

Argentina's merchant of death



**Here Is The First Inside
Story of South America's
Leading Arms Producer,
Fritz Mandl, Who "Fled"
From Austria With
\$60,000,000.**

**On The U.S. Black List, He
Has Been Called "One
of The Most Dangerous
Men in The World"**

by Stanley Ross

MR. ROSS has just returned from Argentina, where he served as correspondent for the Associated Press and the National Broadcasting Company. While there he was imprisoned for his "unfavorable" news scoops about Argentine officials and learned so much about Argentinian Fascists and their Nazi friends that he was advised to leave that country.

THE best-heeled "victim" the Nazis ever let out of Europe is now one of our "good neighbors"—and Americans would do well to keep a sharp eye on him during the next few months.

He is Fritz Mandl, Austria's greatest Merchant of Death during the thirties and the ex-husband of Hedy Lamarr, with whom the munitions maker became infatuated when he saw her in the movie, *Ecstasy*, bathing unclothed in a woodsy pool.

Today Mandl is operating in Argentina under the new name of Federico Mandl. "Don Federico" is making "toothpaste tubes" that drop bombs, and "bicycles" that shoot 250 bullets a minute for the Fascist clique ruling Argentina. He is the No. 1 arms producer of Argentina, and probably of all South America.

This Don Federico still wears a blood-red carnation in his lapel, just as did Fritz in Austria; he still has thin, smiling lips, and still has eyes that give you the creeps.

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Between puffs on his dollar cigars he will tell you of his passionate admiration for the United Nations. In order to step up production of his "bicycles" he needs raw materials and has wooed America with words and dollars. He even gave \$25,000 to the American Red Cross. Our government responded ungraciously to such moves by placing him high up on our black list and by freezing almost \$1,000,000 of his funds that were unearthed in two Wall Street banks.

Whose side is he on, really? While in Argentina I came to know (Continued on page 102) Don Federico well. What I saw I didn't like. And when I returned to America I asked an official of the U. S. Office of War Information, who has followed Mandl's movements for years, what he thought. This man said:

"Mandl is one of the most dangerous men in the world. I am convinced he has his fingers in all of the conspiracies against democracy in his part of the hemisphere, and I know he has something to do with the deposits of Nazi funds in South America." (Germans have at least \$700,000,000 in hidden and declared wealth in Argentina.)

Strangely, few Argentinians even realize Mandl is in their midst. Yet it's no coincidence that in the seven years he has been there Fascism has spread like a stain over the nation. It is now ruled by a dictatorship on the Fascist pattern. Its generals—with weapons made under Mandl's guiding eyes—are building up their military might at a furious rate. These weapons are modeled after Germany's—"Tiger" tanks just like Germany's, German-style machine guns, and German-style helmets.

Finally, the Argentine Fascists, with considerable egging on from Mandl, are promoting plans to make Argentina the "guardian" of South America and to kick out "Yanqui" influence below the Panama Canal. If Fascism produces another major war in our times it is apt to be started right in our own back yard.

A month before the Argentine army coup on May 3, 1943, the ringleaders circulated among the conspirators a statement of principles which was later given to me by an Argentine general duped into participating. Here are some astonishing excerpts:

"Our mission is to make possible and indisputable our guardianship (of South America). To make the first step . . . it will be necessary to *seize power*. Civilians would never be able to understand the greatness of our idea; it will be necessary to eliminate them from the government and give them the only function to which they correspond: work and obedience.

"The power seized, our only mission will be to be strong—stronger than all the other nations combined. The struggle of Hitler in peace and war shall be our guide.

"Alliances will be the first step. We already have Paraguay; we will have Bolivia and Chile. With Argentina, Bolivia, Paraguay, and Chile, it will be easy to exert pressure on Uruguay. The five nations will easily attract Brazil, due to its form of government and the large nuclei of Germans. Brazil fallen, the South American continent will be ours. . . ."

The generals and colonels who prepared that document were frequent guests of Mandl. When I confronted him with the document he would not concede that he had helped prepare it. However, he confided:

"I can assure you that the Argentine government's ideas—not understood by many today—will surely bear the best fruit. Its principles are the same for which I fought in Austria." (In Austria, where he first acquired his experience in applied Fascism, Mandl armed and helped finance the storm-trooper outfit known as the Heimwehr.)

YET Don Federico poses as a despoiled victim of the Nazis. When the United States black-listed his firms he called two other American reporters and myself to his office. He had lost his customary icy calm. His

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face was contorted with rage. He shouted:

"Everyone knows how I have fought the Nazis. I am the best friend the United Nations has in Argentina. And Argentina is the most peaceful nation in the world. Its army is merely a police force." He insisted the new Argentine government was democratic.

Under our questioning this "refugee" acknowledged that he had negotiated a partnership deal with Hermann Goering of Germany to build arms factories in Argentina in 1940 but insisted the deal had fallen through because of technical reasons. He also admitted he was making 50,000 bullets a day, and had made 45 planes and gliders, for the revolutionary Argentine government, but he discounted those arms as peanuts. U. S. officials have reason to believe Mandl's figures of his arms output are gross understatements.

When Mandl became a "refugee" from Austria he got out with virtually all of his \$60,000,000 fortune intact. U. S. economic sleuths have spent a good deal of time trying to find out what happened to that money, because our government is very much concerned about Mandl's armament activities. The U. S. Embassy in Buenos Aires now knows Mandl has *at least* \$20,000,000 invested in Argentina, and at least two thirds of that in armament plants!

Once, when Mandl was still friendly with me, he invited me to his office at his IMPA factory in Buenos Aires, which used to make toothpaste tubes and is now making planes and bullets. On his desk I saw a row of ten different-sized Mandl-made bullets on proud display. And on the wall were pictures of Mandl in cozy poses with such leading Argentine rulers as Col. Juan Peron, the War Minister and power behind the present dictatorship; General Edelmiro Farrell, the "front man" President; and General Basilio Pertine, notorious Fascist who directed a giant German electrical trust exposed as a spearhead of the Nazi fifth column in the Americas. If Mandl thinks those gentlemen are democrats he should have his nose inspected!

IMPA is only one of Mandl's half-dozen arms plants. At the closely guarded Cometa bicycle factory in San Martin he has made practically all the machine guns the Argentine army has—and it now has plenty. At Tucumán he has a plant that is known to be making parts for fighter planes. And in Quilmes he has a one-time steel factory which is now believed to be producing bombs. In addition, Mandl has a huge, brand-new plant on the river 10 miles from Buenos Aires about which nothing is yet known.

MANDL blossomed out officially as an armaments producer only after the 1943 revolution in Argentina. Now he is a

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partner of the militaristic government in several of the plants. More important, the ruling generals have arranged for him to keep a kindly, advising eye on all of the 90 plants in Argentina that are producing arms. If any other arms maker threatens to offer Mandl serious competition—as did one international arms trafficker named Holzman—a liquidation is arranged. When Mandl and his army friends finished dealing with the Holzman menace that man had been heavily fined, his wife's jewelry confiscated as contraband, and Holzman had fled the country.

Another correspondent and I once asked Mandl about his job as "adviser" to the generals on arms production. He caressed his shiny forehead for a full minute and then said:

"Well, naturally, as an industrialist with an investment here I have a certain influence with the government. . . . I have put my 20 years of experience as one of Austria's greatest industrialists one hundred per cent at the disposition of the Argentine government. I have been able to know not only my own factories, but industry in general and the social program necessary for smooth collaboration between manufacturers and workers."

That "social program" seems to involve a bit of heavy-handedness. More than 2,000 of Argentina's leading labor leaders and intellectuals are in frigid Patagonian concentration camps, are exiled, or are still writhing in torture chambers.

Allied officials have reason to suspect that Mandl has had a hand in some of the recent mysterious movements of German funds to Argentina. In recent months Nazis and their quislings have been in a frenzy to cache their loot in "neutral" Argentina. For example, Joseph Goebbels reportedly has \$1,850,000 in a safe-deposit vault in one of the German banks in Argentina, under another German name. There is definite evidence that Robert Ley, the Nazi labor boss, bought a ranch hide-away in Bahía Blanca through a man named Franz Boresmann. The U. S. Embassy has evidence that Pierre Laval sent \$50,000 in credits to Argentina via Spain.

A lot of the money reaching Argentina from suspect European sources is U. S. currency grabbed up by the Nazi leaders when they conquered such nations as Holland and France. This "hot money" has forced the U. S. to ban the import into the United States of U. S. currency in excess of \$50.

MANDL tried to deposit \$625,000 in the bank of Bemberg & Co., Argentina's largest bank, a few months ago. He didn't pretend the money was his own. Soon the president, Otto Bemberg, asked that the money be removed at once. Bemberg later explained that he had reason to believe the money belonged to Hermann Goering. Almost instantly after Mandl was ordered to remove the money, Argentine government agencies began hounding the Bembergs. Their offices were raided by the police, the records were taken away, and they were ordered to pay exorbitant taxes.

A frequent crony of Mandl's, a German named Martin, recently received 500,000 mysterious dollars from Europe via Switzerland. Martin is a first cousin of Joachim von Ribbentrop, the Nazi foreign minister.

In addition to such specific grounds for suspicion as these, Allied officials realize that a man who could finagle \$60,000,000 of his own from central Europe to Argentina in 1937 ought to be just the man the Nazis should contact now for help. Furthermore, they assume that Mandl is still indebted to certain Nazi leaders who helped or looked the other way when he slipped his millions past them.

Mandl was born in Vienna 45 years ago to a Jewish father and a Catholic mother. He became a munitions maker at the age of 17. He joined the Hirtenberg Patronen-fabrik, which had grown, under the guidance of his

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uncle and his father, from a small cartridge factory to one of Austria's biggest arms suppliers by World War I. By 1929, when he was 29, Fritz had juggled himself into control.

Young Mandl worked all day and caroused all night. He became surly and brutal when drunk, but scores of beautiful women threw themselves at him. A noted actress was so infatuated that she feigned suicide to bring him back after he cast her aside. When that failed, she did the real thing and died sighing for her Fritz. Mandl's first bride charged him with being a sadist and left after six weeks.

His second and most spectacular marriage, to Hedy Lamarr, also was a failure. Mandl still refers occasionally to Hedy as "my wife," even though he is now married to wife No. 3, the Baroness Herta von Schneider, a decorative blonde.

Making munitions in defeated Austria was complicated for Mandl by the peace treaties which forbade Austria to manufacture arms. But soon trainloads of "bicycles" and "farm tools" left Mandl's factories for destinations in Central Europe. In late 1933 Social Democrat workmen stopped one of these trains at the Hungarian border and exposed its contents. The ensuing scandal rocked Europe.

But these democrats, representing Austria's majority party, had sealed their own doom. Shortly afterward, 19,000 of Mandl's Heimwehr, under Prince Ernst von Starhemberg, surrounded and massacred many of the Vienna Social-Democrats in their famous co-operative apartment houses. The party was driven underground.

Today Starhemberg is working for Mandl in Argentina. He admits in his diary that Italy's Benito Mussolini paid him to fight democracy in Austria. Mussolini's game in the early thirties was to build up Fascism in Austria as a buffer against Hitlerian Germany. In this scheme Mandl was his partner. Mussolini decorated Mandl for his services to Fascism. And Mandl even today refers to Mussolini as "a very great statesman and my personal friend."

As Europe's peace-enforcement machinery bogged down and the race to rearm got under way, Mandl's factories began spewing arms to customers all over the world—Italy, Germany, Hungary, Paraguay, Bolivia. Austria became too small for him. He bought up interests in two munitions factories in Holland, two in Hungary, three in Germany, two in Sweden. His Solothurn interests in Switzerland were one of Hitler's first sources of arms. Mandl-made guns helped Mussolini's legions mow down helpless Abyssinians.

But trouble was ahead. The Nazis were infiltrating Austria. They shot pin-sized Chancellor Engelbert Dollfuss, the puppet whom Mandl and Mussolini had set up as dictator. Finally Mussolini made a deal with Hitler and left Mandl holding the Austrian bag. By 1937 it was clear that the Germans, who already dominated the country, would soon actually invade it. So Mandl decided to get out, and Argentina looked like a likely place.

Austrian law forbade the export of capital, but it was easy for Mandl to get most of his \$60,000,000 fortune out. His lawyer was still finance minister and his chief lieutenant was minister of security. And he was able to sell his interest in several war plants to Hermann Goering, in a private deal.

THE first thing Fritz did on reaching Buenos Aires was to don one of his 268 custom-built suits, stick a fresh red carnation in his lapel, and visit his old friend, General Basilio Pertine, the Argentine Fascist already mentioned. Within a week he was granted Argentine citizenship. The prescribed waiting time is at least two years of continued residence.

Next he contacted General Estigarribia, President of Paraguay, to whom he had sold many of the guns that killed 50,000 *Mandl-*

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armed Bolivians in the drawn-out Chaco War between Paraguay and Bolivia. Estigarribia promptly appointed him to the post of Paraguayan consul general to Monaco! Monaco is a 370-acre principality on the southern coast of France. This probably sounds like a ridiculous office for Mandl to hold, unless you realize that a consul general's baggage cannot be inspected by customs inspectors—"which for me," Fritz explains, "was quite agreeable." Soon there began the greatest mass exodus of capital ever to flow from one continent to another.

"Don Federico" tried to dazzle his way into Argentine society by gorging Latin-American socialites and other notables with his caviar and champagne. He reserved entire hotels at mountain resorts for himself. At one resort he swept into the dining salon the first night, looked around, and announced loudly, "I like this place. I'll buy it."

Mandl also bought two Rolls Royces, three Minervas, and an Isotta Fraschini. But Don Federico met rebuffs. When he bluntly said to one young lady, "I'm Federico Mandl; what's your price?" he got a blazing look that flustered even him. Fashionable clubs blackballed him. Worst of all, democratic President Ortiz curtly forbade him to manufacture arms in Argentina.

Mandl cheerfully announced that he was through with gun peddling forever and would devote himself to making bicycles. Pretty soon, however, people were telling the story of how a man who bought one of the bikes wrote:

"I have faithfully followed the instructions on the box, but every time we put the bicycle together it turns out to be a machine gun."

As soon as war broke in Europe, Don Federico hustled to the U. S. with a scheme to buy an American steamship line and sail it under the Argentine flag between the U. S. and Spain. American businessmen gave him the fish eye. Some were blunt enough to point out that it would afford a very convenient way to get things from this hemisphere to Hitler. He finally gave up, and returned disgruntled to Argentina to await the revolution.

When it came, and his militaristic friends seized power, Mandl rubbed his hands in glee. "This will be the longest and best government Argentina ever had," he told me at his office in the IMPA plant. "Now we shall have order here for the next twenty-five years!"

Ever since then he has been in a dither producing munitions, and the demand for them. Around him flicker a dozen international roughnecks. A recent incident that jarred this cozy group occurred at a bridge party, where a former Belgian steelmaker now producing war materials for Argentina was so drunk he kept dropping his cards. When Mrs. Mandl complained it was impossible to continue the game, the Belgian rose unsteadily, wagged his finger, and said, "If you say bad things about *me*, I'll say some things about *you*."

Nobody paid any attention, but next evening, when the Belgian came to Mandl's apartment for a party, Don Federico shook his hand and cordially asked him to step into the library. There Mandl smashed the Belgian with his fist. Hearing the fall, guests rushed into the room in time to see von Starhemberg—who had been hiding behind a curtain just in case Mandl needed help—nudge the victim with his foot to see if he were conscious.

VON STARHEMBERG, a Fascist but a Nazi hater, arrived in Argentina broke after fighting with DeGaulle in Africa. Under Mandl's sponsorship he has been trying to form a Free Austrian Legion. But most of the Austrian refugees he contacted told him they didn't want to set Austria free for Mandl's kind of government.

Mandl told me this proves that the "international Socialists" were happy about the Nazi occupation of Austria because it would "soften up Austria for their kind of govern-

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ment." He says that of course we must stamp out Prussian militarism and those "international Socialists."

Mandl's first private project for postwar Europe is to visit Austria, if the Allies will let him. "I have many open accounts to settle there," he told me, "and, besides, I want to make sure the international Socialists do not get into power." He intends to take von Starhemberg with him, just in case there are any international curtains to stand behind.

However, Mandl does not plan to settle down in Europe. He figures it will be tired and fed up with war. Instead, he sees a great future for himself in Argentina, where his friend, War Minister Peron, urges Argentinians to prepare themselves, because "war is an inevitable social phenomenon."

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