

Chapter 10

J.P. MORGAN GIVES A LITTLE HELP TO THE OTHER SIDE

I would not sit down to lunch with a Morgan — except possibly to learn something of his motives and attitudes.

William E. Dodd, Ambassador Dodd's Diary, 1933-1938

So far our story has revolved around a single major financial house — Guaranty Trust Company, the largest trust company in the United States and controlled by the J.P. Morgan firm. Guaranty Trust used Olof Aschberg, the Bolshevik banker, as its intermediary in Russia before and after the revolution. Guaranty was a backer of Ludwig Martens and his Soviet Bureau, the first Soviet representatives in the United States. And in mid-1920 Guaranty was the Soviet fiscal agent in the U.S.; the first shipments of Soviet gold to the United States also traced back to Guaranty Trust.

There is a startling reverse side to this pro-Bolshevik activity — Guaranty Trust was a founder of United Americans, a virulent anti-Soviet organization which noisily threatened Red invasion by 1922, claimed that \$20 million of Soviet funds were on the way to fund Red revolution, and forecast panic in the streets and mass starvation in New York City. This duplicity raises, of course, serious questions about the intentions of Guaranty Trust and its directors. Dealing with the Soviets, even backing them, can be explained by apolitical greed or simply profit motive. On the other hand, spreading propaganda designed to create fear and panic while at the same time encouraging the conditions that give rise to the fear and panic is a considerably more serious problem. It suggests utter moral depravity. Let's first look more closely at the anti-Communist United Americans.

UNITED AMERICANS FORMED TO FIGHT COMMUNISM¹

In 1920 the organization United Americans was founded. It was limited to citizens of the United States and planned for five million members, "whose sole purpose would be to combat the teachings of the socialists, communists, I.W.W., Russian organizations and radical farmers societies."

In other words, United Americans was to fight all those institutions and groups believed to be anticapitalist.

The officer's of the preliminary organization established to build up United Americans were Allen Walker of the Guaranty Trust Company; Daniel Willard, president of the Baltimore & Ohio Railroad; H. H. Westinghouse, of Westinghouse Air Brake Company; and Otto H. Kahn, of Kuhn, Loeb & Company and American International Corporation. These Wall Streeters were backed up by assorted university presidents and Newton W. Gilbert (former governor of the Philippines). Obviously, United Americans was, at first glance, exactly the kind of organization that establishment capitalists would be expected to finance and join. Its formation should have brought no great surprise.

On the other hand, as we have already seen, these financiers were also deeply involved in *supporting* the new Soviet regime in Russia — although this support was behind the scenes, recorded only in government files, and not to be made public for 50 years. As part of United Americans, Walker, Willard, Westinghouse, and Kahn were playing a double game. Otto H. Kahn, a founder of the anti-Communist organization, was reported by the British socialist J. H. Thomas as having his "face towards the light." Kahn wrote the preface to Thomas's book. In 1924 Otto Kahn addressed the League for Industrial Democracy and professed common objectives with this activist socialist group (see page 49). The Baltimore & Ohio Railroad (Willard's employer) was active in the development of Russia during the 1920s. Westinghouse in 1920, the year United Americans was founded, was operating a plant in Russia that had been exempted from nationalization. And the role of Guaranty Trust has already been minutely described.

UNITED AMERICANS REVEALS "STARTLING DISCLOSURES" ON REDS

In March 1920 the *New York Times* headlined an extensive, detailed scare story about Red invasion of the United States within two years, an invasion which was to be financed by \$20 million of Soviet funds "obtained by the murder and robbery of the Russian nobility."²

United Americans had, it was revealed, made a survey of "radical activities" in the United States, and had done so in its role as an organization formed to "preserve the Constitution of the United States with the representative form of government and the right of individual possession which the Constitution provides."

Further, the survey, it was proclaimed, had the backing of the executive board, "including Otto H. Kahn, Allen Walker of the Guaranty Trust Company, Daniel Willard," and others. The survey asserted that

the radical leaders are confident of effecting a revolution within two years, that the start is to be made in New York City with a general strike, that Red leaders have predicted much bloodshed and that the Russian Soviet Government has contributed \$20,000,000 to the American radical movement.

The Soviet gold shipments to Guaranty Trust in mid-1920 (540 boxes of three pounds each) were worth roughly \$15,000,000 (at \$20 a troy ounce), and other gold shipments through Robert Dollar and Olof Aschberg brought the total very close to \$20 million. The information about Soviet gold for the radical movement was called "thoroughly reliable" and was "being turned over to the Government." The Reds, it was asserted, planned to starve New York into submission within four days:

Meanwhile the Reds count on a financial panic within the next few weeks to help their cause along. A panic would cause distress among the workingmen and thus render them more susceptible to revolution doctrine.

The United Americans' report grossly overstated the number of radicals in the United States, at first

tossing around figures like two or five million and then settling for precisely 3,465,000 members in four radical organizations. The report concluded by emphasizing the possibility of bloodshed and quoted "Skaczewski, President of the International Publishing Association, otherwise the Communist Party, [who] boasted that the time was coming soon when the Communists would destroy utterly the present form of society."

In brief, United Americans published a report without substantiating evidence, designed to scare the man in the street into panic: The significant point of course is that this is the same group that was responsible for protecting and subsidizing, indeed assisting, the Soviets so they could undertake these same plans.

CONCLUSIONS CONCERNING UNITED AMERICANS

Is this a case of the right hand not knowing what the left hand was doing? Probably not. We are talking about heads of companies, eminently successful companies at that. So United Americans was probably a ruse to divert public — and official — attention from the subterranean efforts being made to gain entry to the Russian market.

United Americans is the only documented example known to this writer of an organization assisting the Soviet regime and also in the forefront of opposition to the Soviets. This is by no means an inconsistent course of action, and further research should at least focus on the following aspects:

- (a) Are there other examples of double-dealing by influential groups generally known as the establishment?
- (b) Can these examples be extended into other areas? For example, is there evidence that labor troubles have been instigated by these groups?
- (c) What is the ultimate purpose of these pincer tactics? Can they be related to the Marxian axiom: thesis versus antithesis yields synthesis? It is a puzzle why the Marxist movement would attack capitalism head-on if its objective was a Communist world and if it truly

accepted the dialectic. If the objective is a Communist world — that is, if communism is the desired synthesis — and capitalism is the thesis, then something apart from capitalism or communism has to be antithesis. Could therefore capitalism be the thesis and communism the antithesis, with the objective of the revolutionary groups and their backers being a synthesizing of these two systems into some world system yet undescribed?

MORGAN AND ROCKEFELLER AID KOLCHAK

Concurrently with these efforts to aid the Soviet Bureau and United Americans, the J.P. Morgan firm, which controlled Guaranty Trust, was providing financial assistance for one of the Bolshevik's primary opponents, Admiral Aleksandr Kolchak in Siberia. On June 23, 1919, Congressman Mason introduced House Resolution 132 instructing the State Department "to make inquiry as to all and singular as to the truth of . . . press reports" charging that Russian bondholders had used their influence to bring about the "retention of American troops in Russia" in order to ensure continued payment of interest on Russian bonds. According to a file memorandum by Basil Miles, an associate of William F. Sands, Congressman Mason charged that certain banks were attempting to secure recognition of Admiral Kolchak in Siberia to get payment on former Russian bonds.

Then in August 1919 the secretary of state, Robert Lansing, received from the Rockefeller-influenced National City Bank of New York a letter requesting official comment on a proposed loan of \$5 million to Admiral Kolchak; and from J.P. Morgan & Co. and other bankers another letter requesting the views of the department concerning an additional proposed £10 million sterling loan to Kolchak by a consortium of British and American bankers.³

Secretary Lansing informed the bankers that the U.S. had not recognized Kolchak and, although prepared to render him assistance, "the Department did not feel it could assume the responsibility of encouraging such negotiations but that, nevertheless, there seemed to be no objection to the loan provided the bankers deemed it advisable to make it."⁴

Subsequently, on September 30, Lansing informed the American consul general at Omsk that the "loan has since gone through in regular course"⁵ Two fifths was taken up by British banks and three fifths by American banks. Two thirds of the total was to be spent in Britain and the United States and the remaining one third wherever the Kolchak Government wished. The loan was secured by Russian gold (Kolchak's) that was shipped to San Francisco. The timing of the previously described Soviet exports of gold suggests that cooperation with the Soviets on gold sales was determined on the heels of the Kolchak gold-loan agreement.

The Soviet gold sales and the Kolchak loan also suggest that Carroll Quigley's statement that Morgan interests infiltrated the domestic left applied also to overseas revolutionary *and* counterrevolutionary movements. Summer 1919 was a time of Soviet military reverses in the Crimea and the Ukraine and this black picture may have induced British and American bankers to mend their fences with the anti-Bolshevik forces. The obvious rationale would be to have a foot in all camps, and so be in a favorable position to negotiate for concessions and business after the revolution or counterrevolution had succeeded and a new government stabilized. As the outcome of any conflict cannot be seen at the start, the idea is to place sizable bets on all the horses in the revolutionary race. Thus assistance was given on the one hand to the Soviets and on the other to Kolchak — while the British government was supporting Denikin in the Ukraine and the French government went to the aid of the Poles.

In autumn 1919 the Berlin newspaper *Berliner Zeitung am Mittag* (October 8 and 9) accused the Morgan firm of financing the West Russian government and the Russian-German forces in the Baltic fighting the Bolsheviks — both allied to Kolchak. The Morgan firm strenuously denied the charge: "This firm has had no discussion, or meeting, with the West Russian Government or with anyone pretending to represent it, at any time."⁶ But if the financing charge was inaccurate there is evidence of collaboration. Documents found by Latvian government intelligence among the papers of Colonel Bermond, commander of the Western Volunteer Army, confirm "the relations claimed existing between Kolchak's London Agent and the German industrial ring which was back of Bermond."⁷

In other words, we know that J.P. Morgan, London, and New York bankers financed Kolchak. There is also evidence that connects Kolchak and his army with other anti-Bolshevik armies. And there seems to

be little question that German industrial and banking circles were financing the all-Russian anti-Bolshevik army in the Baltic. Obviously bankers' funds have no national flag.

Footnotes:

¹New York Times, June 21, 1919.

²ibid., March 28, 1920.

³U.S. State Dept. Decimal File, 861.51/649.

⁴ibid., 861.51/675

⁵ibid., 861.51/656

⁶ibid., 861.51/767 — a letter from J. P. Morgan to Department of State, November 11, 1919. The financing itself was a hoax (see AP report in State Department files following the Morgan letter).

⁷ibid., 861.51/6172 and /6361.

[BACK](#)