

excerpts from the book Wall Street and the Bolshevik Revolution by Antony C. Sutton

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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.

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Frederick C. Howe. "Confessions of a Monopolist" (1906)

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 They have superseded the teachings of our parents and are reducible to a simple maxim: Get a monopoly; let Society work for you: and remember that the best of all business is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, for its exploitation.

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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.

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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.

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Otto H. Kahn, director, American International Corp., and partner, Kuhn, Loeb & Co., speaking to the League for Industrial Democracy, New York, December 30, 1924

What you Radicals and we who hold opposing views differ about, is not so much the end as the means, not so much what should be brought about as how it should, and can, be brought about.

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Before World War I, the financial and business structure of the United States was dominated by two conglomerates: Standard Oil, or the Rockefeller enterprise, and the Morgan complex of industries-finance and transportation companies. Rockefeller and Morgan trust alliances dominated not only Wall Street but, through interlocking directorships, almost the entire economic fabric of the United States. Rockefeller interests monopolized the petroleum and allied industries, and controlled the copper trust, the smelters trust, and the gigantic tobacco trust, in addition to having influence in some Morgan properties such as the U.S. Steel Corporation as well as in hundreds of smaller industrial trusts, public service operations, railroads, and banking institutions. National City Bank was the largest of the banks influenced by Standard Oil-Rockefeller, but financial control extended to the United States Trust Company and Hanover National Bank as well as to major life insurance companies-Equitable Life and Mutual of New York.

The great Morgan enterprises were in steel, shipping, and the electrical industry; they included General Electric, the rubber trust, and railroads. Like Rockefeller, Morgan controlled financial

corporations - the National Bank of Commerce and the Chase National Bank, New York Life Insurance, and the Guaranty Trust Company. In the early part of the twentieth century the Guaranty Trust Company was dominated by the Harriman interests. When the elder Harriman (Edward Henry) died in 1909, Morgan and associates bought into Guaranty Trust as well as into Mutual Life and New York Life. In 1919 Morgan also bought control of Equitable Life, and the Guaranty Trust Company absorbed an additional six lesser trust companies. Therefore, at the end of World War I the Guaranty Trust and Bankers Trust were, respectively, the first and second largest trust companies in the United States, both dominated by Morgan interests.'

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The best-documented example of Wall Street intervention in revolution is the operation of a New York syndicate in the Chinese revolution of 1912, which was led by Sun Yat-sen. Although the final gains of the syndicate remain unclear, the intention and role of the New York financing group are fully documented down to amounts of money, information on affiliated Chinese secret societies, and shipping lists of armaments to be purchased.

... In return for financial support, Sun Yat-sen promised the Hill syndicate railroad, banking, and commercial concessions in the new revolutionary China.

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The Wall Street project in Russia in 1917 used the Red Cross Mission as its operational vehicle. Both Guaranty Trust and National City Bank had representatives in Russia at the time of the revolution.

... The Red Cross ... endowment came from wealthy and prominent persons including J. P. Morgan, Mrs. E. H. Harriman, Cleveland H. Dodge, and Mrs. Russell Sage. The 1910 fund-raising campaign for \$2 million, for example, was successful only because it was supported by these wealthy residents of New York City. In fact, most of the money came from New York City. J. P. Morgan himself contributed \$100,000 and seven other contributors in New York City amassed \$300,000... in World War I the Red Cross depended heavily on Wall Street, and specifically on the [J.P.] Morgan firm.

The Red Cross was unable to cope with the demands of World War I and in effect was taken over by these New York bankers. According to John Foster Dulles, these businessmen "viewed the American Red Cross as a virtual arm of government, they envisaged making an incalculable contribution to the winning of the war." In so doing they made a mockery of the Red Cross motto: "Neutrality and Humanity."

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In August 1917 the American Red Cross Mission to Russia had only a nominal relationship with the American Red Cross, and must truly have been the most unusual Red Cross Mission in history. All expenses, including those of the uniforms-the members were all colonels, majors, captains, or lieutenants-were paid out of the pocket of William Boyce Thompson.

... The majority of the mission ... was made up of lawyers, financiers, and their assistants, from the New York financial district.

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The 1917 American Red Cross Mission to Russia ... was in fact a mission of Wall Street financiers to influence and pave the way for control, through either Kerensky or the Bolshevik revolutionaries, of the Russian market and resources. No other explanation will explain the

actions of the mission. However, neither Thompson nor Robins was a Bolshevik. Nor was either even a consistent socialist. The writer is inclined to the interpretation that the socialist appeals of each man were covers for more prosaic objectives. Each man was intent upon the commercial; that is, each sought to use the political process in Russia for personal financial ends. Whether the Russian people wanted the Bolsheviks was of no concern. Whether the Bolshevik regime would act against the United States - as it consistently did later - was of no concern. The single overwhelming objective was to gain political and economic influence with the new regime, whatever its ideology.

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It was commercial exploitation of Russia that excited Wall Street, and Wall Street had lost no time in preparing its program. On May 1, 1918 - an auspicious date for Red revolutionaries - the American League to Aid and Cooperate with Russia was established and its program approved in a conference held in the Senate Office Building, Washington, D.C. The officers and executive committee of the league represented some superficially dissimilar factions. Its president was Dr. Frank J. Goodnow, president of Johns Hopkins University. Vice presidents were the ever active William Boyce Thompson, Oscar S. Straus, James Duncan, and Frederick C. Howe, who wrote 'Confessions of a Monopolist', the rule book by which monopolists could control society.

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[As] the largest trust company in the United States and controlled by the J. P. Morgan firm. Guaranty Trust used Olof Aschberg, the Bolshevik banker, as its intermediary in Russia before and after the revolution. Guaranty was a backer of Ludwig Martens and his Soviet Bureau, the first Soviet representatives in the United States. And in mid-1920 Guaranty was the Soviet fiscal agent in the U.S.; the first shipments of Soviet gold to the United States also traced back to Guaranty Trust.

There is a startling reverse side to this pro-Bolshevik activity - Guaranty Trust was a founder of United Americans, a virulent anti-Soviet organization, which noisily threatened Red invasion by 1922, claimed that \$20 million of Soviet funds were on the way to fund Red revolution, and forecast panic in the streets and mass starvation in New York City. This duplicity raises, of course, serious questions about the intentions of Guaranty Trust and its directors. Dealing with the Soviets, even backing them, can be explained by apolitical greed or simply profit motive. On the other hand, spreading propaganda designed to create fear and panic while at the same time encouraging the conditions that give rise to the fear and panic is a considerably more serious problem.

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

But why allow Russia to become a competitor and a challenge to U.S. supremacy? In the late nineteenth century, Morgan, Rockefeller, and Guggenheim had demonstrated their monopolistic proclivities. In Railroads and Regulation 1877-1916 Gabriel Kolko has demonstrated how the railroad owners, not the farmers, wanted state control of railroads in order to preserve their monopoly and abolish competition. So the simplest explanation of our evidence is that a syndicate of Wall Street financiers enlarged their monopoly ambitions and

broadened horizons on a global scale. The gigantic Russian market was to be converted into a captive market and a technical colony to be exploited by a few high-powered American financiers and the corporations under their control. What the Interstate Commerce Commission and the Federal Trade Commission under the thumb of American industry could achieve for that industry at home, a planned socialist government could achieve for it abroad.

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The Bolshevik Revolution was an alliance of statist revolutionaries and statist financiers aligned against the genuine revolutionary libertarian elements in Russia.

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

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

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

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

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

This idea was knit with other elements with similar objectives. Lord Miler in England provides the transatlantic example of banking interests recognizing the virtues and possibilities of Marxism. Miler was a banker, influential in British wartime policy, and proMarxist.'° In New York the socialist "X" club was founded in 1903. It counted among its members not only the Communist Lincoln Steffens, the socialist William English Walling, and the Communist banker Morris Hillquit, but also John Dewey, James T. Shotwell, Charles Edward Russell, and Rufus Weeks (vice president of New York Life Insurance Company). The annual meeting of the Economic Club in the Astor Hotel, New York, witnessed socialist speakers. In 1908, when A. Barton Hepburn, president of Chase National Bank, was president of the Economic Club, the main speaker was the aforementioned Morris Hillquit, who "had abundant opportunity to preach socialism to a gathering which represented wealth, J and financial interests."

From these unlikely seeds grew the modern internationalist movement, which included not only the financiers Carnegie, Paul Warburg, Otto Kahn, Bernard Baruch, and Herbert Hoover, but also the Carnegie Foundation and its progeny International Conciliation.

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

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

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

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

In brief, the public good has been, and is today, used as a device and an excuse for self-aggrandizement by an elitist circle that pleads for world peace and human decency. But so long as the reader looks at world history in terms of an inexorable Marxian conflict between capitalism and communism, the objectives of such an alliance between international finance and international revolution remain elusive. So will the ludicrousness of promotion of the public good by plunderers. If these alliances still elude the reader, then he should ponder the obvious fact that these same international interests and promoters are always willing to determine what other people should do, but are signally unwilling to be first in line to give up their own wealth and power. Their mouths are open, their pockets are closed.

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

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

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

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

MR. WILLIAMS: Not repressed .

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

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

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

MR. WILLIAMS: That is a fact.

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

MR. WILLIAMS: Absolutely.

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Wall Street went to bat in Washington for the Bolsheviks. It succeeded. The Soviet totalitarian regime survived. In the 1930s foreign firms, mostly of the MorganRockefeller group, built the five-year plans. They have continued to build Russia, economically and militarily. On the other hand, Wall Street presumably did not foresee the Korean War and the Vietnam War - in which 100,000 Americans and countless allies lost their lives to Soviet armaments built with this same imported U.S. technology. What seemed a farsighted, and undoubtedly profitable, policy for a Wall Street syndicate, became a nightmare for millions outside the elitist power circle and the ruling class.**

