

PIERPAOLO BARBIERI, *Hitler's Shadow Empire: Nazi Economics and the Spanish Civil War* (Cambridge, Mass.: Harvard University Press, 2015), 368 pp. ISBN 978 0 674 72885 1. \$US29.95. £22.95

Pierpaolo Barbieri, executive director of Niall Ferguson's Green-mantle advisory firm, has not written 'a book about Spain', as he himself states in the introduction. 'Rather it is a story of political economy and war in the tumultuous 1930s' (p. 2). In *Hitler's Shadow Empire* he traces the creation of an informal Nazi empire back to Germany's intervention in the Spanish Civil War and the trade benefits Germany was able to obtain in exchange for military support and munitions. At the centre of this study is Hjalmar Schacht, the temporarily ubiquitous German 'economic dictator', as the *Financial Times* called the Reichsbank president and minister of economic affairs in 1934.

The Spanish conflict turned out to be the only proxy war of the 1930s in which communism, fascism/National Socialism, and liberalism were engaged in an internationalized civil war – the third party only in Spain, as the liberal democracies preferred non-intervention. Barbieri eloquently describes the Spaniards' path to civil war and intertwines the Spanish, German, and Italian parts of the story. His essentially chronological analysis is combined with anecdotal miniatures.

Readers who do not know much about Spain in the 1920s and 1930s will profit from the first half of the book about the path to civil war and intervention. Barbieri examines the internal conflict in Spain; the problems the Spanish question posed for the already precarious international system; and, finally, Schacht's economic concepts and German economic policy up to the mid 1930s. It is only in the middle of the book that Barbieri announces his leitmotiv (pp. 133–4) and brings together 'the two hitherto distinct narratives of this study: Spain's path to civil war and Nazi Germany's road to recovery under the stewardship of Germany's "economic dictator"' (p. 138).

The sections about the political economy of Schacht's informal empire are the most interesting but also most debatable parts of the monograph. The Reichsbank president's biographer, Christopher Kopper, had already invoked the idea of 'informal empire' in the context of Schacht's plea for colonial expansion,¹ a rather fruitless thread

¹ Christopher Kopper, *Hjalmar Schacht: Aufstieg und Fall von Hitlers mächtigstem Bankier* (Munich, 2006), 295–305.

of the Nazi foreign policy discussion. Barbieri's merit is to extend this idea to trade relations with Spain.

Based on a thorough interpretation of Schacht's doctoral thesis, neglected by earlier scholars, Barbieri's study shows how Schacht's early academic work and experiences during the First World War shaped his political thinking. Schacht's 'imperial, mercantilistic strategy' (p. 168) involved disengaging from Anglo-American trade partners and reorienting Germany's attention towards the Balkans, Latin America, and, finally, Spain. With these partners, the political and economic asymmetry was reversed in favour of Germany, so that better terms of trade were possible. Drawing on various sources, especially private conversations and public interventions during the 1920s and 1930s, Barbieri reconstructs Schacht's economic and political position, summarized as *Weltpolitik*: centralized economic decision-making and state intervention at home up to the point of micro-management; colonial expansion; and a preference for trade with countries on which Germany could impose one-sided terms of trade. Barbieri seems undecided, however, whether to describe these ideas as 're-emerging mercantilism' (p. 117), 'neomercantilist' (p. 133), or 'pseudo-mercantilist' (p. 91).

The Spanish endeavour and its subsequent quid pro quo (Spanish raw materials for munitions and overt military intervention) fitted well into these concepts. German-Spanish trade soon reached new dimensions, as did Spanish debt to Germany. Political, military, and trade relations between Germany and Spain were clearly not a 'relationship of equals' (p. 149). As Barbieri shows, ideology was at most a secondary factor. This applied to Hitler's decision to support the Spanish army's rebellion, and, in particular, to back the Franco faction, which was not self-evident. Barbieri gives a precise and dense account of the decision-making process on 25 July 1936 in Bayreuth. The economic dimensions of this decision were clear. To organize the clearing of German-Spanish trade, two monopoly companies were founded at short notice, HISMA in Spain (replaced in 1939 by SOFINDUS) and ROWAK in Germany. They worked under the supervision of the Foreign Organization branch of the Nazi Party (NSDAP/AO), thus indirectly in the realm of Schacht's most important opponent, Hermann Göring.

Barbieri integrates these events into a larger evaluation of Nazi foreign policy in the mid 1930s, drawing a conclusion by analogy that

does not convince this reviewer. Hitler's interest in the economic exploitation of Spain does not mean that Schachtian *Weltpolitik* was ever a viable alternative to the *Lebensraum* objective. By contrasting the Reichsbank president's pragmatism on the one hand with seemingly surreal *Lebensraum* goals on the other, Barbieri implies a false opposition. Hitler had a functionalist view of economy and trade, which were not an end in themselves. All sources, from *Mein Kampf* to the speeches of 1 February 1933 and 5 November 1937, show that Hitler believed neither in economic imperialism and colonies nor in trade or an export economy. Although Barbieri postulates a reading of the 1937 Hossbach Memorandum 'through a different lens' (pp. 185–6), he is not, ultimately, able to give an alternative interpretation.

Barbieri accurately describes the 'policy struggle' (p. 131) in 1936 which pitted Schacht against Göring. Schacht's search for an 'exit strategy' (p. 157) from the misguided growth and armament overproduction of the first years of Nazi rule did not accord with the plans of Hitler and those around him. They did not share Schacht's diagnosis (too much armament) and would not have prescribed the same remedy (an economic slowdown). In this situation, Schacht was 'sidelined in Berlin as Hitler drifted [*sic!*] towards a wider war' (p. 9), an expression that, once again, gives a rather curious interpretation of Hitler's agenda. On the whole, Barbieri overstates Schacht's influence outside the economic sphere and especially on questions of principle, such as the long-term goals of foreign policy and war.

The chronological relationship of this policy struggle to the Spanish endeavour remains vague. Curiously enough, the *Vierjahresplan* memorandum was drafted under Göring's auspices at around the same time as Hitler decided in favour of intervention. This said, interpreting the following exploitation of Spain as an example of Schachtian informal empire is questionable. Barbieri himself states that even after Schacht was ousted, German–Spanish trade continued as before. He points out that Spain remained crucial for German imports even after 1939, as the 'formal' empire took shape. Against this background, strong *ex post facto* assumptions postulating a conditional nexus and a sequence instead of simultaneity are not convincing: 'Crafting the exploitative, genocidal, and ultimately ephemeral empire for which we remember the Nazis required [*sic!*] burying [*sic!*] the informal one on Iberian soil' (p. 245).

Contrary to what is suggested in the introduction, Barbieri does not present a 'useful counterfactual' by describing an 'Empire that could have been' (p. 3). He gives an explicit narration of an allegedly functional Schachtian 'informal empire' that was torpedoed by ignorant Nazis and their power games. In order to prove its supposed 'effectiveness' (p. 12), in his final chapters Barbieri contrasts the German experience with the return on investment of the Italian intervention in Spain and with later forms of German occupation in Europe. The outcome for Mussolini was modest, although the Italian investment of money, men, and *matériel* doubled the German effort. Barbieri argues convincingly that the Duce's focus on ideological friendship, propaganda, and Italian splendour prevented his officials from collecting trade-offs similar to those obtained by their German partner and competitor. The second comparison is less convincing. In the ninth chapter ('Formal Empire'), Barbieri contents himself with a survey of the standard literature on different annexed and occupied countries. The supposed superiority of informal rule, deemed more 'sustainable' (p. 13) than the overt exploitation of eastern Europe depends mainly on the fact that the German occupation regime after 1939 was short-lived.

The alleged effectiveness and sustainability of 'informal empire' can also be questioned by looking at the Spanish case itself. Barbieri himself concedes that Germany could not maintain political, military, and economic pressure in the long term. For some years German trade eclipsed the traditionally dominant Anglo-French trade with Spain, and HISMA/SOFINDUS even tried to perpetuate the situation by converting the growing Spanish debt into direct investments, especially in mines in Spain and Morocco. But the 'informal empire', in fact, was limited in time, scale, and scope, as Franco increasingly played for time instead of satisfying German demands. From the beginning of the Second World War he had more room for manoeuvre and gained autonomy from his former allies, whereas Germany's dependence on Spanish resources grew. Germany's economic 'penetration of Spain' (p. 147) relied on a contingent historical situation and thus remained incomplete.

This reviewer would have liked to know more about the HISMA/ROWAK complex. How did the clearing of German-Spanish trade work exactly? Who was involved? How was business done on the ground? How did the flow of information between German indus-

try, German economic bureaucracy, HISMA/ROWAK, and, finally, their Spanish counterparts work? As Barbieri privileges a top-down approach, the answers unfortunately remain abstract, although HISMA/ROWAK is the cornerstone of both Spain's integration into the German economic system and Barbieri's argument.

The bibliography is extensive, as the author is well-versed in the English-, Italian-, and Spanish-language research.² But a run-through of the footnotes shows that the German literature is sometimes quite outdated and cited in a rather unspecific way (e.g. ch. 6, nn. 44, 49, 52, 61, 68, 77, 81). Barbieri has used material from all the relevant archives in France, Germany, Italy, the UK, and the USA, but he privileges published sources in his annotations, especially in the case of German sources. These observations may explain his debatable evaluation of the German policy discussion and his all too easy refutation of old-style research which saw German foreign policy 'on an "inexorable" road to war' (p. 3) and interpreted the quest for *Lebensraum* as a 'preordained path of Nazi rule' (p. 131). Some metaphors fit in with Barbieri's 'empire' terminology but seem misleading to this reviewer, for example, calling the German intervention a 'fully fledged colonial endeavor' (p. 134) or naming HISMA's managing director Johannes Bernhardt an 'effective viceroy' (p. 188).

The appendix of 'economic data' contains seven charts which are either of minor relevance to Barbieri's argument (for example, German hyperinflation 1922–6, German unemployment rates 1921–39, and so forth) or give only overall trends in Spanish imports and exports. Figure A.7 is particularly intriguing, as Barbieri illustrates the ratio of 'Cumulative German and Italian Intervention Costs' (33 and 67 per cent respectively) by presenting the two figures in a pie chart: 1,932 as against 3,914 million pesetas.

Barbieri is not the first scholar to integrate discussions on German and Italian intervention with the question of Nazi economic and trade policy, but he does so in a sophisticated and readable way that will probably reach a wider audience than earlier literature. The book, already translated into Italian (2015, Mondadori), presents a good overview of German and Italian intervention in the Spanish

² Unfortunately the bibliography was only available online on the website advertising the book and has since disappeared: <<http://www.hitlersshadowempire.com/bibliography/>>, accessed 1 Aug. 2016.

Civil War embedded in the international context. Emphasizing Schacht's role is important but, in the end, the argument by analogy (Schacht's programmatic texts correspond to forms of organizing German-Spanish trade) does not hold. Instead of opposing two mutually exclusive models of imperialism, the author might have found it more interesting to think of them as complementary forms of exploitation and exercising power. Finally, comparing the Nazi idea of European hegemony and empire with the status and the underlying idea of the European Union, its common market and common currency (pp. 246–7) is, at best, a distortion.

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