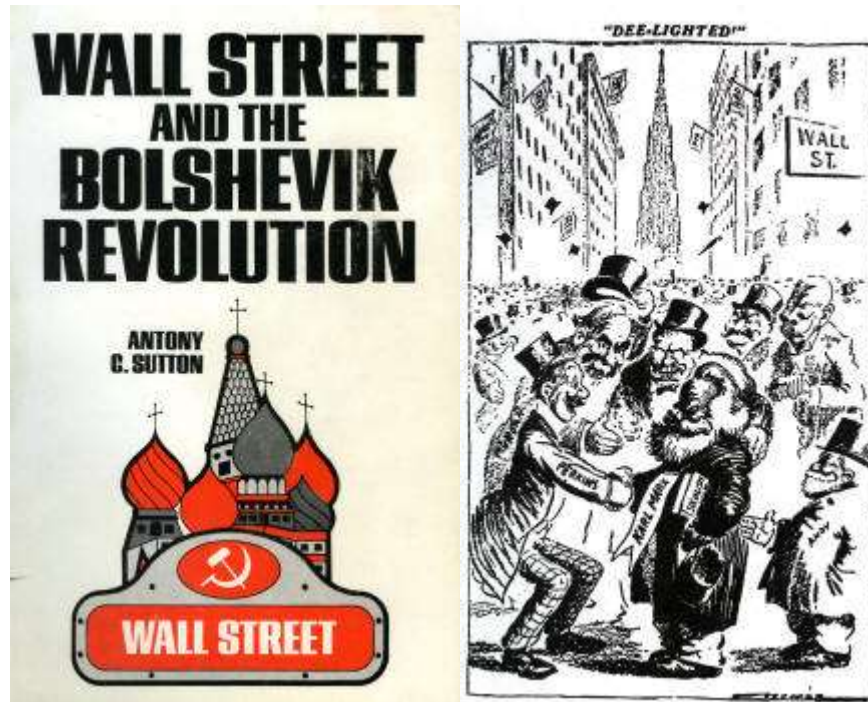


WALL STREET AND THE BOLSHEVIK REVOLUTION

by Antony C. Sutton

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Right: Cartoon by Robert Minor in St. Louis Post-Dispatch (1911). Karl Marx surrounded by an appreciative audience of Wall Street financiers: John D. Rockefeller, J. P. (Pontifex Maximus) Morgan, (Pontifex Maximus), John D. Ryan of National City Bank, and Morgan partner George W. Perkins. Immediately behind Karl Marx is Teddy Roosevelt, leader of the Progressive Party.

TO
those unknown Russian libertarians, also
known as Greens, who in 1919 fought both
the Reds and the Whites in their attempt to
gain a free and voluntary Russia

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WALL STREET AND THE BOLSHEVIK REVOLUTION

PREFACE

Since the early 1920s, numerous pamphlets and articles, even a few books, have sought to forge a link between "international bankers" and "Bolshevik revolutionaries." Rarely have these attempts been supported by hard evidence, and never have such attempts been argued within the framework of a scientific methodology. Indeed, some of the "evidence" used in these efforts has been fraudulent, some has been irrelevant, much cannot be checked. Examination of the topic by academic writers has been studiously avoided; probably because the hypothesis offends the neat dichotomy of capitalists versus Communists (and everyone knows, of course, that these are bitter enemies). Moreover, because a great deal that has been written borders on the absurd, a sound academic reputation could easily be wrecked on the shoals of ridicule. Reason enough to avoid the topic.

Fortunately, the State Department Decimal File, particularly the 861.00 section, contains extensive documentation on the hypothesized link. When the evidence in these official papers is merged with nonofficial evidence from biographies, personal papers, and conventional histories, a truly fascinating story emerges.

We find there was a link between *some* New York international bankers and *many* revolutionaries, including Bolsheviks. These banking gentlemen — who are here identified — had a financial stake in, and were rooting for, the success of the Bolshevik Revolution.

Who, why — and for how much — is the story in this book.

Antony C. Sutton

March 1974

WALL STREET AND THE BOLSHEVIK REVOLUTION

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*.¹ 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 powerbrokers. 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.² *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 Bolshevikization 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.³

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 powerbrokers 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.⁴

Footnotes:

¹"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.

²George 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 Makhanovite 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!

WALL STREET AND THE BOLSHEVIK REVOLUTION

Chapter II

TROTSKY LEAVES NEW YORK TO COMPLETE THE REVOLUTION

You will have a revolution, a terrible revolution. What course it takes will depend much on what Mr. Rockefeller tells Mr. Hague to do. Mr. Rockefeller is a symbol of the American ruling class and Mr. Hague is a symbol of its political tools.

[Leon Trotsky, in New York Times, December 13, 1938.](#) (*Hague was a New Jersey politician*) [AB-1]

In 1916, the year preceding the Russian Revolution, internationalist Leon Trotsky was expelled from France, officially because of his participation in the Zimmerwald conference but also no doubt because of inflammatory articles written for *Nashe Slovo*, a Russian-language newspaper printed in Paris. In September 1916 Trotsky was politely escorted across the Spanish border by French police. A few days later Madrid police arrested the internationalist and lodged him in a "first-class cell" at a charge of one-and-one-half pesetas per day. Subsequently Trotsky was taken to Cadiz, then to Barcelona finally to be placed on board the Spanish Transatlantic Company steamer *Monserat*. Trotsky and family crossed the Atlantic Ocean and landed in New York on January 13, 1917.

Other Trotskyites also made their way westward across the Atlantic. Indeed, one Trotskyite group acquired sufficient immediate influence in Mexico to write the Constitution of Querétaro for the revolutionary 1917 Carranza government, giving Mexico the dubious distinction of being the first government in the world to adopt a Soviet-type constitution.

How did Trotsky, who knew only German and Russian, survive in capitalist America? According to his autobiography, *My Life*, "My only profession in New York was that of a revolutionary socialist." In other words, Trotsky wrote occasional articles for *Novy Mir*, the New York Russian socialist journal. Yet we know that the Trotsky family apartment in New York had a refrigerator and a telephone, and, according to Trotsky, that the family occasionally traveled in a chauffeured limousine. This mode of living puzzled the two young Trotsky boys. When they went into a tearoom, the boys would anxiously demand of their mother, "Why doesn't the chauffeur come in?"¹ The stylish living standard is also at odds with Trotsky's reported income. The only funds that Trotsky admits receiving in 1916 and 1917 are \$310, and, said Trotsky, "I distributed the \$310 among five emigrants who were returning to Russia." Yet Trotsky had paid for a first-class cell in Spain, the Trotsky family had traveled across Europe to the United States, they had acquired an excellent apartment in New York — paying rent three months in advance — and they had use of a chauffeured limousine. All this on the earnings of an impoverished revolutionary for a few articles for the low-circulation Russian-language newspaper *Nashe Slovo* in Paris and *Novy Mir* in New York!

Joseph Nedava estimates Trotsky's 1917 income at \$12.00 per week, "supplemented by some lecture fees."² Trotsky was in New York in 1917 for three months, from January to March, so that makes \$144.00 in income from *Novy Mir* and, say, another \$100.00 in lecture fees, for a total of \$244.00. Of this \$244.00 Trotsky was able to give away \$310.00 to his friends, pay for the New York apartment, provide for his family — and find the \$10,000 that was taken from him in April 1917 by Canadian authorities in Halifax. Trotsky claims that those who said he had other sources of income are "slanderers" spreading "stupid calumnies" and "lies," but unless Trotsky was playing the horses at the Jamaica racetrack, it can't be done. Obviously Trotsky had an unreported source of income.

What was that source? In *The Road to Safety*, author Arthur Willert says Trotsky earned a living by working as an electrician for Fox Film Studios. Other writers have cited other occupations, but there is no evidence that Trotsky occupied himself for remuneration otherwise than by writing and speaking.

Most investigation has centered on the verifiable fact that when Trotsky left New York in 1917 for Petrograd, to organize the Bolshevik phase of the revolution, he left with \$10,000. In 1919 the U.S. Senate Overman Committee investigated Bolshevik propaganda and German money in the United States and incidentally touched on the source of Trotsky's \$10,000. Examination of Colonel Hurban, Washington attaché to the Czech legation, by the Overman Committee yielded the following:

COL. HURBAN: Trotsky, perhaps, took money from Germany, but Trotsky will deny it. Lenin would not deny it. Miliukov proved that he got \$10,000 from some Germans while he was in America. Miliukov had the proof, but he denied it. Trotsky did, although Miliukov had the proof.

SENATOR OVERMAN: It was charged that Trotsky got \$10,000 here.

COL. HURBAN: I do not remember how much it was, but I know it was a question between him and Miliukov.

SENATOR OVERMAN: Miliukov proved it, did he?

COL. HURBAN: Yes, sir.

SENATOR OVERMAN: Do you know where he got it from?

COL. HURBAN: I remember it was \$10,000; but it is no matter. I will speak about their propaganda. The German Government knew Russia better than anybody, and they knew that with the help of those people they could destroy the Russian army.

(At 5:45 o'clock p.m. the subcommittee adjourned until tomorrow, Wednesday, February 19, at 10:30 o'clock a.m.)³

It is quite remarkable that the committee adjourned abruptly before the *source* of Trotsky's funds could be placed into the Senate record. When questioning resumed the next day, Trotsky and his \$10,000 were no longer of interest to the Overman Committee. We shall later develop evidence concerning the financing of German and revolutionary activities in the United States by New York financial houses; the origins of Trotsky's \$10,000 will then come into focus.

An amount of \$10,000 of German origin is also mentioned in the official British telegram to Canadian naval authorities in Halifax, who requested that Trotsky and party en route to the revolution be taken off the S.S. *Kristianiafford* (see page 28). We also learn from a British Directorate of Intelligence report⁴ that Gregory Weinstein, who in 1919 was to become a prominent member of the Soviet Bureau in New York, collected funds for Trotsky in New York. These funds originated in Germany and were channeled through the *Volks-zeitung*, a German daily newspaper in New York and subsidized by the German government.

While Trotsky's funds are officially reported as German, Trotsky was actively engaged in American politics immediately prior to leaving New York for Russia and the revolution. On March 5, 1917, American newspapers headlined the increasing possibility of war with Germany; the same evening Trotsky proposed a resolution at the meeting of the New York County Socialist Party "pledging Socialists to encourage strikes and resist recruiting in the event of war with Germany."⁵ Leon Trotsky was called by the *New York Times* "an exiled Russian

revolutionist." Louis C. Fraina, who cosponsored the Trotsky resolution, later — under an alias — wrote an uncritical book on the Morgan financial empire entitled *House of Morgan*.⁶ The Trotsky-Fraina proposal was opposed by the Morris Hillquit faction, and the Socialist Party subsequently voted opposition to the resolution.⁷

More than a week later, on March 16, at the time of the deposition of the tsar, Leon Trotsky was interviewed in the offices of *Novy Mir*. The interview contained a prophetic statement on the Russian revolution:

"... the committee which has taken the place of the deposed Ministry in Russia did not represent the interests or the aims of the revolutionists, that it would probably be shortlived and step down in favor of men who would be more sure to carry forward the democratization of Russia."⁸

The "men who would be more sure to carry forward the democratization of Russia," that is, the Mensheviks and the Bolsheviks, were then in exile abroad and needed first to return to Russia. The temporary "committee" was therefore dubbed the Provisional Government, a title, it should be noted, that was used from the start of the revolution in March and not applied ex post facto by historians.

WOODROW WILSON AND A PASSPORT FOR TROTSKY

President Woodrow Wilson was the fairy godmother who provided Trotsky with a passport to return to Russia to "carry forward" the revolution. This American passport was accompanied by a Russian entry permit and a British transit visa. Jennings C. Wise, in *Woodrow Wilson: Disciple of Revolution*, makes the pertinent comment, "Historians must never forget that Woodrow Wilson, despite the efforts of the British police, made it possible for Leon Trotsky to enter Russia with an American passport."

President Wilson facilitated Trotsky's passage to Russia at the same time careful State Department bureaucrats, concerned about such revolutionaries entering Russia, were unilaterally attempting to tighten up passport procedures. The Stockholm legation cabled the State Department on June 13, 1917, just *after* Trotsky crossed the Finnish-Russian border, "Legation confidentially informed Russian, English and French passport offices at Russian frontier, Tornea, considerably worried by passage of suspicious persons bearing American passports."⁹

To this cable the State Department replied, on the same day, "Department is exercising special care in issuance of passports for Russia"; the department also authorized expenditures by the legation to establish a passport-control office in Stockholm and to hire an "absolutely dependable American citizen" for employment on control work.¹⁰ But the bird had flown the coop. Menshevik Trotsky with Lenin's Bolsheviks were already in Russia preparing to "carry forward" the revolution. The passport net erected caught only more legitimate birds. For example, on June 26, 1917, Herman Bernstein, a reputable New York newspaperman on his way to Petrograd to represent the *New York Herald*, was held at the border and refused entry to Russia. Somewhat tardily, in mid-August 1917 the Russian embassy in Washington requested the State Department (and State agreed) to "prevent the entry into Russia of criminals and anarchists... numbers of whom have already gone to Russia."¹¹

Consequently, by virtue of preferential treatment for Trotsky, when the S.S. *Kristianiafjord* left New York on March 26, 1917, Trotsky was aboard and holding a U.S. passport — and in company with other Trotskyire revolutionaries, Wall Street financiers, American Communists, and other interesting persons, few of whom had embarked for legitimate business. This mixed bag of passengers has been described by Lincoln Steffens, the American Communist:

The passenger list was long and mysterious. Trotsky was in the steerage with a group of revolutionaries; there was a Japanese revolutionist in my cabin. There were a lot of Dutch hurrying home from Java, the only innocent people aboard. The rest were war messengers, two from Wall Street to Germany....¹²

Notably, Lincoln Steffens was on board en route to Russia at the specific invitation of Charles Richard Crane, a backer and a former chairman of the Democratic Party's finance committee. Charles Crane, vice president of the Crane Company, had organized the Westinghouse Company in Russia, was a member of the Root mission to Russia, and had made no fewer than twenty-three visits to Russia between 1890 and 1930. Richard Crane, his son, was confidential assistant to then Secretary of State Robert Lansing. According to the former ambassador to Germany William Dodd, Crane "did much to bring on the Kerensky revolution which gave way to Communism."¹³ And so Steffens' comments in his diary about conversations aboard the S.S. *Kristianiafford* are highly pertinent: "... all agree that the revolution is in its first phase only, that it must grow. Crane and Russian radicals on the ship think we shall be in Petrograd for the re-revolution."¹⁴

Crane returned to the United States when the Bolshevik Revolution (that is, "the re-revolution") had been completed and, although a private citizen, was given firsthand reports of the progress of the Bolshevik Revolution as cables were received at the State Department. For example, one memorandum, dated December 11, 1917, is entitled "Copy of report on Maximalist uprising for Mr. Crane." It originated with Maddin Summers, U.S. consul general in Moscow, and the covering letter from Summers reads in part:

I have the honor to enclose herewith a copy of same [above report] with the request that it be sent for the confidential information of Mr. Charles R. Crane. It is assumed that the Department will have no objection to Mr. Crane seeing the report¹⁵

In brief, the unlikely and puzzling picture that emerges is that Charles Crane, a friend and backer of Woodrow Wilson and a prominent financier and politician, had a known role in the "first" revolution and traveled to Russia in mid-1917 in company with the American Communist Lincoln Steffens, who was in touch with both Woodrow Wilson and Trotsky. The latter in turn was carrying a passport issued at the orders of Wilson and \$10,000 from supposed German sources. On his return to the U.S. after the "re-revolution," Crane was granted access to official documents concerning consolidation of the Bolshevik regime: This is a pattern of interlocking — if puzzling — events that warrants further investigation and suggests, though without at this point providing evidence, some link between the financier Crane and the revolutionary Trotsky.

CANADIAN GOVERNMENT DOCUMENTS ON TROTSKY'S RELEASE¹⁶

Documents on Trotsky's brief stay in Canadian custody are now de-classified and available from the Canadian government archives. According to these archives, Trotsky was removed by Canadian and British naval personnel from the S.S. *Kristianiafford* at Halifax, Nova Scotia, on April 3, 1917, listed as a German prisoner of war, and interned at the Amherst, Nova Scotia, internment station for German prisoners. Mrs. Trotsky, the two Trotsky boys, and five other men described as "Russian Socialists" were also taken off and interned. Their names are recorded by the Canadian files as: Nickita Muchin, Leiba Fischeleff, Konstantin Romanchanco, Gregor Teheodnovski, Gerchon Melintchansky and Leon Bronstein Trotsky (all spellings from original Canadian documents).

Canadian Army form LB-1, under serial number 1098 (including thumb prints), was completed for Trotsky, with a description as follows: "37 years old, a political exile, occupation journalist, born in Gromskty, Chuson, Russia, Russian citizen." The form was signed by Leon Trotsky and his full name given as Leon Bromstein (*sic*) Trotsky.

The Trotsky party was removed from the S.S. *Kristianiafford* under official instructions received by cablegram of March 29, 1917, London, presumably originating in the Admiralty with the naval control officer, Halifax. The cablegram reported that the Trotsky party was on the "*Christianiafford*" (*sic*) and should be "taken off and retained pending instructions." The reason given to the naval control officer at Halifax was that "these are Russian Socialists leaving for purposes of starting revolution against present Russian government for which Trotsky is reported to have 10,000 dollars subscribed by Socialists and Germans."

On April 1, 1917, the naval control officer, Captain O. M. Makins, sent a confidential memorandum to the general officer commanding at Halifax, to the effect that he had "examined all Russian passengers" aboard the S.S. *Kristianiafford* and found six men in the second-class section: "They are all avowed Socialists, and though professing a desire to help the new Russian Govt., might well be in league with German Socialists in America, and quite likely to be a great hindrance to the Govt. in Russia just at present." Captain Makins added that he was going to remove the group, as well as Trotsky's wife and two sons, in order to intern them at Halifax. A copy of this report was forwarded from Halifax to the chief of the General Staff in Ottawa on April 2, 1917.

The next document in the Canadian files is dated April 7, from the chief of the General Staff, Ottawa, to the director of internment operations, and acknowledges a previous letter (not in the files) about the internment of Russian socialists at Amherst, Nova Scotia: "... in this connection, have to inform you of the receipt of a long telegram yesterday from the Russian Consul General, MONTREAL, protesting against the arrest of these men as they were in possession of passports issued by the Russian Consul General, NEW YORK, U.S.A."

The reply to this Montreal telegram was to the effect that the men were interned "on suspicion of being German," and would be released only upon definite proof of their nationality and loyalty to the Allies. No telegrams from the Russian consul general in New York are in the Canadian files, and it is known that this office was reluctant to issue Russian passports to Russian political exiles. However, there *is* a telegram in the files from a New York attorney, N. Aleinikoff, to R. M. Coulter, then deputy postmaster general of Canada. The postmaster general's office in Canada had no connection with either internment of prisoners of war or military activities. Accordingly, this telegram was in the nature of a personal, nonofficial intervention. It reads:

DR. R. M. COULTER, Postmaster Genl. OTTAWA Russian political exiles returning to Russia detained Halifax interned Amherst camp. Kindly investigate and advise cause of the detention and names of all detained. Trust as champion of freedom you will intercede on their behalf. Please wire collect. NICHOLAS ALEINIKOFF

On April 11, Coulter wired Aleinikoff, "Telegram received. Writing you this afternoon. You should receive it tomorrow evening. R. M. Coulter." This telegram was sent by the Canadian Pacific Railway Telegraph but charged to the Canadian Post Office Department. Normally a private business telegram would be charged to the recipient and this was not official business. The follow-up Coulter letter to Aleinikoff is interesting because, after confirming that the Trotsky party was held at Amherst, it states that they were suspected of propaganda against the present Russian government and "are supposed to be agents of Germany." Coulter then adds, "... they are not what they represent themselves to be"; the Trotsky group is "... not detained by Canada, but by the Imperial authorities." After assuring Aleinikoff that the detainees would be made comfortable, Coulter adds that any information "in their favour" would be transmitted to the military authorities. The general impression of the letter is that while Coulter is sympathetic and fully aware of Trotsky's pro-German links, he is unwilling to get involved. On April 11 Arthur Wolf of 134 East Broadway, New York, sent a telegram to Coulter. Though sent from New York, this telegram, after being acknowledged, was also charged to the Canadian Post Office Department.

Coulter's reactions, however, reflect more than the detached sympathy evident in his letter to Aleinikoff. They must be considered in the light of the fact that these letters in behalf of Trotsky came from two American residents of New York City and involved a Canadian or Imperial military matter of international importance. Further, Coulter, as deputy postmaster general, was a Canadian government official of some standing. Ponder, for a moment, what would happen to someone who similarly intervened in United States affairs! In the Trotsky affair we have two American residents corresponding with a Canadian deputy postmaster general in order to intervene in behalf of an interned Russian revolutionary.

Coulter's subsequent action also suggests something more than casual intervention. After Coulter acknowledged the Aleinikoff and Wolf telegrams, he wrote to Major General Willoughby Gwatkin of the Department of Militia

and Defense in Ottawa — a man of significant influence in the Canadian military — and attached copies of the Aleinikoff and Wolf telegrams:

These men have been hostile to Russia because of the way the Jews have been treated, and are now strongly in favor of the present Administration, so far as I know. Both are responsible men. Both are reputable men, and I am sending their telegrams to you for what they may be worth, and so that you may represent them to the English authorities if you deem it wise.

Obviously Coulter knows — or intimates that he knows — a great deal about Aleinikoff and Wolf. His letter was in effect a character reference, and aimed at the root of the internment problem — London. Gwatkin was well known in London, and in fact was on loan to Canada from the War Office in London.¹⁷

Aleinikoff then sent a letter to Coulter to thank him:

most heartily for the interest you have taken in the fate of the Russian Political Exiles You know me, esteemed Dr. Coulter, and you also know my devotion to the cause of Russian freedom Happily I know Mr. Trotsky, Mr. Melnichahnsky, and Mr. Chudnowsky ... intimately.

It might be noted as an aside that if Aleinikoff knew Trotsky "intimately," then he would also probably be aware that Trotsky had declared his intention to return to Russia to overthrow the Provisional Government and institute the "re-revolution." On receipt of Aleinikoff's letter, Coulter immediately (April 16) forwarded it to Major General Gwatkin, adding that he became acquainted with Aleinikoff "in connection with Departmental action on United States papers in the Russian language" and that Aleinikoff was working "on the same lines as Mr. Wolf ... who was an escaped prisoner from Siberia."

Previously, on April 14, Gwatkin sent a memorandum to his naval counterpart on the Canadian Military Interdepartmental Committee repeating that the internees were Russian socialists with "10,000 dollars subscribed by socialists and Germans." The concluding paragraph stated: "On the other hand there are those who declare that an act of high-handed injustice has been done." Then on April 16, Vice Admiral C. E. Kingsmill, director of the Naval Service, took Gwatkin's intervention at face value. In a letter to Captain Makins, the naval control officer at Halifax, he stated, "The Militia authorities request that a decision as to their (that is, the six Russians) disposal may be hastened." A copy of this instruction was relayed to Gwatkin who in turn informed Deputy Postmaster General Coulter. Three days later Gwatkin applied pressure. In a memorandum of April 20 to the naval secretary, he wrote, "Can you say, please, whether or not the Naval Control Office has given a decision?"

On the same day (April 20) Captain Makins wrote Admiral Kingsmill explaining his reasons for removing Trotsky; he refused to be pressured into making a decision, stating, "I will cable to the Admiralty informing them that the Militia authorities are requesting an early decision as to their disposal." However, the next day, April 21, Gwatkin wrote Coulter: "Our friends the Russian socialists are to be released; and arrangements are being made for their passage to Europe." The order to Makins for Trotsky's release originated in the Admiralty, London. Coulter acknowledged the information, "which will please our New York correspondents immensely."

While we can, on the one hand, conclude that Coulter and Gwatkin were intensely interested in the release of Trotsky, we do not, on the other hand, know why. There was little in the career of either Deputy Postmaster General Coulter or Major General Gwatkin that would explain an urge to release the Menshevik Leon Trotsky.

Dr. Robert Miller Coulter was a medical doctor of Scottish and Irish parents, a liberal, a Freemason, and an Odd Fellow. He was appointed deputy postmaster general of Canada in 1897. His sole claim to fame derived from being a delegate to the Universal Postal Union Convention in 1906 and a delegate to New Zealand and Australia

in 1908 for the "All Red" project. All Red had nothing to do with Red revolutionaries; it was only a plan for all-red or all-British fast steamships between Great Britain, Canada, and Australia.

Major General Willoughby Gwatkin stemmed from a long British military tradition (Cambridge and then Staff College). A specialist in mobilization, he served in Canada from 1905 to 1918. Given only the documents in the Canadian files, we can but conclude that their intervention in behalf of Trotsky is a mystery.

CANADIAN MILITARY INTELLIGENCE VIEWS TROTSKY

We can approach the Trotsky release case from another angle: Canadian intelligence. Lieutenant Colonel John Bayne MacLean, a prominent Canadian publisher and businessman, founder and president of MacLean Publishing Company, Toronto, operated numerous Canadian trade journals, including the *Financial Post*. MacLean also had a long-time association with Canadian Army Intelligence.¹⁸

In 1918 Colonel MacLean wrote for his own *MacLean's* magazine an article entitled "Why Did We Let Trotsky Go? How Canada Lost an Opportunity to Shorten the War."¹⁹ The article contained detailed and unusual information about Leon Trotsky, although the last half of the piece wanders off into space remarking about barely related matters. We have two clues to the authenticity of the information. First, Colonel MacLean was a man of integrity with excellent connections in Canadian government intelligence. Second, government records since released by Canada, Great Britain, and the United States confirm MacLean's statement to a significant degree. Some MacLean statements remain to be confirmed, but information available in the early 1970s is not necessarily inconsistent with Colonel MacLean's article.

MacLean's opening argument is that "some Canadian politicians or officials were chiefly responsible for the prolongation of the war [World War I], for the great loss of life, the wounds and sufferings of the winter of 1917 and the great drives of 1918."

Further, states MacLean, these persons were (in 1919) doing everything possible to prevent Parliament and the Canadian people from getting the related facts. Official reports, including those of Sir Douglas Haig, demonstrate that but for the Russian break in 1917 the war would have been over a year earlier, and that "the man chiefly responsible for the defection of Russia was Trotsky ...acting under German instructions."

Who was Trotsky? According to MacLean, Trotsky was not Russian, but German. Odd as this assertion may appear it does coincide with other scraps of intelligence information: to wit, that Trotsky spoke better German than Russian, and that he was the Russian executive of the German "Black Bond." According to MacLean, Trotsky in August 1914 had been "ostentatiously" expelled from Berlin;²⁰ he finally arrived in the United States where he organized Russian revolutionaries, as well as revolutionaries in Western Canada, who "were largely Germans and Austrians traveling as Russians." MacLean continues:

Originally the British found through Russian associates that Kerensky,²¹ Lenin and some lesser leaders were practically in German pay as early as 1915 and they uncovered in 1916 the connections with Trotsky then living in New York. From that time he was closely watched by ... the Bomb Squad. In the early part of 1916 a German official sailed for New York. British Intelligence officials accompanied him. He was held up at Halifax; but on their instruction he was passed on with profuse apologies for the necessary delay. After much manoeuvring he arrived in a dirty little newspaper office in the slums and there found Trotsky, to whom he bore important instructions. From June 1916, until they passed him on [to] the British, the N.Y. Bomb Squad never lost touch with Trotsky. They discovered that his real name was Braunstein and that he was a German, not a Russian.²²

Such German activity in neutral countries is confirmed in a State Department report (316-9-764-9) describing organization of Russian refugees for revolutionary purposes.

Continuing, MacLean states that Trotsky and four associates sailed on the "S.S. *Christiania*" (*sic*), and on April 3 reported to "Captain Making" (*sic*) and were taken off the ship at Halifax under the direction of Lieutenant Jones. (Actually a party of nine, including six men, were taken off the S.S. *Kristianiafford*. The name of the naval control officer at Halifax was Captain O. M. Makins, R.N. The name of the officer who removed the Trotsky party from the ship is not in the Canadian government documents; Trotsky said it was "Machen.") Again, according to MacLean, Trotsky's money came "from German sources in New York." Also:

generally the explanation given is that the release was done at the request of Kerensky but months before this British officers and one Canadian serving in Russia, who could speak the Russian language, reported to London and Washington that Kerensky was in German service.²³

Trotsky was released "at the request of the British Embassy at Washington ... [which] acted on the request of the U.S. State Department, who were acting for someone else." Canadian officials "were instructed to inform the press that Trotsky was an American citizen traveling on an American passport; that his release was specially demanded by the Washington State Department." Moreover, writes MacLean, in Ottawa "Trotsky had, and continues to have, strong underground influence. There his power was so great that orders were issued that he must be given every consideration."

The theme of MacLean's reporting is, quite evidently, that Trotsky had intimate relations with, and probably worked for, the German General Staff. While such relations have been established regarding Lenin — to the extent that Lenin was subsidized and his return to Russia facilitated by the Germans — it appears certain that Trotsky was similarly aided. The \$10,000 Trotsky fund in New York was from German sources, and a recently declassified document in the U.S. State Department files reads as follows:

March 9, 1918 to: American Consul, Vladivostok from Polk, Acting Secretary of State, Washington D.C.

For your confidential information and prompt attention: Following is substance of message of January twelfth from Von Schanz of German Imperial Bank to Trotsky, quote Consent imperial bank to appropriation from credit general staff of five million roubles for sending assistant chief naval commissioner Kudrisheff to Far East.

This message suggests some liaison between Trotsky and the Germans in January 1918, a time when Trotsky was proposing an alliance with the West. The State Department does not give the provenance of the telegram, only that it originated with the War College Staff. The State Department did treat the message as authentic and acted on the basis of assumed authenticity. It is consistent with the general theme of Colonel MacLean's article.

TROTSKY'S INTENTIONS AND OBJECTIVES

Consequently, we can derive the following sequence of events: Trotsky traveled from New York to Petrograd on a passport supplied by the intervention of Woodrow Wilson, and with the declared intention to "carry forward" the revolution. The British government was the immediate source of Trotsky's release from Canadian custody in April 1917, but there may well have been "pressures." Lincoln Steffens, an American Communist, acted as a link between Wilson and Charles R. Crane and between Crane and Trotsky. Further, while Crane had no official position, his son Richard was confidential assistant to Secretary of State Robert Lansing, and Crane senior was provided with prompt and detailed reports on the progress of the Bolshevik Revolution. Moreover, Ambassador William Dodd (U.S. ambassador to Germany in the Hitler era) said that Crane had an active role in the Kerensky phase of the revolution; the Steffens letters confirm that Crane saw the Kerensky phase as only one step in a continuing revolution.

The interesting point, however, is not so much the communication among dissimilar persons like Crane, Steffens, Trotsky, and Woodrow Wilson as the existence of at least a measure of agreement on the procedure to be followed — that is, the Provisional Government was seen as "provisional," and the "re-revolution" was to follow.

On the other side of the coin, interpretation of Trotsky's intentions should be cautious: he was adept at double games. Official documentation clearly demonstrates contradictory actions. For example, the Division of Far Eastern Affairs in the U.S. State Department received on March 23, 1918, two reports stemming from Trotsky; one is inconsistent with the other. One report, dated March 20 and from Moscow, originated in the Russian newspaper *Russkoe Slovo*. The report cited an interview with Trotsky in which he stated that any alliance with the United States was impossible:

The Russia of the Soviet cannot align itself ... with capitalistic America for this would be a betrayal. It is possible that Americans seek such an rapprochement with us, driven by its antagonism towards Japan, but in any case there can be no question of an alliance by us of any nature with a bourgeoisie nation.²⁴

The other report, also originating in Moscow, is a message dated March 17, 1918, three days earlier, and from Ambassador Francis: "Trotsky requests five American officers as inspectors of army being organized for defense also requests railroad operating men and equipment."²⁵

This request to the U.S. is of course inconsistent with rejection of an "alliance."

Before we leave Trotsky some mention should be made of the Stalinist show trials of the 1930s and, in particular, the 1938 accusations and trial of the "Anti-Soviet bloc of rightists and Trotskyites." These forced parodies of the judicial process, almost unanimously rejected in the West, may throw light on Trotsky's intentions.

The crux of the Stalinist accusation was that Trotskyites were paid agents of international capitalism. K. G. Rakovsky, one of the 1938 defendants, said, or was induced to say, "We were the vanguard of foreign aggression, of international fascism, and not only in the USSR but also in Spain, China, throughout the world." The summation of the "court" contains the statement, "There is not a single man in the world who brought so much sorrow and misfortune to people as Trotsky. He is the vilest agent of fascism"²⁶

Now while this may be no more than verbal insults routinely traded among the international Communists of the 1930s and 40s, it is also notable that the threads behind the self-accusation are consistent with the evidence in this chapter. And further, as we shall see later, Trotsky was able to generate support among international capitalists, who, incidentally, were also supporters of Mussolini and Hitler.²⁷

So long as we see all international revolutionaries and all international capitalists as implacable enemies of one another, then we miss a crucial point — that there has indeed been some operational cooperation between international capitalists, including fascists. And there is no a priori reason why we should reject Trotsky as a part of this alliance.

This tentative, limited reassessment will be brought into sharp focus when we review the story of Michael Gruzenberg, the chief Bolshevik agent in Scandinavia who under the alias of Alexander Gumberg was also a confidential adviser to the Chase National Bank in New York and later to Floyd Odium of Atlas Corporation. This dual role was known to and accepted by both the Soviets and his American employers. The Gruzenberg story is a case history of international revolution allied with international capitalism.

Colonel MacLean's observations that Trotsky had "strong underground influence" and that his "power was so great that orders were issued that he must be given every consideration" are not at all inconsistent with the Coulter-Gwatkin intervention in Trotsky's behalf; or, for that matter, with those later occurrences, the Stalinist

accusations in the Trotskyite show trials of the 1930s. Nor are they inconsistent with the Gruzenberg case. On the other hand, the only known direct link between Trotsky and international banking is through his cousin Abram Givatovzo, who was a private banker in Kiev before the Russian Revolution and in Stockholm after the revolution. While Givatovzo professed antibolshevism, he was in fact acting in behalf of the Soviets in 1918 in currency transactions.²⁸

Is it possible an international web can be spun from these events? First there's Trotsky, a Russian internationalist revolutionary with German connections who sparks assistance from two supposed supporters of Prince Lvov's government in Russia (Aleinikoff and Wolf, Russians resident in New York). These two ignite the action of a liberal Canadian deputy postmaster general, who in turn intercedes with a prominent British Army major general on the Canadian military staff. These are all verifiable links.

In brief, allegiances may not always be what they are called, or appear. We can, however, *surmise* that Trotsky, Aleinikoff, Wolf, Coulter, and Gwatkin in acting for a common limited objective also had some common higher goal than national allegiance or political label. To emphasize, there is no absolute proof that this is so. It is, at the moment, only a logical supposition from the facts. A loyalty higher than that forged by a common immediate goal need have been no more than that of friendship, although that strains the imagination when we ponder such a polyglot combination. It may also have been promoted by other motives. The picture is yet incomplete.

Footnotes:

¹Leon Trotsky, *My Life* (New York: Scribner's, 1930), chap. 22.

²Joseph Nedava, *Trotsky and the Jews* (Philadelphia: Jewish Publication Society of America, 1972), p. 163.

³United States, Senate, *Brewing and Liquor Interests and German and Bolshevik Propaganda* (Subcommittee on the Judiciary), 65th Cong., 1919.

⁴Special Report No. 5, *The Russian Soviet Bureau in the United States*, July 14, 1919, Scotland House, London S.W.I. Copy in U.S. State Dept. Decimal File, 316-23-1145.

⁵*New York Times*, March 5, 1917.

⁶Lewis Corey, *House of Morgan: A Social Biography of the Masters of Money* (New York: G. W. Watt, 1930).

⁷Morris Hillquit. (formerly Hillkowitz) had been defense attorney for Johann Most, after the assassination of President McKinley, and in 1917 was a leader of the New York Socialist Party. In the 1920s Hillquit established himself in the New York banking world by becoming a director of, and attorney for, the International Union Bank. Under President Franklin D. Roosevelt, Hillquit helped draw up the NRA codes for the garment industry.

⁸*New York Times*, March 16, 1917.

⁹U.S. State Dept. Decimal File, 316-85-1002.

¹⁰*Ibid.*

¹¹*Ibid.*, 861.111/315.

¹²Lincoln Steffens, *Autobiography* (New York: Harcourt, Brace, 1931), p. 764. Steffens was the "go-between" for Crane and Woodrow Wilson.

¹³William Edward Dodd, *Ambassador Dodd's Diary, 1933-1938* (New York: Harcourt, Brace, 1941), pp. 42-43.

¹⁴Lincoln Steffens, *The Letters of Lincoln Steffens* (New York: Harcourt, Brace, 1941), p. 396.

¹⁵U.S. State Dept. Decimal File, 861.00/1026.

¹⁶This section is based on Canadian government records.

¹⁷Gwatkin's memoranda in the Canadian government files are not signed, but initialed with a cryptic mark or symbol. The mark has been identified as Gwatkin's because one Gwatkin letter (that of April 21) with that cryptic mark was acknowledged.

¹⁸H.J. Morgan, *Canadian Men and Women of the Times, 1912*, 2 vols. (Toronto: W. Briggs, 1898-1912).

¹⁹June 1919, pp. 66a-666. Toronto Public Library has a copy; the issue of *MacLean's* in which Colonel MacLean's article appeared is not easy to find and a full summary is provided below.

²⁰See also Trotsky, *My Life*, p. 236.

²¹[See Appendix 3.](#)

²²According to his own account, Trotsky did not arrive in the U.S. until January 1917. Trotsky's real name was Bronstein; he invented the name "Trotsky." "Bronstein" is German and "Trotsky" is Polish rather than Russian. His first name is usually given as "Leon"; however, Trotsky's first book, which was published in Geneva, has the initial "N," not "L."

²³[See Appendix 3](#); this document was obtained in 1971 from the British Foreign Office but apparently was known to MacLean.

²⁴U.S. State Dept. Decimal File, 861.00/1351.

²⁵U.S. State Dept. Decimal File, 861.00/1341.

²⁶*Report of Court Proceedings in the Case of the Anti-Soviet "Bloc of Rightists and Trotskyites" Heard Before the Military Collegium of the Supreme Court of the USSR* (Moscow: People's Commissariat of Justice of the USSR, 1938), p. 293.

²⁷See p. 174. Thomas Lamont of the Morgans was an early supporter of Mussolini.

²⁸See p. 122.

American Buddha Librarian Comments:

[AB-1] [TROTSKY PREDICTS REVOLUTION IN U.S.](#) -- He Expects Rockefeller to Tell Hague How to Run It.

TUCSON, Ariz., Dec. 12 (AP). -- Leon Trotsky, exiled Russian Revolutionary, interviewed in his guarded villa near Mexico City by William R. Mathews, publisher of The Arizona Daily Star of Tucson, said the New Deal program "represents the culmination of the final contradictions in the decay and fall of capitalism."

"Capitalism has reached its zenith in America and has exhausted itself," he declared. "It is now living on its savings, consuming its own fat. Look at your unemployed. No form of society can continue long that permits such conditions to exist. You are doing nothing to increase wealth."

He described Mayor Frank Hague of Jersey City as a more powerful figure than President Roosevelt and as the symbols of American political reaction. The Rockefellers, he said, symbolize this nation's ruling class.

"You will have a revolution, a terrible revolution," he predicted. "What course it takes will depend much on what Mr. Rockefeller tells Mr. Hague to do. Mr. Rockefeller is a symbol of the American ruling class and Mr. Hague is a symbol of its political tools."

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