



ISSN: 2158-7051

INTERNATIONAL
JOURNAL OF
RUSSIAN STUDIES

ISSUE NO. 6 (2017/2)

WALL STREET AND THE RUSSIAN REVOLUTION, By K. R. Bolton*, Published by: Trine Day LLC, Waterville, Oregon. Written by: Dr. Richard B. Spence. Year of publication: 2017. Subject Area: Russian History. Book Type: History. Page total: 274. ISBN: 978-1-63424-123-6. \$16.96 Paperback.

Even prior to the triumph of the Bolshevik revolt, the Provisional government and others were accusing the Bolsheviks of being in the pay of the German High Command, to take Russia out of the war. After the war the allegations intensified, and the notion of a ‘German-Bolshevik conspiracy’ became widespread, often with an anti-Semitic premise added. This was more than fringe agitation. Such ideas were commonly held in political, military intelligence, and diplomatic circles. The best-selling author Nesta H. Webster, today generally discounted as a ‘conspiracy theorist’, lectured British military intelligence on ‘world revolution’, was acclaimed as an historian from notable as diverse as Churchill and H. G. Wells, and wrote a book detailing collusion between Lenin and the Germans entitled *Boche and Bolshevik*.^[1] Also notable was a collection of documents purchased by a U.S. diplomat in Russia, Edgar Sisson, in 1918, commonly referred to as the ‘Sisson documents’, and published by the U.S. Committee on Public Information, the propaganda arm of the U.S. Government, as *The German-Bolshevik Conspiracy*.^[2] In 1956 the Sisson documents, whose authenticity had been questioned from the start, were subjected to a now generally accepted scrutiny by George F. Kennan, U.S. diplomat and expert on Russia, discounting them as a hoax.^[3] The documents purported to show that not only were the Bolsheviks funded by the German High Command, but that they were under orders from the Germans. Although the latter claim was spurious, it is now relatively well-known that the Germans did facilitate Lenin’s return to Russia on the famous so-called ‘sealed train’,^[4] and that he did receive funding from some of those mentioned in the Sisson documents, including millionaire Menshevik and German agent, Parvus; German banker Max Warburg, and Olof Aschberg of the Nya Banken, Stockholm. Clearly those who contrived the Sisson documents did have inside knowledge of certain transactions.

Ironically George F. Kennan was born (1904) near the time when his second cousin, the explorer

and writer George Kennan, was being funded by banker Jacob Schiff of Kuhn, Loeb & Co., Wall Street, to distribute Left-wing propaganda among 50,000 Russian prisoners of war being held by the Japanese. It is the year 1905, the year of the first revolt against the Czar, that begins Richard Spence's study of the relationship between Wall Street and Russian revolutionaries.

Spence is well placed to provide a detailed and documented study of this arcane aspect of history that is too readily dismissed as 'conspiracy theory'. Spence, starts by pointing out that while there is 'conspiracy theory' there is also 'conspiracy fact'.^[5] While it might be opportune for academia to discount any notion of the latter, such a dogmatic attitude is hardly scholarly, and Spence is a scholar, not a fringe internet theorist. He has been professor of history at the University of Idaho since 1986. He is also an authority on the history of espionage, which provided an added advantage for such a study insofar as spies and double-agents are an important element of this study.

Spence dedicates this book to Dr. Antony Sutton, himself a renegade among academics, despite his acknowledged expertise in the field of Soviet technology as a Research Fellow at the Hoover Institution, Stanford University. Sutton produced a three-volume study of Western technological trade with the USSR, covering the years 1917 to 1965, *Western Technology and Soviet Economic Development*, summarised in *National Suicide*.^[6] This research prompted Sutton to write *Wall Street and the Bolshevik Revolution*, based on contemporary newspaper accounts, military intelligence and diplomatic reports;^[7] the inspiration for Spence's book. Sutton arguably devolved from 'conspiracy fact' to 'conspiracy theory' in attempting to explain why business would fund their avowed enemies. He chanced upon a Yale fraternity, the crypto-Masonic Lodge 322, which he came to regard as an all-encompassing conspiracy for global domination, and felt that he had found the explanation: Hegelian dialectics – the backing of opposites to create a synthesis from conflict.^[8]

Spence has a more plausible explanation, and rejects the notion of a 'Grand Unified Wall Street Conspiracy' to dominate Russia: simply, profit. The Wall Street concerns that sought the Russian market were as competitive there among themselves as in any other business venture, and rival consortiums to promote Russian trade were constantly being formed between 1917 and 1925. There were other variables. For example Jacob Schiff of Kuhn, Loeb & Co., was avid in wanting the overthrow of an anti-Semitic regime, and funding revolution was one among several strategies, the others including successfully lobbying against U.S. trade and loans, and funding Japan's war against Russia.^[9] There were those who combined socialism with business, including the American Raymond Robbins, the German agent and Marxist Israel Helphand (Parvus), Julius Hammer, a founder of the Communist Party USA and his famous son Armand,^[10] among the first to obtain commercial concessions from the Bolshevik government; and Olof Aschberg of the Nya Banken, Stockholm.^[11] All of these were prominent in fostering economic dealings with Soviet Russia, which also happened to be personally lucrative, and afforded comrade Julius Hammer and comrade Parvus brazenly opulent lifestyles. Germany funded Bolsheviks to undermine the morale of the Russian soldiers, while Lenin stated he would take Russia out of the war. Max Warburg, head of the German branch of the Warburg banking family, undertook such arrangements. On the other side, banker and mining magnate William Boyce Thompson gave a personal fortune to the Bolsheviks to fund defeatist propaganda among the Central Powers, and toured the USA assuring Americans that the Bolsheviks had the highest motives of idealism and could be trusted.

It is with Schiff that Spence begins his history at 1905 when the Friends of Russian Freedom (FRF)

in the USA, founded to support the overthrow of the Czar, had Schiff among their primary patrons. Another FRF luminary was George Kennan, who in 1917 at an FRF victory celebration for the February Revolution, publicly declared that it was thanks to funding from Schiff that he had been able to revolutionise 50,000 Russian POWs in 1905. This was reported in 1917 by the *New York Times*, and Schiff issued statements to the press praising the revolution as the culmination of long years of work.^[12] A result of this propagandising was the abortive 1905 revolt, in which Trotsky and his mentor Parvus were involved.^[13] The Friends of Russian Freedom continued to play a major role in sponsoring Russian revolutionaries,^[14] including Socialist Revolutionaries such as Alexis Aladin and Nicholas Chaikovsky, who undertook lectures in the USA in 1907 under the FRF banner, and talked at exclusive clubs such as the Manhattan and Century Clubs, before the likes of Rockefeller and Vanderlip.^[15]

In 1917 it was noted by U.S. military intelligence that Felix Warburg handled the dispensing of funds to Schiff's 'charities',^[16] while it is interesting to recall that his brother Max in Germany was involved in similar undertakings with revolutionaries on behalf of the German military.^[17] J. P. Morgan business interests were another major factor in dealings with Russia, with Nya Banken facilitating money transfers, its pro-Bolshevik director Aschberg being well connected with financial interests.

Among the most interesting characters that Spence profiles is Abram Zhivotovsky. The name perhaps first appears in connection with Bolshevism in a 1918 report to the U.S. State Department polemically entitled 'Bolshevism and Judaism'.^[18] This, it should be kept in mind, was at a time when Jews were being widely identified with Bolshevism among prominent circles. Winston Churchill, for example, wrote of Bolshevism as 'this movement among the Jews'.^[19] According to Sutton, the report was written by 'a Russian employed by the U.S. War Trade Board',^[20] which would strongly suggest Boris Brasol, a Czarist jurist of international repute, fixated with Jews, who promoted *The Protocols of the Learned Elders of Zion* in the USA. Brasol was in the USA at the time of the Bolshevik Revolution and was employed by the War Trade Board. Sutton, eager to eschew anti-Semitism, is too hasty in dismissing the report, which has accurate references to Schiff, Olof Aschberg, and Max Warburg as being involved in the funding of Bolshevism. The report alludes to a banker, 'Jivotovsky' (sic), stating that his daughter, Sedova married Trotsky, supposedly cementing an alliance between Jewish bankers and Jewish revolutionaries, although Sutton neglects to mention this reference. Spence does not mention this report, but he does identify this 'Jivotovsky' as Abram Zhivotovsky, having written of him in 2008.^[21] Spence scrupulously traces the route of Trotsky to the USA and back to Russia to foment the October Revolution. Spence develops this research in *Wall Street and the Russian Revolution*. Abram Zhivotovsky was Trotsky's maternal uncle,^[22] well connected to international business, a major figure in Russian banking,^[23] close to Trotsky throughout his career, and a central figure in funding Bolshevism and Soviet Russia.

Another enigmatic and central figure is the so-called 'ace of spies', Sidney Reilly. Spence is an expert on Reilly's complex life of international intrigue. Reilly was not only a spy for the British, albeit to many in British intelligence, of highly questionable loyalty, but a globe-trotting businessman. What Spence convincingly shows is that Reilly, despite supposedly being at the centre of a plot to overthrow the Soviet Government, which involved British agent H. Bruce Lockhart, was linked with the Trotskyite faction. He was murdered not because he was an anti-Bolshevik but because he was part of the Trotskyite faction. Reilly had been employed by Zhivotovsky, and had

worked with a Trotsky cousin, Joseph Davidovich Zhivotovsky, a known 'revolutionary sympathiser, in 1914.^[24] Reilly was regarded widely as a criminal and a con man,^[25] but was very well connected in Russia.^[26] Other business colleagues in New York were Benjamin Sverdlov, brother of future Soviet eminence Jacob Sverdlov; Zhivotovsky's former London agent Alexander Weinstein, who had been associated with Bolshevik representatives Ludwig Martens and Maxim Litvinov;^[27] and Samuel McRoberts of National City Bank, close to Olof Aschberg.^[28] Reilly was an agent for the American International Corporation, a consortium that included Morgan, Rockefeller, and Kuhn, Loeb interests, among others.^[29]

Reilly was also close to Sir William Wiseman, the head of British intelligence in New York during the war. Wiseman was also a key player in Wall Street connections with Bolshevism. When Trotsky arrived in New York he and his family were well looked after. Some unfounded rumours have entered legend that Trotsky was provided with \$20,000,000 by Schiff, and was facilitated back to Russia with an American passport, along with an entourage of hundreds of 'Jewish Bolsheviks' from Lower East End New York. Trotsky did board the *Kristianiafjord* with his family and a few colleagues under the watch of William Wiseman. Not only were there commercial considerations but Trotsky had stated, in contrast to his old rival Lenin, that Russia would continue fighting Germany. Indeed, that he was the 'go-to' man for British agent R. H. Bruce Lockhart, is clear from Lockhart's memoir, while Lockhart himself was regarded in British circles as having 'gone Bolshevik'.^[30] *En route* the *Kristianiafjord* was stopped at Halifax, and Trotsky was detained on suspicion of working for Germany. The order came from British Naval Attaché Captain Guy Gaunt in the USA.^[31] Between Wiseman and Gaunt there was a mutual loathing, and Gaunt, among others, later accused Wiseman of treason.^[32] Spence cites cables by Wiseman to London that indicate Trotsky and other socialists should be permitted to proceed to Russia to counteract the influence of the anti-war party,^[33] led by Lenin. Spence suggests that Trotsky might have made a deal with Wiseman, which would have been no different from the deal Lenin had made with the Germans. An additional factor might have been that Wiseman was ingratiating himself with certain business interests. At any rate, after the war Wiseman became a partner in Kuhn, Loeb & Co., and foreswore his allegiance to the Crown.^[34]

With Russia in turmoil following the February Revolution, a curious party was dispatched. The American Red Cross Mission included few medical personnel and a majority of Wall Street agents, funded by William Boyce Thompson. While Sutton was possibly the first to detail this,^[35] Spence elaborates and calls this mission 'by far the most important and controversial' of sundry business-orientated missions to be sent to Russia after the revolution.^[36] Thompson, having initially supported Kerensky, after his downfall, left a million dollars of his own to the Bolsheviks.^[37] This was reported by the press at the time,^[38] but has received scant consideration since. At the time Thompson was known among Wall Street, in a 'good natured' way as the 'Bolshevik of Wall Street'.^[39] Wiseman sought funds from Britain, and from Schiff and other banking interests in the USA, at the time Trotsky was arriving in Russia, for a propaganda drive.^[40] Wiseman stated that Bolshevism was inevitable, and averred to having well placed agents within the Bolsheviks.^[41]

Lack of diplomatic recognition of the Bolshevik government by the USA until 1933 (a public relations problem) did not hinder business undertakings. Various other delegations from the USA proceeded to Russia, while in New York Ludwig Martens established the Soviet Bureau to cultivate trade.

One significant windfall for Wall Street from the Bolshevik victory was the shipment of Russian gold bullion out of Russia to U.S. vaults. Again the press of the time reported this. This was undertaken via Olof Aschberg's Nya Banken, and the Guaranty Trust at Wall Street. Melted down in Sweden the gold proceeded to London, Paris and especially New York, to Morgan interests and Kuhn, Loeb.^[42]

One of the most interesting contentions of Spence, and the reason why his study ends at 1925, is that in that year there was a fundamental change in direction for Soviet Russia. While Sutton saw the transfer of technology and credits to the USSR as proving a continuous relationship between the Soviet state and Western capital, and in later years regarded the Cold War as a dialectical ploy, Spence contends that with the deposing of Trotsky by Stalin, the hopes that what Reilly called the 'Occult Octopus' of international capitalism^[43] were ended. Trotsky had aptly become the Commissar for Foreign Concessions; a demotion, which was a prelude to his elimination from the party and the state. But 1925 was the launch at the 14th Party Congress of Stalin's 'socialism in one country', which meant that the Soviet Union would pursue economic self-development and would, as they stated it, stop being a 'raw materials appendage of Western Capitalism'. During that year industrial output had revived and owed less than 1% to foreign concessions, and that was of a small and temporary character. Instead 'technical assistance agreements' were negotiated for training and advice, but the foreign firms did not own any rights. Trotsky being deposed of all influence, uncle Abram provided the money to get his nephew out of Russia.^[44] Again we can turn to other sources as indicative: while in Russia in 1921 on business Armand Hammer met Trotsky who sought to assure American capitalists that they could trust the Soviet regime with their investments.^[45] In contrast, Hammer said that by 1930 it was obvious that Stalin did not want foreign concessionaires, and Hammer left Moscow.^[46] Spence concludes that it would be sixty-six years before Wall Street saw another chance to get into Russia, but that failed, alluding to Putin, and the Cold War has returned.^[47]

Wall Street and the Russian Revolution is an important reference. It has been seldom in recent decades that any attention has been brought to the machinations of business interests and revolution. While certain aspects were openly reported in the press at the time, and noted among diplomatic and military intelligence sources, lack of research has caused these aspects of history to be forgotten and obscured. Yet today it should not seem so incredible that business interests might fund revolutions for 'regime change', as it is now called, in order to secure better possibilities for investment. The funding of the so-called 'colour revolutions' is well-known, and undertaken by financiers who are reminiscent of Schiff, Aschberg, et al. The motives remain.

^[1]Nesta H. Webster, *Boche and Bolshevik* (New York: The Beckwith Co., 1923).

^[2]The German-Bolshevik conspiracy, Committee on Public Information, Washington, 1918, online: <https://archive.org/details/germanbolshevikc00unit> (accessed 21 September 2017).

^[3]George F. Kennan, 'The Sisson documents', *Journal of Modern History*, Vol. 28, no. 2, June, 1956, 130-154. Online: http://wiki.istmat.info/_media/%D0%B4%D0%BE%D0%BA:sisson:the_sisson_documents.pdf

(accessed 21 September 2017).

[4]Michael Pearson, *The Sealed Train* (London: Macmillan, 1975).

[5]Spence, *Wall Street*, 3.

[6]Antony C. Sutton, *National Suicide: Military Aid to the Soviet Union* (New Rochelle, NY: Arlington House, 1973).

[7]Sutton, *Wall Street and the Bolshevik Revolution* (New Rochelle, NY: Arlington House, 1974).

[8]Sutton, *How the Order Creates War and Revolution* (Western Australia, Veritas Publishing Co., 1984).

[9]Spence, 38.

[10]Ibid., 93-95.

[11]Ibid., 118.

[12]Spence, 39.

[13]Ibid., 67-68.

[14]Ibid., 74-76.

[15]Ibid., 81-82.

[16]Ibid., 41.

[17]Ibid., 177.

[18]‘Bolshevism and Judaism’, 13 November 1918, U.S. State Department Decimal File, 861.00/5399. Cited by Sutton, *Wall Street.*, op. cit., 186-187.

[19]Winston Churchill, ‘Zionism versus Bolshevism’, *Illustrated Sunday Herald*, 8 February 1920, 5.

[20]Sutton, *Wall St.*, op. cit., 187.

[21]Richard B. Spence, ‘Hidden Agendas: Spies, Lies and Intrigue Surrounding Trotsky’s American Visit of January-April, 1917’, *Revolutionary Russia*, Vol. 21, No. 1, June 2008, 33-55. Online: http://www.academia.edu/14833068/HIDDEN_AGENDAS_SPIES_LIES_AND_INTRIGUE_SURROUNDING_TROTSKYS_AMERICAN_VISIT_OF_JANUARY-APRIL_1917_-_Richard_B._Spence (accessed: 21 September 2017).

[22]Spence, *Wall Street*, op. cit., 107.

[23]Ibid., 108.

[24]Ibid., 112.

[25]Ibid., 113.

[26]Ibid., 114.

[27]Ibid.

[28]Ibid., 117.

[29]Ibid., 116.

[30]R. H. Bruce Lockhart, *Memoirs of a British Agent* (London: Putnam, 1934).

[31]Spence, *Wall Street*, op. cit., 159.

[32]Ibid., 160.

[33]Ibid., 161.

[34]Ibid.

[35]Sutton, *Wall Street & the Bolshevik Revolution*, op. cit., chapter 5.

[36]Spence, *Wall Street*, op. cit., 167.

[37]Ibid., 169.

[38]‘Gives Bolsheviks a million’, *Washington Post*, 2 February 1918.

[39]‘Bolsheviks will not make separate peace. Only those who made up privileged classes under Czar would do so, says Col. W. B. Thompson, just back from Red Cross Mission’, *New York Times*, 27 January 1918. Spence, 186, 187.

[40]Spence, op. cit., 176.

[41]Ibid., 178.

[42]Ibid., 222.

[43]Ibid., 235.

[44]Ibid., 252-255.

[45]Armand Hammer, *Witness to History* (London: Coronet Books, 1988), 160.

[46]Ibid., 221.

[47]Spence, *Wall Street*, 255.

***K. R. Bolton** - is an ‘academic member’ of the Athens Institute for Education & Research, a ‘contributing writer’ for *Foreign Policy Journal*, and has been published widely in the scholarly and general press

© 2010, IJORS - INTERNATIONAL JOURNAL OF RUSSIAN STUDIES