

**RESEARCH REPORT
IREX STG**

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The Hidden Economics of Bolshevism, Volume One (1917-1923). Theft.

This past summer in Moscow, I began research into what I hope will be a long-term project on the “hidden economics of Bolshevism.” As I explained in my earlier mission statements, my aim is to mine newly available Soviet archives in order to tell a story long hinted at and touched upon, but never exposed in depth: that of the wholesale looting of Russia’s imperial wealth by the Bolsheviks who came to power in 1917.

In late May, June and July, I made substantial progress, both in honing in more precisely on my subject, and in learning an astonishing amount of information. Although I originally expected that the files of “VOKS” relating to the art market might be the most promising area for assessing the Bolsheviks’ secret financial arrangements, I was able to determine fairly quickly that this was a dead end, as the sums churning through VOKS’ foreign branch offices in the 1920s were quite modest. In fact, the Government Archive of the Russian Federation (GARF), where the VOKS files are located, turned out to be something of a disappointment for my topic.

In one of those coincidental twists of fortune that often inspire great research, however, I used my spare time at VOKS to make inquiries at the Russian Government Archive of Economics (RGAE), which is located in the same building. And RGAE, an archive much less well known than GARF and as yet relatively unexploited by scholars, turned out to be a gold mine. In fact, a significant portion of the material I consulted at RGAE literally consisted of “virgin territory”: not a single scholar’s name was entered in the file registers. I felt quite lucky to have stumbled into this archive.

The files I consulted at RGAE covered three basic topic areas: Bolshevik military procurements during the Civil War and briefly afterwards (1918-1921); the liaison work between the Soviet Ministry of Finance (NKF, or Narkomfin) and the People's Ministry of Foreign Trade (NKVT); and the Special Soviet Government Commission for the Preservation of State Valuables (GOKHRAN), which administered the precious metals, hard currency, diamonds, jewels, icons etc. stolen by the Bolsheviks from aristocrats, merchants, and the Church.

The first two of these topics complemented each other well. From the military procurement files, I learned just how dependent the Bolsheviks were on imports of high-end manufactured goods (everything from boots and fabric for military uniforms to spare parts for armored vehicles and aircraft). From the NKF-NKVT liaison files, I learned how much money was spent on these procurements, and through what avenues (especially banks in Riga, Latvia, along with favored middlemen in Stockholm, Berlin, and even London) the often secret purchases were arranged.

Still, although I was getting the outlines of the big picture on spending outlays, I needed to get closer to the source. The question I began this project with, which grew out of my doctoral research on the German Communist media mogul Willi Münzenberg, was this: where exactly did the Bolsheviks get their money? How were they able to afford to equip not only the Red Army, but the foreign spies, mercenaries, and political agents who did their bidding around the world?

I finally made my first major step towards answering this question in the GOKHRAN files at RGAE. Astonishingly, not a single scholar, so far as I could make out from the file registers, had seen these before. But they describe, in stunning detail, the month-to-month "take" of the Soviet government from its looting of private citizens and especially, beginning in 1922, of the Church. So vast was the scale of this operation that Moscow had difficulty processing the loot. Provincial NKF offices affiliated with

GOKHRAN were perennially short of basic infrastructure needed to transport and warehouse the valuables — safes and armored cars especially. Naturally, corruption was endemic. The problem of hiring reliable men who could be trusted not to fill their pockets with diamonds, among other lucrative treasures, caused Moscow bureaucrats at GOKHRAN endless headaches.

To date, I have only just started mining this incredible treasure trove (if you'll pardon the pun). I expect to keep returning for years, putting together in the process an authoritative account of what was perhaps one of the greatest thefts of the twentieth century, if not all recorded history. As a kind of guidebook to this complex subject, I have already begun using the individual files and papers of Grigorii Yakovlivich Sokol'nikov, the Bolsheviks' Minister of Finance for most of the 1920s, which are housed in (what was until recently known as) the Russian Center for the Preservation and Study of Contemporary Documents or RTsKhilDNI, on Bol'shaia Dimitrovka street in Moscow. Among other gems, Sokol'nikov's papers include candid discussions of the Bolsheviks' efforts to launder the Romanov treasure through trade routes to the south (Batumi, then Constantinople), so as to avoid the prying eyes of European appraisers. I am on the trail of what I believe will be a major contribution not only to Soviet historical studies, but to some of the most mysterious secrets of modern history. I am grateful to IREX for helping me get started along this path, and I will be sure to stay in touch with further developments in my research.