M. Maisky was *persona grata* with Mr. Eden, and among the first to be informed of every British move in Europe. Now information was refused to him. On the occasion of Daladier's first visit to London, when the Franco-British agreement was signed, this practice nearly brought an open break in Anglo-Russian diplomatic relations. Both the German and Italian Embassies were constantly kept informed by the Foreign Office, yet the Russians were left completely in the dark. M. Maisky himself dashed to Downing Street; at first he asked, then demanded, the same information that was handed to his Fascist colleagues, but he was unable to obtain anything other than the official communiqué. He turned to the French delegation, referred to the then still existing Franco-Russian pact; but M. Daladier, too, refused to disclose to him what the Germans and Italians were permitted to learn. At last the desperate Ambassador contacted French newspaper correspondents camping in the Savoy Hotel, and got from them the inside story of the agreement, which he wired to Moscow. At the same time, he informed Stalin of the circumstances. His report drove Stalin into a fury. Stalin summoned his own inner Cabinet, and told them he would accept Chamberlain's challenge and recall Maisky from London. Litvinov, however, pointed out that such a withdrawal in these extremely tense times would be a serious mistake, and that it was vital to have a first-rate diplomat in London. Maisky remained as an observer rather than an Ambassador.

## Bank of England Stepped In

Eden's other assignment — the breaking up of the Franco-Russian pact—turned out to be a more difficult task. Leon Blum flatly refused to act upon Eden's "friendly advice," and—for a while — the situation remained unchanged. Then the Bank of England stepped in. She decided to buy France out of her Russian commitment on the instalment plan. A bear raid was made on the franc, and soon the Blum Government was compelled to ask financial aid from England. Vincent Auriol, the

Finance Minister, contacted Montagu Norman and asked for a loan of 600 million dollars, but was told point-blank that the Bank of England did not consider a France under Blum sufficient guaranty. With the loan refused, Blum was unable to maintain his position, and was succeeded by Camille Chautemps, whose Finance Minister, Bonnet, was Norman's man. Then a loan of 200 million dollars was advanced, and more promised, subject to the following conditions: A gradual departure from the Popular Front; a new Government, with Daladier as Premier; the abandonment of the Franco-Russian pact. Even though Daladier advanced to the Premiership, the Bank still refused to pay over the second instalment, chiefly because Paul-Boncour, who had been made Foreign Minister, was suspected by the Bank of pro-Russian sympathies. Norman then advised Daladier that he would be given another 200 million dollars only if Bonnet were to replace Paul-Boncour at the Quai d'Orsay. The French yielded again, and now Montagu Norman could direct France's foreign policy in the anti-Soviet manner, decided at the fateful meeting in Threadneedle Street four years before.

Not until the late spring of 1938 did France receive the third instalment this time for agreeing to disregard the Russian commitment. After Hitler annexed Austria, Daladier and Bonnet flew to London. Desperately in need of money and scared by Hitler's steady expansion, they submitted to everything Norman dictated through Chamberlain.

## **Soviet Policy**

Under normal circumstances this painless dissolution of the Franco-Soviet pact—would never have bothered Stalin, who was disgusted with France's attitude in the Spanish Civil War. During my stay in Moscow in the summer of 1937. I was told by a high official of M. Litvinov's Commissariat that the Kremlin was considering Russia's withdrawal from the pact, and a complete redirection of the Soviet's foreign policy. However, in the decision to sacrifice Czechoslovakia to the interests of the Fascist and semi-Fascist Powers, Stalin saw an opportunity to raise the stature of the Soviet Union before the public opinion of the world. While the democracies, with London as their headquarters, were sketching the mutilation of Czechoslovakia Stalin instructed Litvinov to assure President Benes that Russia would honour her obligations and stand by whatever happens.

Two alternative Russian plans were submitted to Benes. If Russia were able to reach an agreement with Roumania for the passage of her troops and material, help would be sent immediately. Should Roumania, under pressure from London, fail to agree, then Benes was to move the Czechoslovak Army into Russia, whence operations against the invaders would be started. This unexpected assurance stiffened the Czechs' attitude and upset the plans of London.

## **According to Plan**

A new plan toward the construction of the Western Pact—as London camouflages this anti-Russian alliance—was evolved in Kiel (Germany), where Sir Alan Anderson, director of the Bank of England; Sir Malcolm Campbell, a member of Lloyds; Ronald Olaf Hambro of Hambros Brothers; Sir Alexander MacCormick and Charles A. Proctor, of the city, met with their German counterparts at the Deutscher Anslands Club in June of this year. It was hoped that the Czechs would supply the incident which would take the onus of aggression off Hitler. Runciman was sent to Prague, where his staff purposely clouded the issues and, by contradictory advice to leaders of opposing factions, managed to produce increased discord instead of bringing about a settlement. It is noteworthy that Runciman was the man who, in 1934, authorised the first export of aero engines to Germany, in open violation of the provisions of the Versailles Treaty.

On September 12 Hitler made his speech at the Nuremberg Party Congress before 300,000 Germans and 44 English Lords, who journeyed to Germany to be present when Der Fuehrer made his declaration to annex the Sudetenland.

Czech resistance was brutally broken by Chamberlain and Daladier.

But Stalin interfered once more and insisted upon fulfilment of the treaty obligations calling for the defence of Czechoslovakia. This latest and boldest Russian move forced Chamberlain out into the open.

*An artificial war scare was created, dramatic pleas for peace were made to deceive public opinion which had been aroused after Berchtesgaden and by Litvinov's Geneva speech. At the psychological moment, when the world believed war inevitable, the Four-Power Conference was called to Munich—a conference which appeared to be spontaneous, but which, in fact, had been decided upon four years ago in Montagu Collet Norman's private office.*

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