

# Chapter I

## THE ACTORS ON THE REVOLUTIONARY STAGE

Dear Mr. President:

**I am in sympathy with the Soviet form of government as that best suited for the Russian people...**

Letter to President Woodrow Wilson (October 17, 1918) from William Lawrence Saunders, chairman, Ingersoll-Rand Corp.; director, American International Corp.; and deputy chairman, Federal Reserve Bank of New York.

The frontispiece in this book was drawn by cartoonist Robert Minor in 1911 for the *St. Louis Post-Dispatch*. Minor was a talented artist and writer who doubled as a Bolshevik revolutionary, got himself arrested in Russia in 1915 for alleged subversion, and was later bank-rolled by prominent Wall Street financiers. Minor's cartoon portrays a bearded, beaming Karl Marx standing in Wall Street with *Socialism* tucked under his arm and accepting the congratulations of financial luminaries J.P. Morgan, Morgan partner George W. Perkins, a smug John D. Rockefeller, John D. Ryan of National City Bank, and Teddy Roosevelt — prominently identified by his famous teeth — in the background. Wall Street is decorated by Red flags. The cheering crowd and the airborne hats suggest that Karl Marx must have been a fairly popular sort of fellow in the New York financial district.

Was Robert Minor dreaming? On the contrary, we shall see that Minor was on firm ground in depicting an enthusiastic alliance of Wall Street and Marxist socialism. The characters in Minor's cartoon — Karl Marx (symbolizing the future revolutionaries Lenin and Trotsky), J. P. Morgan, John D. Rockefeller — and indeed Robert Minor himself, are also prominent characters in this book.

The contradictions suggested by Minor's cartoon have been brushed under the rug of history because they do not fit the accepted conceptual spectrum of political left and political right. Bolsheviks are at the left end of the political spectrum and Wall Street financiers are at the right end; *therefore*, we implicitly reason, the two groups have nothing in common and any alliance between the two is absurd. Factors contrary to this neat conceptual arrangement are usually rejected as bizarre observations or unfortunate errors. Modern history possesses such a built-in duality and certainly if too many uncomfortable facts have been rejected and brushed under the rug, it is an inaccurate history.

On the other hand, it may be observed that both the extreme right and the extreme left of the conventional political spectrum are absolutely collectivist. The national socialist (for example, the fascist) and the international socialist (for example, the Communist) both recommend totalitarian politico-economic systems based on naked, unfettered political power and individual coercion. Both systems require monopoly control of society. While monopoly control of industries was once the objective of J. P. Morgan and J. D. Rockefeller, by the late nineteenth century the inner sanctums of Wall Street understood that the most efficient way to gain an unchallenged monopoly was to "go political" and make society go to work for the monopolists — under the name of the public good and the public interest. This strategy was detailed in 1906 by Frederick C. Howe in his *Confessions of a Monopolist*.<sup>1</sup> Howe, by the way, is also a figure in the story of the Bolshevik Revolution.

Therefore, an alternative conceptual packaging of political ideas and politico-economic systems would be that of ranking the degree of individual freedom versus the degree of centralized political control. Under such an ordering the corporate welfare state and socialism are at the same end of the spectrum. Hence we see that attempts at monopoly control of society can have different labels while owning common features.

Consequently, one barrier to mature understanding of recent history is the notion that all capitalists are the bitter and unswerving enemies of all Marxists and socialists. This erroneous idea originated with Karl Marx and was undoubtedly useful to his purposes. In fact, the idea is

nonsense. There has been a continuing, albeit concealed, alliance between international political capitalists and international revolutionary socialists — to their mutual benefit. This alliance has gone unobserved largely because historians — with a few notable exceptions — have an unconscious Marxian bias and are thus locked into the impossibility of any such alliance existing. The open-minded reader should bear two clues in mind: monopoly capitalists are the bitter enemies of laissez-faire entrepreneurs; and, given the weaknesses of socialist central planning, the totalitarian socialist state is a perfect captive market for monopoly capitalists, if an alliance can be made with the socialist power brokers. Suppose — and it is only hypothesis at this point — that American monopoly capitalists were able to reduce a planned socialist Russia to the status of a captive technical colony? Would not this be the logical twentieth-century internationalist extension of the Morgan railroad monopolies and the Rockefeller petroleum trust of the late nineteenth century?

Apart from Gabriel Kolko, Murray Rothbard, and the revisionists, historians have not been alert for such a combination of events. Historical reporting, with rare exceptions, has been forced into a dichotomy of capitalists versus socialists. George Kennan's monumental and readable study of the Russian Revolution consistently maintains this fiction of a Wall Street-Bolshevik dichotomy.<sup>2</sup> *Russia Leaves the War* has a single incidental reference to the J.P. Morgan firm and no reference at all to Guaranty Trust Company. Yet both organizations are prominently mentioned in the State Department files, to which frequent reference is made in this book, and both are part of the core of the evidence presented here. Neither self-admitted "Bolshevik banker" Olof Aschberg nor Nya Banken in Stockholm is mentioned in Kennan yet both were central to Bolshevik funding. Moreover, in minor yet crucial circumstances, at least crucial for *our* argument, Kennan is factually in error. For example, Kennan cites Federal Reserve Bank director William Boyce Thompson as leaving Russia on November 27, 1917. This departure date would make it physically impossible for Thompson to be in Petrograd on December 2, 1917, to transmit a cable request for \$1 million to Morgan in New York. Thompson in fact left Petrograd on December 4, 1918, two days after sending the cable to New York. Then again, Kennan states that on November 30, 1917, Trotsky delivered a speech before the Petrograd Soviet in which he observed, "Today I had here in the Smolny Institute two Americans closely connected with American Capitalist elements "According

to Kennan, it "is difficult to imagine" who these two Americans "could have been, if not Robins and Gumberg." But in fact Alexander Gumberg was Russian, not American. Further, as Thompson was still in Russia on November 30, 1917, then the two Americans who visited Trotsky were more than likely Raymond Robins, a mining promoter turned do-gooder, and Thompson, of the Federal Reserve Bank of New York.

The Bolshevization of Wall Street was known among well informed circles as early as 1919. The financial journalist Barron recorded a conversation with oil magnate E. H. Doheny in 1919 and specifically named three prominent financiers, William Boyce Thompson, Thomas Lamont and Charles R. Crane:

Aboard S.S. Aquitania, Friday Evening, February 1, 1919.

Spent the evening with the Dohenys in their suite. Mr. Doheny said: If you believe in democracy you cannot believe in Socialism. Socialism is the poison that destroys democracy. Democracy means opportunity for all. Socialism holds out the hope that a man can quit work and be better off. Bolshevism is the true fruit of socialism and if you will read the interesting testimony before the Senate Committee about the middle of January that showed up all these pacifists and peace-makers as German sympathizers, Socialists, and Bolsheviks, you will see that a majority of the college professors in the United States are teaching socialism and Bolshevism and that fifty-two college professors were on so-called peace committees in 1914. President Eliot of Harvard is teaching Bolshevism. The worst Bolsheviks in the United States are not only college professors, of whom President Wilson is one, but capitalists and the wives of capitalists and neither seem to know what they are talking about. William Boyce Thompson is teaching Bolshevism and he may yet convert Lamont of J.P. Morgan & Company. Vanderlip is a Bolshevik, so is Charles R. Crane. Many women are joining the movement and neither they, nor their husbands, know what it is, or what it leads to. Henry Ford is another and so are most of those one hundred historians Wilson took abroad with him in the foolish idea that history can teach youth proper

demarcations of races, peoples, and nations geographically.<sup>3</sup>

In brief, this is a story of the Bolshevik Revolution and its aftermath, but a story that departs from the usual conceptual straitjacket approach of capitalists versus Communists. Our story postulates a partnership between international monopoly capitalism and international revolutionary socialism for their mutual benefit. The final human cost of this alliance has fallen upon the shoulders of the individual Russian and the individual American. Entrepreneurship has been brought into disrepute and the world has been propelled toward inefficient socialist planning as a result of these monopoly maneuverings in the world of politics and revolution.

This is also a story reflecting the betrayal of the Russian Revolution. The tsars and their corrupt political system were ejected only to be replaced by the new power brokers of another corrupt political system. Where the United States could have exerted its dominant influence to bring about a free Russia it truckled to the ambitions of a few Wall Street financiers who, for their own purposes, could accept a centralized tsarist Russia or a centralized Marxist Russia but not a decentralized free Russia. And the reasons for these assertions will unfold as we develop the underlying and, so far, untold history of the Russian Revolution and its aftermath.<sup>4</sup>

#### Footnotes:

<sup>1</sup>"These are the rules of big business. They have superseded the teachings of our parents and are reducible to a simple maxim: Get a monopoly; let Society work for you: and remember that the best of all business is politics, for a legislative grant, franchise, subsidy or tax exemption is worth more than a Kimberly or Comstock lode, since it does not require any labor, either mental or physical, lot its exploitation" (Chicago: Public Publishing, 1906), p. 157.

<sup>2</sup>George F. Kennan, *Russia Leaves the War* (New York: Atheneum, 1967); and

*Decision to Intervene.. Soviet-American Relations, 1917-1920* (Princeton, N.J.: Princeton University Press, 1958).

3Arthur Pound and Samuel Taylor Moore, *They Told Barron* (New York: Harper & Brothers, 1930), pp. 13-14.

4There is a parallel, and also unknown, history with respect to the Makhnovite movement that fought both the "Whites" and the "Reds" in the Civil War of 1919-20 (see Voline, *The Unknown Revolution* [New York: Libertarian Book Club, 1953]). There was also the "Green" movement, which fought both Whites and Reds. The author has never seen even one isolated mention of the Greens in any history of the Bolshevik Revolution. Yet the Green Army was at least 700,000 strong!

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