

## Chapter VI

### CONSOLIDATION AND EXPORT OF THE REVOLUTION

**Marx's great book *Das Kapital* is at once a monument of reasoning and a storehouse of facts.**

Lord Milner, member of the British War Cabinet, 1917, and director of the London Joint Stock Bank

William Boyce Thompson is an unknown name in twentieth-century history, yet Thompson played a crucial role in the Bolshevik Revolution.<sup>1</sup> Indeed, if Thompson had not been in Russia in 1917, subsequent history might have followed a quite different course. Without the financial and, more important, the diplomatic and propaganda assistance given to Trotsky and Lenin by Thompson, Robins, and their New York associates, the Bolsheviks may well have withered away and Russia evolved into a socialist but constitutional society.

Who was William Boyce Thompson? Thompson was a promoter of mining stocks, one of the best in a high-risk business. Before World War I he handled stock-market operations for the Guggenheim copper interests. When the Guggenheims needed quick capital for a stock-market struggle with John D. Rockefeller, it was Thompson who promoted Yukon Consolidated Goldfields before an unsuspecting public to raise a \$3.5 million war chest. Thompson was manager of the Kennecott syndicate, another Guggenheim operation, valued at \$200 million. It was Guggenheim Exploration, on the other hand, that took up Thompson's options on the rich Nevada Consolidated Copper Company. About three quarters of the original Guggenheim Exploration Company was controlled by the Guggenheim family, the Whitney family (who owned *Metropolitan* magazine, which employed the Bolshevik John Reed), and John Ryan. In 1916 the Guggenheim interests reorganized into Guggenheim Brothers and brought in William C.

Potter, who was formerly with Guggenheim's American Smelting and Refining Company but who was in 1916 first vice president of Guaranty Trust.

Extraordinary skill in raising capital for risky mining promotions earned Thompson a personal fortune and directorships in Inspiration Consolidated Copper Company, Nevada Consolidated Copper Company, and Utah Copper Company — all major domestic copper producers. Copper is, of course, a major material in the manufacture of munitions. Thompson was also director of the Chicago Rock Island & Pacific Railroad, the Magma Arizona Railroad and the Metropolitan Life Insurance Company. And of particular interest for this book, Thompson was "one of the heaviest stockholders in the Chase National Bank." It was Albert H. Wiggin, president of the Chase Bank, who pushed Thompson for a post in the Federal Reserve System; and in 1914 Thompson became the first full-term director of the Federal Reserve Bank of New York — the most important bank in the Federal Reserve System.

By 1917, then, William Boyce Thompson was a financial operator of substantial means, demonstrated ability, with a flair for promotion and implementation of capitalist projects, and with ready access to the centers of political and financial power. This was the same man who first supported Aleksandr Kerensky, and who then became an ardent supporter of the Bolsheviks, bequeathing a surviving symbol of this support — a laudatory pamphlet in Russian, "Pravda o Rossii i Bol'shevikakh."<sup>2</sup>

Before leaving Russia in early December 1917 Thompson handed over the American Red Cross Mission to his deputy Raymond Robins. Robins then organized Russian revolutionaries to implement the Thompson plan for spreading Bolshevik propaganda in Europe (see Appendix 3). A French government document confirms this: "It appeared that Colonel Robins . . . was able to send a subversive mission of Russian bolsheviks to Germany to start a revolution there."<sup>3</sup> This mission led to the abortive German Spartacist revolt of 1918. The overall plan also included schemes for dropping Bolshevik literature by airplane or for smuggling it across German lines.

Thompson made preparations in late 1917 to leave Petrograd and sell the Bolshevik Revolution to governments in Europe and to the U.S. With this in mind, Thompson cabled Thomas W. Lamont, a partner in the Morgan firm who was then in Paris with Colonel E. M. House. Lamont recorded the receipt

of this cablegram in his biography:

Just as the House Mission was completing its discussions in Paris in December 1917, I received an arresting cable from my old school and business friend, William Boyce Thompson, who was then in Petrograd in charge of the American Red Cross Mission there.<sup>4</sup>

Lamont journeyed to London and met with Thompson, who had left Petrograd on December 5, traveled via Bergen, Norway, and arrived in London on December 10. The most important achievement of Thompson and Lamont in London was to convince the British War Cabinet — then decidedly anti-Bolshevik — that the Bolshevik regime had come to stay, and that British policy should cease to be anti-Bolshevik, should accept the new realities, and should support Lenin and Trotsky. Thompson and Lamont left London on December 18 and arrived in New York on December 25, 1917. They attempted the same process of conversion in the United States.

## **A CONSULTATION WITH LLOYD GEORGE**

The secret British War Cabinet papers are now available and record the argument used by Thompson to sell the British government on a pro-Bolshevik policy. The prime minister of Great Britain was David Lloyd George. Lloyd George's private and political machinations rivaled those of a Tammany Hall politician — yet in his lifetime and for decades after, biographers were unable, or unwilling, to come to grips with them. In 1970 Donald McCormick's *The Mask of Merlin* lifted the veil of secrecy. McCormick shows that by 1917 David Lloyd George had bogged "too deeply in the mesh of international armaments intrigues to be a free agent" and was beholden to Sir Basil Zaharoff, an international armaments dealer, whose considerable fortune was made by selling arms to both sides in several wars.<sup>5</sup> Zaharoff wielded enormous behind-the-scenes power and, according to McCormick, was consulted on war policies by the Allied leaders. On more than one occasion, reports McCormick, Woodrow Wilson, Lloyd George, and Georges Clemenceau met in Zaharoff's Paris home. McCormick notes that "Allied statesmen and leaders were obliged to consult him before planning any great attack." British intelligence, according to McCormick, "discovered documents which incriminated servants of the Crown as secret agents of Sir

Basil Zaharoff *with the knowledge of Lloyd George.*"<sup>6</sup> In 1917 Zaharoff was linked to the Bolsheviks; he sought to divert munitions away from anti-Bolsheviks and had already intervened in behalf of the Bolshevik regime in both London and Paris.

In late 1917, then — at the time Lamont and Thompson arrived in London — Prime Minister Lloyd George was indebted to powerful international armaments interests that were allied to the Bolsheviks and providing assistance to extend Bolshevik power in Russia. The British prime minister who met with William Thompson in 1917 was not then a free agent; Lord Milner was the power behind the scenes and, as the epigraph to this chapter suggests, favorably inclined towards socialism and Karl Marx.

The "secret" War Cabinet papers give the "Prime Minister's account of a conversation with Mr. Thompson, an American returned from Russia,"<sup>7</sup> and the report made by the prime minister to the War Cabinet after meeting with Thompson.<sup>8</sup> The cabinet paper reads as follows:

The Prime Minister reported a conversation he had had with a Mr. Thompson — an American traveller and a man of considerable means — who had just returned from Russia, and who had given a somewhat different impression of affairs in that country from what was generally believed. The gist of his remarks was to the effect that the Revolution had come to stay; that the Allies had not shown themselves sufficiently sympathetic with the Revolution; and that MM. Trotzki and Lenin were not in German pay, the latter being a fairly distinguished Professor. Mr. Thompson had added that he considered the Allies should conduct in Russia an active propaganda, carried out by some form of Allied Council composed of men especially selected [or the purpose; further, that on the whole, he considered, having regard to the character of the de facto Russian Government, the several Allied Governments were not suitably represented in Petrograd. In Mr. Thompson's opinion, it was necessary for the Allies to realise that the Russian army and people *were* out of the war, and that the Allies would have to choose between Russia as the friendly or a hostile neutral.

The question was discussed as to whether the Allies ought not to change their policy in regard to the de facto Russian Government, the Bolsheviks being stated by Mr. Thompson to

be and-German. In this connection Lord Robert Cecil drew attention to the conditions of the armistice between the German and Russian armies, which provided, inter alia, for trading between the two countries, and for the establishment of a Purchasing Commission in Odessa, the whole arrangement being obviously dictated by the Germans. Lord Robert Cecil expressed the view that the Germans would endeavour to continue the armistice until the Russian army had melted away.

Sir Edward Carson read a communication, signed by M. Trotzki, which had been sent to him by a British subject, the manager of the Russian branch of the Vauxhall Motor Company, who had just returned from Russia [Paper G.T. — 3040]. This report indicated that M. Trotzki's policy was, ostensibly at any rate, one of hostility to the organisation of civilised society rather than pro-German. On the other hand, it was suggested that an assumed attitude of this kind was by no means inconsistent with Trotzki's being a German agent, whose object was to ruin Russia in order that Germany might do what she desired in that country.

After hearing Lloyd George's report and supporting arguments, the War Cabinet decided to go along with Thompson and the Bolsheviks. Milner had a former British consul in Russia — Bruce Lockhart — ready and waiting in the wings. Lockhart was briefed and sent to Russia with instructions to work informally with the Soviets.

The thoroughness of Thompson's work in London and the pressure he was able to bring to bear on the situation are suggested by subsequent reports coming into the hands of the War Cabinet, from authentic sources. The reports provide a quite different view of Trotsky and the Bolsheviks from that presented by Thompson, and yet they were ignored by the cabinet. In April 1918 General Jan Smuts reported to the War Cabinet his talk with General Nieffel, the head of the French Military Mission who had just returned from Russia:

Trotsky (sic) . . . was a consummate scoundrel who may not be pro-German, but is thoroughly pro-Trotsky and pro-revolutionary and cannot in any way be trusted. His influence is shown by the way he has come to dominate Lockhart, Robins and the French representative. He

[Nieffel] counsels great prudence in dealing with Trotsky, who he admits is the only really able man in Russia.<sup>9</sup>

Several months later Thomas D. Thacher, Wall Street lawyer and another member of the American Red Cross Mission to Russia, was in London. On April 13, 1918, Thacher wrote to the American ambassador in London to the effect that he had received a request from H. P. Davison, a Morgan partner, "to confer with Lord Northcliffe" concerning the situation in Russia and then to go on to Paris "for other conferences." Lord Northcliffe was ill and Thacher left with yet another Morgan partner, Dwight W. Morrow, a memorandum to be submitted to Northcliffe on his return to London.<sup>10</sup> This memorandum not only made explicit suggestions about Russian policy that supported Thompson's position but even stated that "the fullest assistance should be given to the Soviet government in its efforts to organize a volunteer revolutionary army." The four main proposals in this Thacher report are:

First of all . . . the Allies should discourage Japanese intervention in Siberia.

In the second place, the fullest assistance should be given to the Soviet Government in its efforts to organize a volunteer revolutionary army.

Thirdly, the Allied Governments should give their moral support to the Russian people in their efforts to work out their own political systems free from the domination of any foreign power  
....

Fourthly, until the time when open conflict shall result between the German Government and the Soviet Government of Russia there will be opportunity for peaceful commercial penetration by German agencies in Russia. So long as there is no open break, it will probably be impossible to entirely prevent such commerce. Steps should, therefore, be taken to impede, so far as possible, the transport of grain and raw materials to Germany from Russia.<sup>11</sup>

## THOMPSON'S INTENTIONS AND OBJECTIVES

Why would a prominent Wall Street financier, and director of the Federal Reserve Bank, want to organize and assist Bolshevik revolutionaries? Why would not one but several Morgan partners working in concert want to encourage the formation of a Soviet "volunteer revolutionary army" — an army supposedly dedicated to the overthrow of Wall Street, including Thompson, Thomas Lamont, Dwight Morrow, the Morgan firm, and all their associates?

Thompson at least was straightforward about his objectives in Russia: he wanted to keep Russia at war with Germany (yet he argued before the British War Cabinet that Russia was out of the war anyway) and to retain Russia as a market for postwar American enterprise. The December 1917 Thompson memorandum to Lloyd George describes these aims.<sup>12</sup> The memorandum begins, "The Russian situation is lost and Russia lies entirely open to unopposed German exploitation ...." and concludes, "I believe that intelligent and courageous work will still prevent Germany from occupying the field to itself and thus exploiting Russia at the expense of the Allies." Consequently, it was German commercial and industrial exploitation of Russia that Thompson feared (this is also reflected in the Thacher memorandum) and that brought Thompson and his New York friends into an alliance with the Bolsheviks. Moreover, this interpretation is reflected in a quasi-jocular statement made by Raymond Robins, Thompson's deputy, to Bruce Lockhart, the British agent:

You will hear it said that I am the representative of Wall Street; that I am the servant of William B. Thompson to get Altai copper for him; that I have already got 500,000 acres of the best timber land in Russia for myself; that I have already copped off the Trans-Siberian Railway; that they have given me a monopoly of the platinum of Russia; that this explains my working for the soviet .... You will hear that talk. Now, I do not think it is true, Commissioner, but let us assume it is true. Let us assume that I am here to capture Russia for Wall Street and American business men. Let us assume that you are a British wolf and I am an American wolf, and that when this war is over we are going to eat each other up for the Russian market; let us do so in perfectly frank, man fashion, but let us assume at the same time that we are fairly intelligent wolves, and that we know that if we do not hunt together in this hour the

German wolf will eat us both up, and then let us go to work.<sup>13</sup>

With this in mind let us take a look at Thompson's personal motivations. Thompson was a financier, a promoter, and, although without previous interest in Russia, had personally financed the Red Cross Mission to Russia and used the mission as a vehicle for political maneuvering. From the total picture we can deduce that Thompson's motives were primarily financial and commercial. Specifically, Thompson was interested in the Russian market, and how this market could be influenced, diverted; and captured for postwar exploitation by a Wall Street syndicate, or syndicates. Certainly Thompson viewed Germany as an enemy, but less a political enemy than an economic or a commercial enemy. German industry and German banking were the real enemy. To outwit Germany, Thompson was willing to place seed money on any political power vehicle that would achieve his objective. In other words, Thompson was an American imperialist fighting against German imperialism, and this struggle was shrewdly recognized and exploited by Lenin and Trotsky.

The evidence supports this apolitical approach. In early August 1917, William Boyce Thompson lunched at the U.S. Petrograd embassy with Kerensky, Terestchenko, and the American ambassador Francis. Over lunch Thompson showed his Russian guests a cable he had just sent to the New York office of J.P. Morgan requesting transfer of 425,000 rubles to cover a personal subscription to the new Russian Liberty Loan. Thompson also asked Morgan to "inform my friends I recommend these bonds as the best war investment I know. Will be glad to look after their purchasing here without compensation"; he then offered personally to take up twenty percent of a New York syndicate buying five million rubles of the Russian loan. Not unexpectedly, Kerensky and Terestchenko indicated "great gratification" at support from Wall Street. And Ambassador Francis by cable promptly informed the State Department that the Red Cross commission was "working harmoniously with me," and that it would have an "excellent effect."<sup>14</sup> Other writers have recounted how Thompson attempted to convince the Russian peasants to support Kerensky by investing \$1 million of his own money and U.S. government funds on the same order of magnitude in propaganda activities. Subsequently, the Committee on Civic Education in Free Russia, headed by the revolutionary "Grandmother" Breshkovskaya, with David Soskice (Kerensky's private secretary) as executive, established newspapers, news bureaus, printing plants, and speakers bureaus to promote the appeal — "Fight the kaiser and save the revolution." It is noteworthy that the



Thompson-funded Kerensky campaign had the same appeal — "Keep Russia in the war" — as had his financial support of the Bolsheviks. The common link between Thompson's support of Kerensky and his support of Trotsky and Lenin was — "continue the war against Germany" and keep Germany out of Russia.

In brief, behind and below the military, diplomatic, and political aspects of World War I, there was another battle raging, namely, a maneuvering for postwar world economic power by international operators with significant muscle and influence. Thompson was not a Bolshevik; he was not even pro-Bolshevik. Neither was he pro-Kerensky. Nor was he even pro-American. *The overriding motivation was the capturing of the postwar Russian market.* This was a commercial, not an ideological, objective. Ideology could sway revolutionary operators like Kerensky, Trotsky, Lenin et al., but not financiers.

The Lloyd George memorandum demonstrates Thompson's partiality for neither Kerensky nor the Bolsheviks: "After the overthrow of the last Kerensky government we materially aided the dissemination of the Bolshevik literature, distributing it through agents and by aeroplanes to the Germany army."<sup>15</sup> This was written in mid-December 1917, only five weeks after the start of the Bolshevik Revolution, and less than four months after Thompson expressed his support of Kerensky over lunch in the American embassy.

## THOMPSON RETURNS TO THE UNITED STATES

Thompson then returned and toured the United States with a public plea for recognition of the Soviets. In a speech to the Rocky Mountain Club of New York in January 1918, Thompson called for assistance for the emerging Bolshevik government and, appealing to an audience composed largely of Westerners, evoked the spirit of the American pioneers:

These men would not have hesitated very long about extending recognition and giving the fullest help and sympathy to the workingman's government of Russia, because in 1819 and the years following we had out there bolsheviki governments . . . and mighty good

It strains the imagination to compare the pioneer experience of our Western frontier to the ruthless extermination of political opposition then under way in Russia. To Thompson, promoting this was no doubt looked upon as akin to his promotion of mining stocks in days gone by. As for those in Thompson's audience, we know not what they thought; however, no one raised a challenge. The speaker was a respected director of the Federal Reserve Bank of New York, a self-made millionaire (and that counts for much). And after all, had he not just returned from Russia? But all was not rosy. Thompson's biographer Hermann Hagedorn has written that Wall Street was "stunned" that his friends were "shocked" and "said he had lost his head, had turned Bolshevist himself."<sup>17</sup>

While Wall Street wondered whether he had indeed "turned Bolshevik," Thompson found sympathy among fellow directors on the board of the Federal Reserve Bank of New York. Codirector W. L. Saunders, chairman of Ingersoll-Rand Corporation and a director of the FRB, wrote President Wilson on October 17, 1918, stating that he was "in sympathy with the Soviet form of Government"; at the same time he disclaimed any ulterior motive such as "preparing now to get the trade of the world after the war."<sup>18</sup>

Most interesting of Thompson's fellow directors was George Foster Peabody, deputy chairman of the Federal Reserve Bank of New York and a close friend of socialist Henry George. Peabody had made a fortune in railroad manipulation, as Thompson had made his fortune in the manipulation of copper stocks. Peabody then became active in behalf of government ownership of railroads, and openly adopted socialization.<sup>19</sup> How did Peabody reconcile his private-enterprise success with promotion of government ownership? According to his biographer Louis Ware, "His reasoning told him that it was important for this form of transport to be operated as a public service rather than for the advantage of private interests." This high-sounding do-good reasoning hardly rings true. It would be more accurate to argue that given the dominant political influence of Peabody and his fellow financiers in Washington, they could by government control of railroads more easily avoid the rigors of competition. Through political influence they could manipulate the police power of the state to achieve what they had been unable, or

what was too costly, to achieve under private enterprise. In other words, the police power of the state was a means of maintaining a private monopoly. This was exactly as Frederick C. Howe had proposed.<sup>20</sup> The idea of a centrally planned socialist Russia must have appealed to Peabody. Think of it — one gigantic state monopoly! And Thompson, his friend and fellow director, had the inside track with the boys running the operation!<sup>21</sup>

## THE UNOFFICIAL AMBASSADORS: ROBINS, LOCKHART, AND SADOUL

The Bolsheviks for their part correctly assessed a lack of sympathy among the Petrograd representatives of the three major Western powers: the United States, Britain and France. The United States was represented by Ambassador Francis, undisguisedly out of sympathy with the revolution. Great Britain was represented by Sir James Buchanan, who had strong ties to the tsarist monarchy and was suspected of having helped along the Kerensky phase of the revolution. France was represented by Ambassador Paleologue, overtly anti-Bolshevik. In early 1918 three additional personages made their appearance; they became *de facto* representatives of these Western countries and edged out the officially recognized representatives.

Raymond Robins took over the Red Cross Mission from W. B. Thompson in early December 1917 but concerned himself more with economic and political matters than obtaining relief and assistance for poverty-stricken Russia. On December 26, 1917, Robins cabled Morgan partner Henry Davison, temporarily the director general of the American Red Cross: "Please urge upon the President the necessity of our continued intercourse with the Bolshevik Government."<sup>22</sup> On January 23, 1918, Robins cabled Thompson, then in New York:

Soviet Government stronger today than ever before. Its authority and power greatly consolidated by dissolution of Constituent Assembly .... Cannot urge too strongly importance of prompt recognition of Bolshevik authority .... Sisson approves this text and requests you to show this cable to Creel. Thacher and Wardwell concur.<sup>23</sup>

Later in 1918, on his return to the United States, Robins submitted a report to Secretary of State Robert Lansing containing this opening paragraph: "American economic cooperation with Russia; Russia will welcome American assistance in economic reconstruction."<sup>24</sup>

Robins' persistent efforts in behalf of the Bolshevik cause gave him a certain prestige in the Bolshevik camp, and perhaps even some political influence. The U.S. embassy in London claimed in November 1918 that "Salkind owe[s] his appointment, as Bolshevik Ambassador to Switzerland, to an American . . . no other than Mr. Raymond Robins."<sup>25</sup> About this time reports began filtering into Washington that Robins was himself a Bolshevik; for example, the following from Copenhagen, dated December 3, 1918:

Confidential. According to a statement made by Radek to George de Patpourrie, late Austria Hungarian Consul General at Moscow, Colonel Robbins [*sic*], formerly thief of the American Red Cross Mission to Russia, is at present in Moscow negotiating with the Soviet Government and acts as the intermediary between the Bolsheviks and their friends in the United States. The impression seems to be in some quarters that Colonel Robbins is himself a Bolshevik while others maintain that he is not but that his activities in Russia have been contrary to the interest of Associated Governments.<sup>26</sup>

Materials in the files of the Soviet Bureau in New York, and seized by the Lusk Committee in 1919, confirm that both Robins and his wife were closely associated with Bolshevik activities in the United States and with the formation of the Soviet Bureau in New York.<sup>27</sup>

The British government established unofficial relations with the Bolshevik regime by sending to Russia a young Russian-speaking agent, Bruce Lockhart. Lockhart was, in effect, Robins' opposite number; but unlike Robins, Lockhart had direct channels to his Foreign Office. Lockhart was not selected by the foreign secretary or the Foreign Office; both were dismayed at the appointment. According to Richard Ullman, Lockhart was "selected for his mission by Milner and Lloyd George themselves ...." Maxim Litvinov, acting as unofficial Soviet representative in Great Britain, wrote for Lockhart a letter of introduction to Trotsky; in it he called the British agent "a thoroughly honest man who understands our

position and sympathizes with us.<sup>28</sup>

We have already noted the pressures on Lloyd George to take a pro-Bolshevik position, especially those from William B. Thompson, and those indirectly from Sir Basil Zaharoff and Lord Milner. Milner was, as the epigraph to this chapter suggests, exceedingly prosocialist. Edward Crankshaw has succinctly outlined Milner's duality.

Some of the passages [in Milner] on industry and society . . . are passages which any Socialist would be proud to have written. But they were not written by a Socialist. They were written by "the man who made the Boer War." Some of the passages on Imperialism and the white man's burden might have been written by a Tory diehard. They were written by the student of Karl Marx.<sup>29</sup>

According to Lockhart, the socialist bank director Milner was a man who inspired in him "the greatest affection and hero-worship."<sup>30</sup> Lockhart recounts how Milner personally sponsored his Russian appointment, pushed it to cabinet level, and after his appointment talked "almost daily" with Lockhart. While opening the way for recognition of the Bolsheviks, Milner also promoted financial support for their opponents in South Russia and elsewhere, as did Morgan in New York. This dual policy is consistent with the thesis that the *modus operandi* of the politicized internationalists — such as Milner and Thompson — was to place state money on any revolutionary or counterrevolutionary horse that looked a possible winner. The internationalists, of course, claimed any subsequent benefits. The clue is perhaps in Bruce Lockhart's observation that Milner was a man who "believed in the highly organized state."<sup>31</sup>

The French government appointed an even more openly Bolshevik sympathizer, Jacques Sadoul, an old friend of Trotsky.<sup>32</sup>

In sum, the Allied governments neutralized their own diplomatic representatives in Petrograd and replaced them with unofficial agents more or less sympathetic to the Bolsheviks.

The reports of these unofficial ambassadors were in direct contrast to pleas for help addressed to the

West from inside Russia. Maxim Gorky protested the betrayal of revolutionary ideals by the Lenin-Trotsky group, which had imposed the iron grip of a police state in Russia:

We Russians make up a people that has never yet worked in freedom, that has never yet had a chance to develop all its powers and its talents. And when I think that the revolution gives us the possibility of free work, of a many-sided joy in creating, my heart is tilled with great hope and joy, even in these cursed days that are besmirched with blood and alcohol.

There is where begins the line of my decided and irreconcilable separation [from the insane actions of the People's Commissaries. I consider Maximalism in ideas very useful for the boundless Russian soul; its task is to develop in this soul great and bold needs, to call forth the so necessary fighting spirit and activity, to promote initiative in this indolent soul and to give it shape and life in general.

But the practical Maximalism of the Anarcho-Communists and visionaries from the Smolny is ruinous for Russia and, above all, for the Russian working class. The People's Commissaries handle Russia like material for an experiment. The Russian people is for them what the Horse is for learned bacteriologists who inoculate the horse with typhus so that the anti-typhus lymph may develop in its blood. Now the Commissaries are trying such a predestined-to-failure experiment upon the Russian people without thinking that the tormented, half-starved horse may die.

The reformers from the Smolny do not worry about Russia. They are cold-bloodedly sacrificing Russia in the name of their dream of the worldwide and European revolution. And just as long as I can, I shall impress this upon the Russian proletarian: "Thou art being led to destruction} Thou art being used as material for an inhuman experiment!"<sup>33</sup>

Also in contrast to the reports of the sympathetic unofficial ambassadors were the reports from the old-line diplomatic representatives. Typical of many messages [flowing into Washington in early 1918 — particularly after Woodrow Wilson's expression of support for the Bolshevik governments — was the

following cable [from the U.S. legation in Bern, Switzerland]:

For Polk. President's message to Consul Moscow not understood here and people are asking why the President expresses support of Bolsheviki, in view of rapine, murder and anarchy of these bands.<sup>34</sup>

Continued support by the Wilson administration for the Bolsheviks led to the resignation of De Witt C. Poole, the capable American charge d'affaires in Archangel (Russia):

It is my duty to explain frankly to the department the perplexity into which I have been thrown by the statement of Russian policy adopted by the Peace Conference, January 22, on the motion of the President. The announcement very happily recognizes the revolution and confirms again that entire absence of sympathy for any form of counter revolution which has always been a key note of American policy in Russia, but it contains not one [word] of condemnation for the other enemy of the revolution — the Bolshevik Government.<sup>35</sup>

Thus even in the early days of 1918 the betrayal of the libertarian revolution had been noted by such acute observers as Maxim Gorky and De Witt C. Poole. Poole's resignation shook the State Department, which requested the "utmost reticence regarding your desire to resign" and stated that "it will be necessary to replace you in a natural and normal manner in order to prevent grave and perhaps disastrous effect upon the morale of American troops in the Archangel district which might lead to loss of American lives."<sup>36</sup>

So not only did Allied governments neutralize their own government representatives but the U.S. ignored pleas from within and without Russia to cease support of the Bolsheviks. Influential support of the Soviets came heavily from the New York financial area (little effective support emanated from domestic U.S. revolutionaries). In particular, it came from American International Corporation, a Morgan-controlled firm.

## **EXPORTING THE REVOLUTION: JACOB H. RUBIN**

We are now in a position to compare two cases — not by any means the only such cases — in which American citizens Jacob Rubin and Robert Minor assisted in exporting the revolution to Europe and other parts of Russia.

Jacob H. Rubin was a banker who, in his own words, "helped to form the Soviet Government of Odessa."<sup>37</sup> Rubin was president, treasurer, and secretary of Rubin Brothers of 19 West 34 Street, New York City. In 1917 he was associated with the Union Bank of Milwaukee and the Provident Loan Society of New York. The trustees of the Provident Loan Society included persons mentioned elsewhere as having connection with the Bolshevik Revolution: P. A. Rockefeller, Mortimer L. Schiff, and James Speyer.

By some process — only vaguely recounted in his book *I Live to Tell*<sup>38</sup> — Rubin was in Odessa in February 1920 and became the subject of a message from Admiral McCully to the State Department (dated February 13, 1920, 861.00/6349). The message was to the effect that Jacob H. Rubin of Union Bank, Milwaukee, was in Odessa and desired to remain with the Bolsheviks — "Rubin does not wish to leave, has offered his services to Bolsheviks and apparently sympathizes with them." Rubin later found his way back to the U.S. and gave testimony before the House Committee on Foreign Affairs in 1921:

I had been with the American Red Cross people at Odessa. I was there when the Red Army took possession of Odessa. At that time I was favorably inclined toward the Soviet Government, because I was a socialist and had been a member of that party for 20 years. I must admit that to a certain extent I helped to form the Soviet Government of Odessa ....<sup>39</sup>

While adding that he had been arrested as a spy by the Denikin government of South Russia, we learn little more about Rubin. We do, however, know a great deal more about Robert Minor, who was caught in the act and released by a mechanism reminiscent of Trotsky's release from a Halifax prisoner-of-war camp.



## EXPORTING THE REVOLUTION: ROBERT MINOR

Bolshevik propaganda work in Germany,<sup>40</sup> financed and organized by William Boyce Thompson and Raymond Robins, was implemented in the field by American citizens, under the supervision of Trotsky's People's Commissariat for Foreign Affairs:

One of Trotsky's earliest innovations in the Foreign Office had been to institute a Press Bureau under Karl Radek and a Bureau of International Revolutionary Propaganda under Boris Reinstein, among whose assistants were John Reed and Albert Rhys Williams, and the full blast of these power-houses was turned against the Germany army.

A German newspaper, *Die Fackel* (The Torch), was printed in editions of half a million a day and sent by special train to Central Army Committees in Minsk, Kiev, and other cities, which in turn distributed them to other points along the front.<sup>41</sup>

Robert Minor was an operative in Reinstein's propaganda bureau. Minor's ancestors were prominent in early American history. General Sam Houston, first president of the Republic of Texas, was related to Minor's mother, Routez Houston. Other relatives were Mildred Washington, aunt of George Washington, and General John Minor, campaign manager for Thomas Jefferson. Minor's father was a Virginia lawyer who migrated to Texas. After hard years with few clients, he became a San Antonio judge.

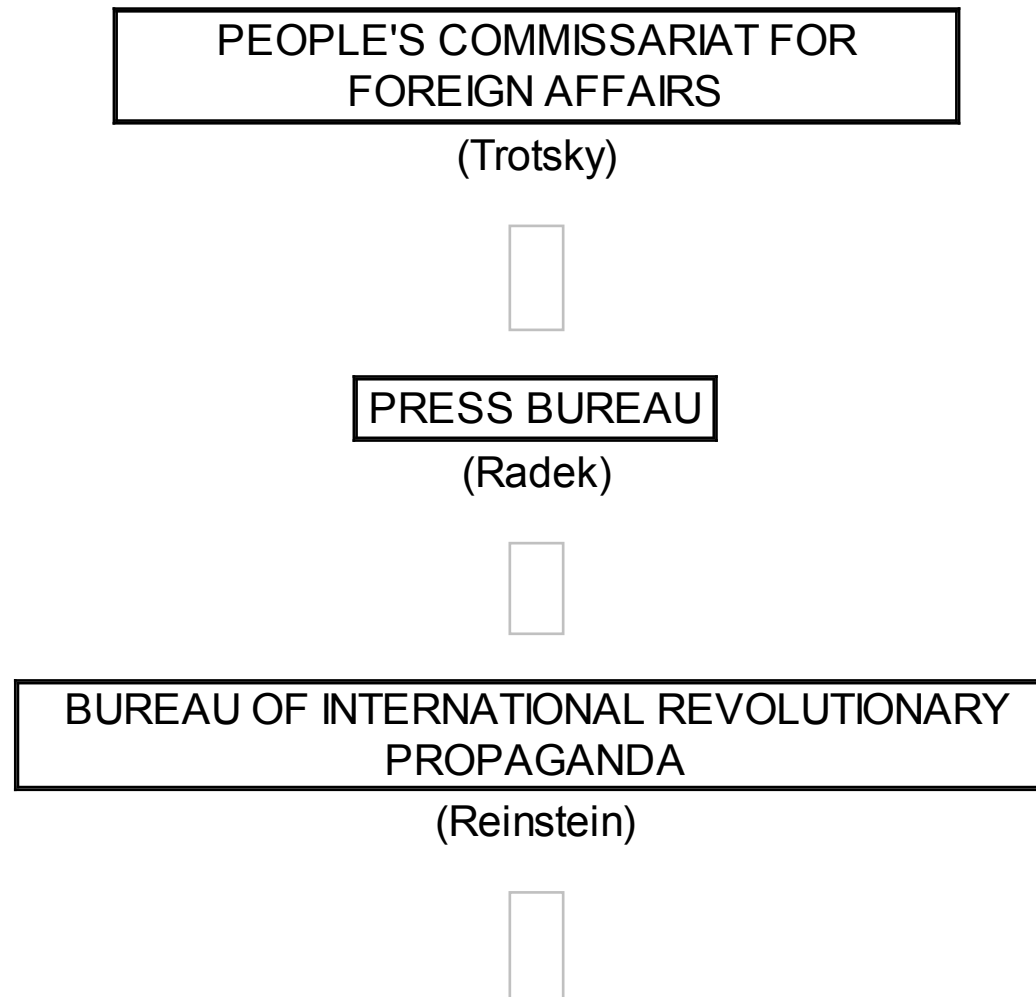
Robert Minor was a talented cartoonist and a socialist. He left Texas to come East. Some of his contributions appeared in *Masses*, a pro-Bolshevik journal. In 1918 Minor was a cartoonist on the staff of the *Philadelphia Public Ledger*. Minor left New York in March 1918 to report the Bolshevik Revolution. While in Russia Minor joined Reinstein's Bureau of International Revolutionary Propaganda (see diagram), along with Philip Price, correspondent of the *Daily Herald* and *Manchester Guardian*, and Jacques Sadoul, the unofficial French ambassador and friend of Trotsky.

Excellent data on the activities of Price, Minor, and Sadoul have survived in the form of a Scotland Yard (London) Secret Special Report, No. 4, entitled, "The Case of Philip Price and Robert Minor," as well as

in reports in the files of the State Department, Washington, D.C.<sup>42</sup> According to this Scotland Yard report, Philip Price was in Moscow in mid-1917, before the Bolshevik Revolution, and admitted, "I am up to my neck in the Revolutionary movement." Between the revolution and about the fall of 1918, Price worked with Robert Minor in the Commissariat for Foreign Affairs.

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## ORGANIZATION OF FOREIGN PROPAGANDA WORK IN 1918



## Field Operatives

John Reed

Louis Bryant

Albert Rhys Williams

Robert Minor

Philip Price

Jacques Sadoul

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In November 1918 Minor and Price left Russia and went to Germany.<sup>43</sup> Their propaganda products were first used on the Russian Murman front; leaflets were dropped by Bolshevik airplanes amongst British, French, and American troops — according to William Thompson's program.<sup>44</sup> The decision to send Sadoul, Price, and Minor to Germany was made by the Central Executive Committee of the Communist Party. In Germany their activities came to the notice of British, French, and American intelligence. On February 15, 1919, Lieutenant J. Habas of the U.S. Army was sent to Düsseldorf, then under control of a Spartacist revolutionary group; he posed as a deserter from the American army and offered his services to the Spartacists. Habas got to know Philip Price and Robert Minor and suggested that some pamphlets be printed for distribution amongst American troops. The Scotland Yard report relates that Price and Minor had already written several pamphlets for British and American troops, that Price had translated some of Wilhelm Liebknecht's works into English, and that both were working on additional propaganda tracts. Habas reported that Minor and Price said they had worked together in Siberia printing an English-language Bolshevik newspaper for distribution by air among American and British troops.<sup>45</sup>

On June 8, 1919, Robert Minor was arrested in Paris by the French police and handed over to the American military authorities in Coblenz. Simultaneously, German Spartacists were arrested by the

British military authorities in the Cologne area. Subsequently, the Spartacists were convicted on charges of conspiracy to cause mutiny and sedition among Allied forces. Price was arrested but, like Minor, speedily liberated. This hasty release was noted in the State Department:

Robert Minor has now been released, for reasons that are not quite clear, since the evidence against him appears to have been ample to secure conviction. The release will have an unfortunate effect, for Minor is believed to have been intimately connected with the IWW in America.<sup>46</sup>

The mechanism by which Robert Minor secured his release is recorded in the State Department files. The first relevant document, dated June 12, 1919, is from the U.S. Paris embassy to the secretary of state in Washington, D.C., and marked URGENT AND CONFIDENTIAL.<sup>47</sup> The French Foreign Office informed the embassy that on June 8, Robert Minor, "an American correspondent," had been arrested in Paris and turned over to the general headquarters of the Third American Army in Coblenz. Papers found on Minor appear "to confirm the reports furnished on his activities. It would therefore seem to be established that Minor has entered into relations in Paris with the avowed partisans of Bolshevism." The embassy regarded Minor as a "particularly dangerous man." Inquiries were being made of the American military authorities; the embassy believed this to be a matter within the jurisdiction of the military alone, so that it contemplated no action although instructions would be welcome.

On June 14, Judge R. B. Minor in San Antonio, Texas, telegraphed Frank L. Polk in the State Department:

Press reports detention my son Robert Minor in Paris for unknown reasons. Please do all possible to protect him I refer to Senators from Texas.

[sgd.] R. P. Minor, District Judge, San Antonio, Texas<sup>48</sup>

Polk telegraphed Judge Minor that neither the State Department nor the War Department had information on the detention of Robert Minor, and that the case was now before the military authorities at

Coblenz. Late on June 13 the State Department received a "strictly confidential urgent" message from Paris reporting a statement made by the Office of Military Intelligence (Coblenz) in regard to the detention of Robert Minor: "Minor was arrested in Paris by French authorities upon request of British Military Intelligence and immediately turned over to American headquarters at Coblenz."<sup>49</sup> He was charged with writing and disseminating Bolshevik revolutionary literature, which had been printed in Dusseldorf, amongst British and American troops in the areas they occupied. The military authorities intended to examine the charges against Minor, and if substantiated, to try him by court-martial. If the charges were not substantiated, it was their intention to turn Minor over to the British authorities, "who originally requested that the French hand him over to them."<sup>50</sup> Judge Minor in Texas independently contacted Morris Sheppard, U.S. senator from Texas, and Sheppard contacted Colonel House in Paris. On June 17, 1919, Colonel House sent the following to Senator Sheppard:

Both the American Ambassador and I are following Robert Minor's case. Am informed that he is detained by American Military authorities at Cologne on serious charges, the exact nature of which it is difficult to discover. Nevertheless, we will take every possible step to insure just consideration for him.<sup>51</sup>

Both Senator Sheppard and Congressman Carlos Bee (14th District, Texas) made their interest known to the State Department. On June 27, 1919, Congressman Bee requested facilities so that Judge Minor could send his son \$350 and a message. On July 3 Senator Sheppard wrote Frank Polk, stating that he was "very much interested" in the Robert Minor case, and wondering whether State could ascertain its status, and whether Minor was properly under the jurisdiction of the military authorities. Then on July 8 the Paris embassy cabled Washington: "Confidential. Minor released by American authorities . . . returning to the United States on the first available boat." This sudden release intrigued the State Department, and on August 3 Secretary of State Lansing cabled Paris: "Secret. Referring to previous, am very anxious to obtain reasons for Minor's release by Military authorities."

Originally, U.S. Army authorities had wanted the British to try Robert Minor as "they feared politics might intervene in the United States to prevent a conviction if the prisoner was tried by American court-martial." However, the British government argued that Minor was a United States citizen, that the evidence

showed he prepared propaganda against American troops in the first instance, and that, consequently — so the British Chief of Staff suggested — Minor should be tried before an American court. The British Chief of Staff did "consider it of the greatest importance to obtain a conviction if possible."<sup>52</sup>

Documents in the office of the Chief of Staff of the Third Army relate to the internal details of Minor's release.<sup>53</sup> A telegram of June 23, 1919, from Major General Harbord, Chief of Staff of the Third Army (later chairman of the Board of International General Electric, whose executive center, coincidentally, was also at 120 Broadway), to the commanding general, Third Army, stated that Commander in Chief John J. Pershing "directs that you suspend action in the case against Minor pending further orders." There is also a memorandum signed by Brigadier General W. A. Bethel in the office of the judge advocate, dated June 28, 1919, marked "Secret and Confidential," and entitled "Robert Minor, Awaiting Trial by a Military Commission at Headquarters, 3rd Army." The memo reviews the legal case against Minor. Among the points made by Bethel is that the British were obviously reluctant to handle the Minor case because "they fear American opinion in the event of trial by them of an American for a war offense in Europe," even though the offense with which Minor is charged is as serious "as a man can commit." This is a significant statement; Minor, Price, and Sadoul were implementing a program designed by Federal Reserve Bank director Thompson, a fact confirmed by Thompson's own memorandum (see Appendix 3). Was not therefore Thompson (and Robins), to some degree, subject to the same charges?

After interviewing Siegfried, the witness against Minor, and reviewing the evidence, Bethel commented:

I thoroughly believe Minor to be guilty, but if I was sitting in court, I would not put guilty on the evidence now available — the testimony of one man only and that man acting in the character of a detective and informer.

Bethel goes on to state that it would be known within a week or ten days whether substantial corroboration of Siegfried's testimony was available. If available, "I think Minor should be tried," but "if corroboration cannot be had, I think it would be better to dismiss the case."

This statement by Bethel was relayed in a different form by General Harbord in a telegram of July 5 to

General Malin Craig (Chief of Staff, Third Army, Coblenz):

With reference to the case against Minor, unless other witnesses than Siegfried have been located by this time C in C directs the case be dropped and Minor liberated. Please acknowledge and state action.

The reply from Craig to General Harbord (July 5) records that Minor was liberated in Paris and adds, "This is in accordance with his own wishes and suits our purposes." Craig also adds that other witnesses *had* been obtained.

This exchange of telegrams suggests a degree of haste in dropping the charges against Robert Minor, and haste suggests pressure. There was no significant attempt made to develop evidence. Intervention by Colonel House and General Pershing at the highest levels in Paris and the cablegram from Colonel House to Senator Morris Sheppard give weight to American newspaper reports that both House and President Wilson were responsible for Minor's hasty release without trial.<sup>54</sup>

Minor returned to the United States and, like Thompson and Robins before him, toured the U.S. promoting the wonders of Bolshevik Russia.

By way of summary, we find that Federal Reserve Bank director William Thompson was active in promoting Bolshevik interests in several ways — production of a pamphlet in Russian, financing Bolshevik operations, speeches, organizing (with Robins) a Bolshevik revolutionary mission to Germany (and perhaps France), and with Morgan partner Lamont influencing Lloyd George and the British War Cabinet to effect a change in British policy. Further, Raymond Robins was cited by the French government for organizing Russian Bolsheviks for the German revolution. We know that Robins was undisguisedly working for Soviet interests in Russia and the United States. Finally, we find that Robert Minor, one of the revolutionary propagandists used in Thompson's program, was released under circumstances suggesting intervention from the highest levels of the U.S. government.

Obviously, this is but a fraction of a much wider picture. These are hardly accidental or random events.

They constitute a coherent, continuing pattern over several years. They suggest powerful influence at the summit levels of several governments.

#### Footnotes:

<sup>1</sup>For a biography see Hermann Hagedorn, *The Magnate: William Boyce Thompson and His Time (1869-1930)* (New York: Reynal & Hitchcock, 1935).

<sup>2</sup>Polkovnik' Villiam' Boic' Thompson', "Pravda o Rossii i Bol'shevikakh" (New York: Russian-American Publication Society, 1918).

<sup>3</sup>John Bradley, *Allied Intervention in Russia* (London: Weidenfeld and Nicolson, 1968.)

<sup>4</sup>Thomas W. Lamont, *Across World Frontiers* (New York: Harcourt, Brace, 1959), p. 85. See also pp. 94-97 for massive breastbeating over the failure of President Wilson to act promptly to befriend the Soviet regime. Corliss Lamont, his son, became a [font-line domestic leftist in the U.S.

<sup>5</sup>Donald McCormick, *The Mask of Merlin* (London: MacDonald, 1963; New York: Holt, Rinehart and Winston, 1964), p. 208. Lloyd George's personal life would certainly leave him open to blackmail.

<sup>6</sup>*ibid.* McCormick's italics.

<sup>7</sup>British War Cabinet papers, no. 302, sec. 2 (Public Records Office, London).

<sup>8</sup>The written memorandum that Thompson submitted to Lloyd George and that became the basis for the War Cabinet statement is available from U.S. archival sources and is printed in



full in Appendix 3.

<sup>9</sup>War Cabinet papers, 24/49/7197 (G.T. 4322) Secret, April 24, 1918.

<sup>10</sup>Letter reproduced in full in Appendix 3. It should be noted that we have identified Thomas Lamont, Dwight Morrow, and H. P. Davison as being closely involved in developing policy towards the Bolsheviks. All were partners in the J.P. Morgan firm. Thacher was with the law firm Simpson, Thacher & Bartlett and was a close friend of Felix Frankfurter.

<sup>11</sup>Complete memorandum is in U.S. State Dept. Decimal File, 316-13-698.

<sup>12</sup>See Appendix 3.

<sup>13</sup>U.S., Senate, *Bolshevik Propaganda*, Hearings before a Subcommittee of the Committee on the Judiciary, 65th Cong., 1919, p. 802.

<sup>14</sup>U.S. State Dept. Decimal File, 861.51/184.

<sup>15</sup>See Appendix 3.

<sup>16</sup>Inserted by Senator Calder into the *Congressional Record*, January 31, 1918, p. 1409.

<sup>17</sup>Hagedorn, op. tit., p. 263.

<sup>18</sup>U.S. State Dept. Decimal File, 861.00/3005.

<sup>19</sup>Louis Ware, *George Foster Peabody* (Athens: University of Georgia Press, 1951).

<sup>20</sup>Seep. 16.

<sup>21</sup>If this argument seems too farfetched, the reader should see Gabriel Kolko, *Railroads and Regulation 1877-1916* (New York: W. W. Norton, 1965), which describes how pressures for government control and formation of the Interstate Commerce Commission came from the railroad *owners*, not from farmers and users of railroad services.

<sup>22</sup>C. K. Cumming and Waller W. Pettit, *Russian-American Relations, Documents and Papers* (New York: Harcourt, Brace & Howe, 1920), doc. 44.

<sup>23</sup>*Ibid.*, doc. 54.

<sup>24</sup>*Ibid.*, doc. 92.

<sup>25</sup>U.S. State Dept. Decimal File, 861.00/3449. But see Kennan, *Russia Leaves the War*, pp. 401-5.

<sup>26</sup>*Ibid.*, 861.00 3333.

<sup>27</sup>See chapter seven.

<sup>28</sup>Richard H. Ullman, *Intervention and the War* (Princeton, N.J.: Princeton University Press, 1961), t). 61.

<sup>29</sup>Edward Crankshaw, *The Forsaken Idea: A Study of Viscount Milner* (London: Longmans Green, 1952), p. 269.

<sup>30</sup>Robert Hamilton Bruce Lockhart, *British Agent* (New York: Putnam's, 1933), p. 119.

<sup>31</sup>*Ibid.*, p. 204.

<sup>32</sup>See Jacques Sadoul, *Notes sur la revolution bolchevique* (Paris: Editions de la sirene, 1919).

<sup>34</sup>U.S. State Dept. Decimal File, 861.00/1305, March 15, 1918.

<sup>35</sup>*Ibid.*, 861.00/3804.

<sup>36</sup>*Ibid.*

<sup>37</sup>U.S., House, Committee on Foreign Affairs, *Conditions in Russia*, 66th Cong., 3d sess., 1921.

<sup>38</sup>Jacob H. Rubin, *1 Live to Tell: The Russian Adventures o! an American Socialist* (Indianapolis: Bobbs-Merrill, 1934).

<sup>39</sup>U.S., House, Committee on Foreign Affairs, *op. cit.*

<sup>40</sup>See George G. Bruntz, *Allied Propaganda and the Collapse o! the German Empire in 1918* (Stanford, Calif.: Stanford University Press, 1938), pp. 144-55; see also herein p. 82.

<sup>41</sup>John W. Wheeler-Bennett, *The Forgotten Peace* (New York: William Morrow, 1939).

<sup>42</sup>There is a copy of this Scotland Yard report in U.S. Start' Dept. Decimal File, 316-23-1184 9.

<sup>43</sup>Joseph North, *Robert Minor: Artist and Crusader* (New York: International Publishers, 1956).

<sup>44</sup>Samples of Minor's propaganda tracts are still in the U.S. State Dept. files. See p. 197-200

on Thompson.

<sup>45</sup>See Appendix 3.

<sup>46</sup>U.S. State Dept. Decimal File, 316-23-1184.

<sup>47</sup>*Ibid.*, 861.00/4680 (316-22-0774).

<sup>48</sup>*Ibid.*, 861.00/4685 (/783).

<sup>49</sup>U.S. State Dept. Decimal File, 861.00/4688 (/788).

<sup>50</sup>*Ibid.*

<sup>51</sup>*Ibid.*, 316-33-0824.

<sup>52</sup>U.S. State Dept. Decimal File, 861.00/4874.

<sup>53</sup>Office of Chief of Staff, U.S. Army, National Archives, Washington, D.C.

<sup>54</sup>U.S., Senate, *Congressional Record*, October 1919, pp. 6430, 6664-66, 7353-54; and *New York Times*, October 11, 1919. See also *Sacramento Bee*, July 17, 1919.

[BACK](#)