

Chapter XI

THE ALLIANCE OF BANKERS AND REVOLUTION

The name Rockefeller does not connote a revolutionary, and my life situation has fostered a careful and cautious attitude that verges on conservatism. I am not given to errant causes...

John D. Rockefeller III, *The Second American Revolution* (New York: Harper & Row, 1973)

THE EVIDENCE PRESENTED: A SYNOPSIS

Evidence already published by George Katkov, Stefan Possony, and Michael Futrell has established that the return to Russia of Lenin and his party of exiled Bolsheviks, followed a few weeks later by a party of Mensheviks, was financed and organized by the German government.¹ The necessary funds were transferred in part through the Nya Banken in Stockholm, owned by Olof Aschberg, and the dual German objectives were: (a) removal of Russia from the war, and (b) control of the postwar Russian market.²

We have now gone beyond this evidence to establish a continuing working relationship between Bolshevik banker Olof Aschberg and the Morgan-controlled Guaranty Trust Company in New York before, during, and after the Russian Revolution. In tsarist times Aschberg was the Morgan agent in Russia and negotiator for Russian loans in the United States; during 1917 Aschberg was financial intermediary for the revolutionaries; and after the revolution Aschberg became head of Ruskombank, the first Soviet international bank, while Max May, a vice president of the Morgan-controlled Guaranty Trust, became director and

chief of the Ruskom-bank foreign department. We have presented documentary evidence of a continuing working relationship between the Guaranty Trust Company and the Bolsheviks. The directors of Guaranty Trust in 1917 are listed in Appendix 1.

Moreover, there is evidence of transfers of funds from Wall Street bankers to international revolutionary activities. For example, there is the statement (substantiated by a cablegram) by William Boyce Thompson — a director of the Federal Reserve Bank of New York, a large stockholder in the Rockefeller-controlled Chase Bank, and a financial associate of the Guggenheims and the Morgans — that he (Thompson) contributed \$1 million to the Bolshevik Revolution for propaganda purposes. Another example is John Reed, the American member of the Third International executive committee who was financed and supported by Eugene Boissevain, a private New York banker, and who was employed by Harry Payne Whitney's *Metropolitan* magazine. Whitney was at that time a director of Guaranty Trust. We also established that Ludwig Martens, the first Soviet "ambassador" to the United States, was (according to British Intelligence chief Sir Basil Thompson) backed by funds from Guaranty Trust Company. In tracing Trotsky's funding in the U.S. we arrived at German sources, yet to be identified, in New York. And though we do not know the precise German sources of Trotsky's funds, we *do* know that Von Pavenstedt, the chief German espionage paymaster in the U.S., was also senior partner of Amsinck & Co. Amsinck was owned by the ever-present American International Corporation — also controlled by the J.P. Morgan firm.

Further, Wall Street firms including Guaranty Trust were involved with Carranza's and Villa's wartime revolutionary activities in Mexico. We also identified documentary evidence concerning a Wall Street syndicate's financing of the 1912 Sun Yat-sen revolution in China, a revolution that is today hailed by the Chinese Communists as the precursor of Mao's revolution in China. Charles B. Hill, New York attorney negotiating with Sun Yat-sen in behalf of this syndicate, was a director of three Westinghouse subsidiaries, and we have found that Charles R. Crane of Westinghouse in Russia was involved in the Russian Revolution.

Quite apart from finance, we identified other, and possibly more significant, evidence of Wall

Street involvement in the Bolshevik cause. The American Red Cross Mission to Russia was a private venture of William B. Thompson, who publicly proffered partisan support to the Bolsheviks. British War Cabinet papers now available record that British policy was diverted towards the Lenin-Trotsky regime by the personal intervention of Thompson with Lloyd George in December 1917. We have reproduced statements by director Thompson and deputy chairman William Lawrence Saunders, both of the Federal Reserve Bank of New York, strongly favoring the Bolsheviks. John Reed not only was financed from Wall Street, but had consistent support for his activities, even to the extent of intervention with the State Department from William Franklin Sands, executive secretary of American International Corporation. In the sedition case of Robert Minor there are strong indications and some circumstantial evidence that Colonel Edward House intervened to have Minor released. The significance of the Minor case is that William B. Thompson's program for Bolshevik revolution in Germany was the very program Minor was implementing when arrested in Germany.

Some international agents, for example Alexander Gumberg, worked for Wall Street *and* the Bolsheviks. In 1917 Gumberg was the representative of a U.S. firm in Petrograd, worked for Thompson's American Red Cross Mission, became chief Bolshevik agent in Scandinavia until he was deported from Norway, then became confidential assistant to Reeve Schley of Chase Bank in New York and later to Floyd Odium of Atlas Corporation.

This activity in behalf of the Bolsheviks originated in large part from a single address: 120 Broadway, New York City. The evidence for this observation is outlined but no conclusive reason is given for the unusual concentration of activity at a single address, except to state that it appears to be the foreign counterpart of Carroll Quigley's claim that J.P. Morgan infiltrated the domestic left. Morgan also infiltrated the international left.

The Federal Reserve Bank of New York was at 120 Broadway. The vehicle for this pro-Bolshevik activity was American International Corporation — at 120 Broadway. AIC views on the Bolshevik regime were requested by Secretary of State Robert Lansing only a few weeks

after the revolution began, and Sands, executive secretary of AIC, could barely restrain his enthusiasm for the Bolshevik cause. Ludwig Martens, the Soviet's first ambassador, had been vice president of Weinberg & Posner, which was also located at 120-Broadway. Guaranty Trust Company was next door at 140 Broadway but Guaranty Securities Co. was at 120 Broadway. In 1917 Hunt, Hill & Betts was at 120 Broadway, and Charles B. Hill of this firm was the negotiator in the Sun Yat-sen dealings. John MacGregor Grant Co., which was financed by Olof Aschberg in Sweden and Guaranty Trust in the United States, and which was on the Military Intelligence black list, was at 120 Broadway. The Guggenheims and the executive heart of General Electric (also interested in American International) were at 120 Broadway. We find it therefore hardly surprising that the Bankers Club was also at 120 Broadway, on the top floor (the thirty-fourth).

It is significant that support for the Bolsheviks did not cease with consolidation of the revolution; therefore, this support cannot be wholly explained in terms of the war with Germany. The American-Russian syndicate formed in 1918 to obtain concessions in Russia was backed by the White, Guggenheim, and Sinclair interests. Directors of companies controlled by these three financiers included Thomas W. Lamont (Guaranty Trust), William Boyce Thompson (Federal Reserve Bank), and John Reed's employer Harry Payne Whitney (Guaranty Trust). This strongly suggests that the syndicate was formed to cash in on earlier support for the Bolshevik cause in the revolutionary period. And then we found that Guaranty Trust financially backed the Soviet Bureau in New York in 1919.

The first really concrete signal that previous political and financial support was paying off came in 1923 when the Soviets formed their first international bank, Ruskombank. Morgan associate Olof Aschberg became nominal head of this Soviet bank; Max May, a vice president of Guaranty Trust, became a director of Ruskombank, and the Ruskombank promptly appointed Guaranty Trust Company its U.S. agent.

THE EXPLANATION FOR THE UNHOLY ALLIANCE

What motive explains this coalition of capitalists and Bolsheviks?

Russia was then — and is today — the largest untapped market in the world. Moreover, Russia, then and now, constituted the greatest potential competitive threat to American industrial and financial supremacy. (A glance at a world map is sufficient to spotlight the geographical difference between the vast land mass of Russia and the smaller United States.) Wall Street must have cold shivers when it visualizes Russia as a second super American industrial giant.

But why allow Russia to become a competitor and a challenge to U.S. supremacy? In the late nineteenth century, Morgan/Rockefeller, and Guggenheim had demonstrated their monopolistic proclivities. In *Railroads and Regulation 1877-1916* Gabriel Kolko has demonstrated how the railroad owners, not the farmers, wanted state control of railroads in order to preserve their monopoly and abolish competition. So the simplest explanation of our evidence is that a syndicate of Wall Street financiers enlarged their monopoly ambitions and broadened horizons on a global scale. *The gigantic Russian market was to be converted into a captive market and a technical colony to be exploited by a few high-powered American financiers and the corporations under their control.* What the Interstate Commerce Commission and the Federal Trade Commission under the thumb of American industry could achieve for that industry at home, a planned socialist government could achieve for it abroad — given suitable support and inducements from Wall Street and Washington, D.C.

Finally, lest this explanation seem too radical, remember that it was Trotsky who appointed tsarist generals to consolidate the Red Army; that it was Trotsky who appealed for American officers to control revolutionary Russia and intervene in behalf of the Soviets; that it was Trotsky who squashed first the libertarian element in the Russian Revolution and then the workers and peasants; and that recorded history *totally* ignores the 700,000-man Green Army composed of ex-Bolsheviks, angered at betrayal of the revolution, who fought the Whites *and* the Reds. In other words, we are suggesting that the Bolshevik Revolution was an

alliance of statist: statist revolutionaries and statist financiers aligned against the genuine revolutionary libertarian elements in Russia.³

'The question now in the readers' minds must be, were these bankers also secret Bolsheviks? No, of course not. The financiers were without ideology. It would be a gross misinterpretation to assume that assistance for the Bolsheviks was ideologically motivated, in any narrow sense. The financiers were *power-motivated* and therefore assisted *any* political vehicle that would give them an entree to power: Trotsky, Lenin, the tsar, Kolchak, Denikin — all received aid, more or less. All, that is, but those who wanted a truly free individualist society.

Neither was aid restricted to statist Bolsheviks and statist counter-Bolsheviks. John P. Diggins, in *Mussolini and Fascism: The View from America*,⁴ has noted in regard to Thomas Lamont of Guaranty Trust that

Of all American business leaders, the one who most vigorously patronized the cause of Fascism was Thomas W. Lamont. Head of the powerful J.P. Morgan banking network, Lamont served as something of a business consultant for the government of Fascist Italy.

Lamont secured a \$100 million loan for Mussolini in 1926 at a particularly crucial time for the Italian dictator. We might remember too that the director of Guaranty Trust was the father of Corliss Lamont, a domestic Communist. This evenhanded approach to the twin totalitarian systems, communism and fascism, was not confined to the Lamont family. For example, Otto Kahn, director of American International Corporation and of Kuhn, Leob & Co., felt sure that "American capital invested in Italy will find safety, encouragement, opportunity and reward."⁵ This is the same Otto Kahn who lectured the socialist League of Industrial Democracy in 1924 that *its* objectives were *his* objectives.⁶ They differed only — according to Otto Kahn — over the means of achieving these objectives.

Ivy Lee, Rockefeller's public relations man, made similar pronouncements, and was

responsible for selling the Soviet regime to the gullible American public in the late 1920s. We also have observed that Basil Miles, in charge of the Russian desk at the State Department and a former associate of William Franklin Sands, was decidedly helpful to the businessmen promoting Bolshevik causes; but in 1923 the same Miles authored a profascist article, "Italy's Black Shirts and Business."⁷ "Success of the Fascists is an expression of Italy's youth," wrote Miles while glorifying the fascist movement and applauding its esteem for American business.

THE MARBURG PLAN

The Marburg Plan, financed by Andrew Carnegie's ample heritage, was produced in the early years of the twentieth century. It suggests premeditation for this kind of superficial schizophrenia, which in fact masks an integrated program of power acquisition: "What then if Carnegie and his unlimited wealth, the international financiers and the Socialists could be organized in a movement to compel the formation of a league to enforce peace."⁸

The governments of the world, according to the Marburg Plan, were to be socialized while the ultimate power would remain in the hands of the international financiers "to control its councils and enforce peace [and so] provide a specific for all the political ills of mankind."⁹

This idea was knit with other elements with similar objectives. Lord Milner in England provides the transatlantic example of banking interests recognizing the virtues and possibilities of Marxism. Milner was a banker, influential in British wartime policy, and pro-Marxist.¹⁰ In New York the socialist "X" club was founded in 1903. It counted among its members not only the Communist Lincoln Steffens, the socialist William English Walling, and the Communist banker Morris Hillquit, but also John Dewey, James T. Shotwell, Charles Edward Russell, and Rufus Weeks (vice president of New York Life Insurance Company). The annual meeting of the Economic Club in the Astor Hotel, New York, witnessed socialist speakers. In 1908, when A. Barton Hepburn, president of Chase National Bank, was

president of the Economic Club, the main speaker was the aforementioned Morris Hillquit, who "had abundant opportunity to preach socialism to a gathering which represented wealth and financial interests."¹¹

From these unlikely seeds grew the modern internationalist movement, which included not only the financiers Carnegie, Paul Warburg, Otto Kahn, Bernard Baruch, and Herbert Hoover, but also the Carnegie Foundation and its progeny *International Conciliation*. The trustees of Carnegie were, as we have seen, prominent on the board of American International Corporation. In 1910 Carnegie donated \$10 million to found the Carnegie Endowment for International Peace, and among those on the board of trustees were Elihu Root (Root Mission to Russia, 1917), Cleveland H. Dodge (a financial backer of President Wilson), George W. Perkins (Morgan partner), G. J. Balch (AIC and Amsinck), R. F. Herrick (AIC), H. W. Pritchett (AIC), and other Wall Street luminaries. Woodrow Wilson came under the powerful influence of — and indeed was financially indebted to — this group of internationalists. As Jennings C. Wise has written, "Historians must never forget that Woodrow Wilson... made it possible for Leon Trotsky to enter Russia with an American passport."¹²

But Leon Trotsky also declared himself an internationalist. We have remarked with some interest his high-level internationalist connections, or at least friends, in Canada. Trotsky then was not pro-Russian, or pro-Allied, or pro-German, as many have tried to make him out to be. Trotsky was *for* world revolution, *for* world dictatorship; he was, in one word, an internationalist.¹³ Bolsheviks and bankers have then this significant common ground — internationalism. Revolution and international finance are not at all inconsistent if the result of revolution is to establish more centralized authority. International finance prefers to deal with central governments. The last thing the banking community wants is laissez-faire economy and decentralized power because these would disperse power.

This, therefore, is an explanation that fits the evidence. This handful of bankers and

promoters was not Bolshevik, or Communist, or socialist, or Democrat, or even American. Above all else these men wanted markets, preferably captive international markets — and a monopoly of the captive world market as the ultimate goal. They wanted markets that could be exploited monopolistically without fear of competition from Russians, Germans, or anyone else — including American businessmen outside the charmed circle. This closed group was apolitical and amoral. In 1917, it had a single-minded objective — a captive market in Russia, all presented under, and intellectually protected by, the shelter of a league to enforce the peace.

Wall Street did indeed achieve its goal. American firms controlled by this syndicate were later to go on and build the Soviet Union, and today are well on their way to bringing the Soviet military-industrial complex into the age of the computer.

Today the objective is still alive and well. John D. Rockefeller expounds it in his book *The Second American Revolution* — which sports a five-pointed star on the title page.¹⁴ The book contains a naked plea for humanism, that is, a plea that our first priority is to work for others. In other words, a plea for collectivism. Humanism is collectivism. It is notable that the Rockefellers, who have promoted this humanistic idea for a century, have not turned their OWN property over to others.. Presumably it is implicit in their recommendation that *we* all work *for* the Rockefellers. Rockefeller's book promotes collectivism under the guises of "cautious conservatism" and "the public good." It is in effect a plea for the continuation of the earlier Morgan-Rockefeller support of collectivist enterprises and mass subversion of individual rights.

In brief, the public good has been, and is today, used as a device and an excuse for self-aggrandizement by an elitist circle that pleads for world peace and human decency. But so long as the reader looks at world history in terms of an inexorable Marxian conflict between capitalism and communism, the objectives of such an alliance between international finance and international revolution remain elusive. So will the ludicrousness of promotion of the public good by plunderers. If these alliances still elude the reader, then he should ponder the

obvious fact that these same international interests and promoters are always willing to determine what *other* people should do, but are signally unwilling to be first in line to give up their own wealth and power. Their mouths are open, their pockets are closed.

This technique, used by the monopolists to gouge society, was set forth in the early twentieth century by Frederick C. Howe in *The Confessions of a Monopolist*.¹⁵ First, says Howe, politics is a necessary part of business. To control industries it is necessary to control Congress and the regulators and thus make society go to work for you, the monopolist. So, according to Howe, the two principles of a successful monopolist are, "First, let Society work for you; and second, make a business of politics."¹⁶ These, wrote Howe, are the basic "rules of big business."

Is there any evidence that this magnificently sweeping objective was also known to Congress and the academic world? Certainly the possibility was known and known publicly. For example, witness the testimony of Albert Rhys Williams, an astute commentator on the revolution, before the Senate Overman Committee:

. . . it is probably true that under the soviet government industrial life will perhaps be much slower in development than under the usual capitalistic system. But why should a great industrial country like America desire the creation and consequent competition of another great industrial rival? Are not the interests of America in this regard in line with the slow tempo of development which soviet Russia projects for herself?

Senator Wolcott: Then your argument is that it would be to the interest of America to have Russia repressed?

MR. WILLIAMS: Not repressed

SENATOR WOLCOTT: You say. Why should America desire Russia to become an industrial competitor with her?

MR. WILLIAMS: This is speaking from a capitalistic standpoint. The whole interest of America is not, I think, to have another great industrial rival, like Germany, England, France, and Italy, thrown on the market in competition. I think another government over there besides the Soviet government would perhaps increase the tempo or rate of development of Russia, and we would have another rival. Of course, this is arguing from a capitalistic standpoint.

SENATOR WOLCOTT: So you are presenting an argument here which you think might appeal to the American people, your point being this, that if we recognize the Soviet government of Russia as it is constituted we will be recognizing a government that can not compete with us in industry for a great many years?

MR. WILLIAMS: That is a fact.

SENATOR WOLCOTT: That is an argument that under the Soviet government Russia is in no position, for a great many years at least, to approach America industrially?

MR. WILLIAMS: Absolutely.¹⁷

And in that forthright statement by Albert Rhys Williams is the basic clue to the revisionist interpretation of Russian history over the past half century.

Wall Street, or rather the Morgan-Rockefeller complex represented at 120 Broadway and 14 Wall Street, had something very close to Williams' argument in mind. Wall Street went to bat in Washington for the Bolsheviks. It succeeded. The Soviet totalitarian regime survived. In the 1930s foreign firms, mostly of the Morgan-Rockefeller group, built the five-year plans. They have continued to build Russia, economically and militarily.¹⁸ On the other hand, Wall Street presumably did not foresee the Korean War and the Vietnam War — in which 100,000 Americans and countless allies lost their lives to Soviet armaments built with this same imported U.S. technology. What seemed a farsighted, and undoubtedly profitable, policy for a Wall Street syndicate, became a nightmare for millions outside the elitist power circle and the

ruling class.

Footnotes:

¹Michael Futrell, *Northern Underground* (London: Faber and Faber, 1963); Stefan Possony, *Lenin: The Compulsive Revolutionary* (London: George Allen & Unwin, 1966); and George Katkov, "German Foreign Office Documents on Financial Support to the Bolsheviki in 1917," *International Affairs* 32 (Royal Institute of International Affairs, 1956).

²*Ibid.*, especially Katkov.

³See also Voline (V.M. Eichenbaum), *Nineteen-Seventeen: The Russian Revolution Betrayed* (New York: Libertarian Book Club, n.d.).

⁴Princeton, N.J.: Princeton University Press, 1972.

⁵*Ibid.*, p. 149.

⁶See p. 49.

⁷Nation's Business, February 1923, pp. 22-23.

⁸Jennings C. Wise, *Woodrow Wilson: Disciple of Revolution* (New York: Paisley Press, 1938), p.45

⁹*Ibid.*, p.46

¹⁰See p. 89.

¹¹Morris Hillquit, *Loose Leaves from a Busy Life* (New York: Macmillan, 1934), p. 81.

¹²Wise, op. cit., p. 647

¹³Leon Trotsky, *The Bolsheviki and World Peace* (New York: Boni & Liveright, 1918).

¹⁴In May 1973 Chase Manhattan Bank (chairman, David Rockefeller) opened its Moscow office at 1 Karl Marx Square, Moscow. The New York office is at 1 Chase Manhattan Plaza.

¹⁵Chicago: Public Publishin, n.d.

¹⁶*Ibid.*

¹⁷U.S., Senate, *Bolshevik Propaganda*, hearings before a subcommittee of the Committee on the Judiciary, 65th Cong., pp. 679-80. See also herein p. 107 for the role of Williams in Radek's Press Bureau.

¹⁸See Antony C. Sutton, *Western Technology and Soviet Economic Development*, 3 vols. (Stanford, Calif.: Hoover Institution, 1968, 1971, 1973); see also *National Suicide: Military Aid to the Soviet Union* (New York: Arlington House, 1973).

[BACK](#)

