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THE SOVIETS IN WORLD AFFAIRS

STALIN
Sketched by a Baku Artist

Frontispiece. Vol. II

THE SOVIETS IN WORLD AFFAIRS

A HISTORY OF RELATIONS BETWEEN
THE SOVIET UNION
AND THE REST OF THE WORLD

by

LOUIS FISCHER

IN TWO VOLUMES

VOL. II.

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AT END

THE SOVIETS IN WORLD AFFAIRS

CHAPTER XVII

SOVIET RUSSIA ENTERS THE COMITY OF NATIONS

The death of Lenin exploded a false theory about Soviet Russia: that the stability of the regime depended on its leader. It was now no longer possible to doubt at least the relative permanence of the Bolshevik Government.

At the beginning of 1924, Europe was sorely in need of peace. The invasion of the Ruhr had been barren of any favourable result, and the United States as well as important financial circles in England clamoured for policies that would facilitate the unravelling of the reparations tangle. The Experts Commission which would hatch the Dawes idea into the Dawes Plan required for its labours an atmosphere of political relaxation in Europe.

Under the circumstances it became unwise and positively detrimental to hold Russia outside the pale and thus postpone the political pacification of Europe. The Western world began seriously to think of putting its house in order. The Russian market was expected to yield rich fruits.

The previous policies of capitalist states *vis-à-vis* Soviet Russia had achieved nothing but harm. Intervention, blockade, commercial embargoes, financial boycotts, and insistence on debt payments and property restitution had brought the Powers nothing.

These considerations appealed to two sets of statesmen in Europe: to realists, and to pacifists. Lesser leaders would follow in their wakes.

It is scarcely an accident, therefore, that Mussolini, the arch realist, and MacDonald, the confirmed pacifist, should have recognized the Soviet Union almost simultaneously, and that Herriot, another pacifist, followed their example later in the same year.

SOVIET ECONOMIC CONDITIONS

Perhaps the strongest impulse to the establishment of more normal diplomatic relations with Moscow was the marked improvement in Russian economic conditions. Russia had reap-

peared on the world market as an exporter of grain and oil. Her foreign trade increased from 281,000,000 roubles (in pre-war prices) in 1923, to 548,000,000 roubles in 1924, and the foreign trade balance which was minus 15,000,000 roubles in 1923 grew to plus 132,000,000 roubles in 1924.[1] Favourable developments in industry and agriculture had preceded these significant developments, and the rouble, whose paper value in 1923 was expressed in astronomical figures, underwent stabilization early in 1924; the chervonetz, with a parity equal to the British pound, became the recognized monetary unit of the country. 'Our Red Army, the chervonetz, and grain exports' – these, Chicherin declared on January 7, 1924, were the chief factors in strengthening the political situation of the Soviet Union.

Economic gains at home and political neutrality abroad even introduced an atmosphere of over-confidence in the Soviet capital. 'No pourparlers, no preliminary concessions on any questions,' Litvinov insisted in an interview printed in the *Izvestia* of February 14. 'Recognition must be unconditional.' This became the guiding principle of Soviet foreign policy. First the declaration of *de jure* recognition; then the two countries might discuss debts, trade, concessions. During this period, in fact, the Bolsheviks developed a new theory; that the foreign Powers must pay *them* for recognition, and on innumerable occasions, the Press and orators repeated Lenin's phrase to the effect that 'they who arrive later will have to pay more.' Moscow consented, however, to grant a 'prize' to the country that first gave its *de jure* recognition, and strange as it may seem, a little race started between Italy and England for the reward.

§ 1. FASCISM RECOGNIZES THE BOLSHEVIKS

Even at the height of foreign intervention in Soviet Russia, Italy never assumed a very hostile attitude towards the Bolsheviks, and the Nitti Government recalled the proposed expedition to hold the Caucasus. On December 27, 1921, under the influence

[1] Article by L. Krassin, Soviet Commissar of Foreign Trade, in the London *Daily Herald* of May 23, 1925.

of the Anglo-Russian Trade Agreement of March 16, and of the German-Russian Trade Agreement of May 6, 1921, Italy and Soviet Russia signed a temporary commercial treaty which paved the way for an exchange of political, as well as trade, representatives.

The Facta-Shanzer Cabinet displayed a decided cordiality towards the Soviet Government, and the treatment accorded the Moscow delegates to the Genoa Conference was beyond reproach. The Italians on several occasions even went out of their way to be of service to the Russians.

During the course of the Genoa Conference, a permanent trade agreement was hurriedly negotiated between the Soviet representatives and the Italian Government which, in the eyes of the Russians, offered practical benefits to Italy without giving Soviet Russia compensatory advantages. The agreement, moreover, was largely economic in character, withheld *de jure* recognition, and did not guarantee the safety of trade contracts. On these grounds, Lenin insisted on the rejection of the treaty, and the Council of People's Commissars duly vetoed the document on June 8, 1922.

The advent of Mussolini to power (October 30, 1922) seemed to hold no bright prospects in store for Soviet-Italian relations. Two days after the Duce's coup, in fact, a band of Fascists entered the Soviet trade headquarters in Rome, seized an Italian employé, and, dragging him to the staircase, severely wounded him with several revolver shots. This incident, however, was quickly settled by satisfactory explanations and assurances on the part of the Ministry of Foreign Affairs, and several days later Mussolini gave the first proof of his good will by receiving Vorovsky, the Russian political agent in Rome, and expressing himself in favour of Moscow's participation in the Lausanne Conference.

Mussolini, characteristically, wished to free himself of petty, unrealistic prejudices. The problem of *de jure* recognition of the Soviet Union, he said, was 'a fig leaf with which people tried to cover a concrete truth.' And on November 30, 1923, he appeared in Parliament to make his famous declaration: 'I recognize the Soviets.' Italy, he argued, must approach the question of recognition solely from the point of view of national interests. 'For

Italian economy and for the welfare of the Italian people it is advisable to recognize the Russian Republic *de jure*.'

But Mussolini asked a reward. 'I demand a good trade treaty,' he said. 'I demand concessions for raw materials which Italy needs.' The establishment of 'cordial relations' with Russia would open the great Slav ways of communications and bring benefits to 'our fatherland as well as to all other countries.'

The Russians were pleased. They did not consider Mussolini's demands exorbitant. They knew that Mussolini would not show much interest in Czarist debts. They therefore agreed to offer Mussolini a 'premium' if he recognized them first.

This unusual incentive stimulated the trade treaty negotiations that had commenced in September, 1923. Mussolini promised that they would now be completed within a fortnight. But Rome asked more than Moscow was prepared to grant, and the pourparlers lasted longer than had been expected.

Meanwhile, national elections took place in Great Britain on December 6, 1923, and on January 23, 1924, the MacDonald Labour Cabinet came into office. MacDonald was pledged to *de jure* recognition of the Soviets. Now the race began. Litvinov sat in Moscow sending telegrams to Rakovsky, who was in touch with MacDonald, on the progress of negotiations in Rome, and to Jordansky, who was in touch with Mussolini, on the progress of events in London.

Mussolini suspected that ancient hatreds and the debt problem would delay British recognition. He accordingly pressed his maximum demands. But on February 2, MacDonald notified the Soviet Union Government of its *de jure* recognition. Mussolini was frantic. He argued that he had actually granted recognition in his address to Parliament of November 30, and the Soviets could scarcely dispute the fact, although formally no speech in a Chamber of Deputies is tantamount to a diplomatic step of international validity. The Russians, in the circumstances, did not deprive Mussolini of his 'prize' but it was not as rich as it might have been. It consisted of a concession granting conditional transit through the Caucasus to Persia, special customs reductions, coastal shipping privileges, and other benefits. Who recognized Soviet Russia first, Italy or England, still remains an unsettled question which

the pedants of the future may decide. Italy's formal recognition was granted on February 7.

Italy and the Soviet Union immediately exchanged full-fledged ambassadors, and the trade and customs agreements went immediately into effect.

Mussolini participated personally in many of the conferences which preceded the conclusion of these agreements. He had presided at one meeting which dealt with the problem of extra-territoriality for the Soviet trade delegation headquarters. Under the Soviet monopoly of foreign trade, the Soviet Government itself, and not private Russian merchants, buy abroad everything the country needs. These purchases are made by an official trade organization operating in the capitals and larger cities of states with which the Soviet Union has established treaty relations. In view of the official character of these trading organizations, the Soviet Government consistently insists on their receiving extra-territorial rights in common with diplomatic representatives. Germany, Czecho-Slovakia, etc., had written the trade delegations' extra-territoriality into registered agreements, while other nations granted *de facto* extra-territoriality. But Italy's negotiators resisted Soviet demands on the ground that a precedent might be set which France, England, etc., might wish to follow. Mussolini swept such objections aside. 'You never were a Socialist,' he said to the chairman of the Italian delegation. 'If France becomes Soviet and institutes a monopoly of foreign trade it too may sue for trade extra-territoriality.' The Soviet trade headquarters obtained the right, by the terms of the agreement, to use a code.

Economic relations between the two countries now began to develop. No territorial conflicts and no old accounts cloud the Italian-Soviet horizon. Except for differences of social and political systems which in this case are submerged by national interests and therefore cancel one another, and except for international combinations in which Italy may from time to time participate, no reasons exist for any but most cordial relations between Italy and the Soviet Union. Italy is a manufacturing country without raw materials. She has no iron, coal or oil. Russia is rich in almost all of Nature's resources. Italy must import grain, and Ukrainian wheat has the reputation of making the best macaroni. Russia

can supply Italy with timber for the celluloid from which artificial silk is produced. The Caucasus and Turkestan yield cocoons for natural silk which are sold to Italy.

The short all-water route between the Soviet Union and Italy tends to encourage trade. Italy, moreover, can carry purchases from Russia in her own bottoms because the Bolsheviks still lack a sufficiently large mercantile fleet, and these same Italian ships have in the past transported Georgian manganese and Baku oil to distant corners of the world.

Since the Soviets buy most where they obtain most loans and credits, Italian exports to Russia are not very heavy. Italy cannot, in her present financial condition, afford to advance appreciable credits for exports to the Soviet Union. Nevertheless, Russia buys automobiles, some machinery, and tankers.

Geographical propinquity, sea connections, and the fact that under normal conditions Russia can sell Italy food and raw materials at cheap prices (oil for the Roman fleet, for instance) has in the past tended to foster good relations between the two countries.

During 1924, 1925, and 1926, these relations were, in fact, undisturbed by serious incidents. Italian imports rose from 15,433,000 roubles in 1924–5, to 37,658,000 roubles in 1926–7; and exports to the Soviet Union from 5,243,000 roubles in 1924–5, to 23,265,000 roubles in 1925–6 when they fell sharply to 3,302,000 roubles in 1926–7 on account of the availability of large German Government-guaranteed credits to the Soviet Union.

In 1927, however, Mussolini's efforts in the Balkans, which had commenced on a large scale in 1926, became the driving force of Italian foreign policy. Rome's hold on Albania became tantamount to colonial dominion, and its enmity towards Jugoslavia grew. Italy strove to dislodge France from her position in the Balkan Peninsula and would have been pleased to enlist the Soviets in support of her plans, but when efforts in this direction failed, an important treaty was concluded in the latter half of 1926 with Roumania as a result of several personal conferences between Mussolini and General Averescu. Rome gave Roumania a helping loan. Mussolini's recognition of Roumanian rule in Bessarabia followed on March 7, 1927. Rome was alive to the definite benefits that might be gained by aligning Roumania on

A 'FRIENDLY CARICATURE' IN THE MOSCOW 'PRAVDA,' SHOWING CHICHERIN'S EMBARRASSMENT WITH ZINOVIEV'S SPEECHES

Facing page 471

its side through such a move which it knew would provoke resentment, some sharp editorials and a diplomatic protest from Moscow but nothing in the nature of practical Soviet reprisals. A dark cloud now descended over Italian-Russian relations.

§ 2. BRITISH LABOUR AND THE BOLSHEVIKS

Whether or not British recognition of the Soviets came first in respect of time, it was undoubtedly first in importance. It pleased the Bolsheviks extremely; the Congress of Soviets which, by chance, was in session when Mr. MacDonald's telegram reached Moscow, applauded it warmly. It disarmed international antagonism – at least temporarily.

Post-revolutionary relations between the Kremlin and Downing Street constitute an admixture of Anglo-Russian and Anglo-Soviet relations. There is much that is old and the product of geography; there is as much that is new and the product of opposing social philosophies and economic systems. In the East and the West, agreement between Great Britain and Russia has become less likely than under Czarism.

The Labour Cabinet headed by Ramsay MacDonald made a sincere effort to bridge the financial and political chasm between the two States. Yet the good results were not at all proportional to the good will on both sides. Objective conditions, without completely excluding a *rapprochement*, set innumerable obstacles in its path. This is one of the most significant and most menacing circumstances of post-war diplomatic history.

The Curzon ultimatum episode showed how quickly the Central Asiatic problem could electrify the atmosphere between London and Moscow. But the lengthy negotiations between MacDonald and Rakovsky, the Soviet chargé-d'affaires, proved that questions of debts, private property, bonds, concessions, and credits even widened the gulf.

The Curzon ultimatum acted like an ulcer which temporarily relieves the body. The British were somewhat taken aback by the vehemence of their own move, and the possibility of a break shocked not a few who feared its effect on Europe and the Em-

pire. After the ultimatum issue had been settled it was accordingly arranged that in the future disputes arising out of mutual charges of propaganda or subversive activity would be made the subject of personal conversations between diplomats rather than of notes which tended to become categorical. And in December, 1923, when Lord Curzon presented an ultimatum to the Afghan Government,[1] Rakovsky, who had succeeded Krassin, went so far as to offer his services as a mediator. But on January 7, 1924, Gregory, a permanent official of the Foreign Office, informed Rakovsky on behalf of Curzon that 'the intervention of a third party is inadmissible.'[2] Very shortly, the ex-Viceroy of India left the British Foreign Office.

¶ THE PRELIMINARIES OF RECOGNITION

The Labour Party and MacDonald were pledged to *de jure* Soviet recognition. In the six weeks, nevertheless, between the elections and MacDonald's appointment as Premier, and from that date till February 2, when recognition became a fact, important conversations took place. Rakovsky several times impressed on the mind of the writer the fact that in this period J. L. Garvin, the editor of the Conservative *Observer*, Brailsford, the editor of the *New Leader*, and E. D. Morel, the late editor of London *Foreign Affairs*, were of tremendous service in establishing a better understanding between the two nations. On October 22, 1923, Garvin wrote to Rakovsky: 'You may rely on me firmly and always to do all in my power to promote good relations between our peoples,' and on January 18, 1924, when his influence and that of others had brought recognition near, he assured Rakovsky that recognition would be 'a great event for our two peoples and a happy event for the world.'

Mr. Morel worked incessantly for recognition and mobilized the Union of Democratic Control to support his endeavours. Even in Labour ranks there was considerable opposition to over-

[1] See page 448.

[2] Mr. Rakovsky permitted the writer to make copies of the letters he received from Gregory, Morel, Garvin, Lansbury, Brailsford, Ponsonby, Grenfell, and others.

come. Brailsford several times made representations to Rakovsky on behalf of the Mensheviks and Social Revolutionaries whose incarceration in Russia, he said, influenced the attitude of such Labour leaders as Clynes towards the Soviet Union. Tom Shaw, Massingham, and others likewise approached Rakovsky on the subject. But on January 9 Brailsford was in a position to inform the Russian that 'even Snowden' now favoured recognition. And on the 29th the same correspondent wrote Rakovsky of a conversation with Ponsonby from which he had gathered the impression that 'the recognition will be unconditional.'

It would not be easy, however, for MacDonald to go before Parliament for approval of recognition unless he could receive definite intimations from Moscow as to what the future negotiations might be expected to bring. MacDonald, after all, was in office but not in power; Labour controlled only a minority in the House of Commons. Between elections and recognition, therefore, a lively correspondence proceeded between Rakovsky and MacDonald, who used intermediary correspondents. A common friend had written to MacDonald on behalf of Rakovsky just a few days after the General Election. On January 3 MacDonald replied: 'I need not assure you,' he said, 'that I am in favour of Soviet recognition. . . . My opinion is such that it must be done immediately.' Nevertheless, he desired to know how far he could go in Parliament. What could he say regarding concessions – what about Urquhart? (he did not make demands; he merely asked information). Credits – what guarantees would Moscow give? Did they expect a Government guarantee or direct credits from the City? If necessary, and if Rakovsky wished it, the common friend might go to Moscow and say he had come with MacDonald's approval.

The Bolsheviks appreciated MacDonald's delicate position. The *Izvestia* on February 14 styled recognition 'a brave step' on his part. But they did nothing to comfort him. Litvinov, Rakovsky, and Chicherin insisted on unconditional recognition.

Recognition, when it came, was indeed unconditional. Yet it stipulated mutual non-interference in internal affairs, and made mention of the problems of debts and credits to settle which Moscow was invited to send delegates to a conference in London.

Ambassadors were not appointed. The countries would, for the time being, be represented by chargés-d'affaires. Great Britain appointed Mr. R. M. Hodgson, who had represented his Government with Kolchak; the Bolsheviks, Christian G. Rakovsky.

The failure to exchange ambassadors imparted to recognition a somewhat grudging and incomplete character. Rakovsky believed that the opposition originated with the King, who had not forgotten his blood relations with the murdered Czar. Later in the month of February, the Court's resistance was largely overcome. But MacDonald now resented the personal attacks levelled against him by Communist leaders in Russia; his disinclination to appoint O'Grady, to whom he, according to reports, had rashly promised the post, likewise played a contributing rôle.

¶ BOLSHEVIK ATTITUDE TOWARDS MACDONALD

The Bolsheviks harbour a sincere dislike for such 'middle-of-the-road' Labourites and mild, sometimes non-Marxian Socialists of the MacDonald-Snowden-Clynes type. But MacDonald was the chief of a government with which they were trying to reach an understanding. They might have refrained at least temporarily from giving expression to their feelings. Such restraint, however, is unusual in the Communist world. The Bolsheviks often find it difficult to hold their tongues.

Though English *de jure* recognition was a 'brave step,' and though Rykov, who had succeeded Lenin as Premier, realized that 'the transfer of power to the Labour Party will considerably facilitate an agreement,'[1] the Bolsheviks conducted a vituperative campaign against MacDonald. In a speech in Tiflis, Trotzky referred to the British Prime Minister as a 'Christian Menshevik' – a term of deepest opprobium in Soviet Russia – and to MacDonald's policy as 'Menshevism in action.' The masses of the East, he added, saw no difference between Imperialists and the present British Government. Frequently, the Moscow Press caricatured the worthy Ramsay with a halo about his head, and one cartoon

[1] *Izvestia*, May 10, 1924.

in the *Pravda* so offended some English sentiments that the paper was barred from Britain. Trotzky especially outdid himself. 'It is impossible to expect of MacDonald,' he declared at Baku, 'the leader of the Second International and an outstanding Menshevik, that on coming to power he would seize a broom and sweep the cockroaches from his monarchy.' Zinoviev spoke in the same view. The Communists expected radical reforms from a British Labour Government. Would it not publish the secret pre-war and war treaties, abolish the House of Lords, tamper with the institution of monarchy, etc., etc.?

¶ THE IMPRESSION

Generally speaking, however, recognition had a good press in Russia, and also in England. *Izvestia* noted that it 'broke the diplomatic blockade of the Soviet Union' and would perhaps cause America to open diplomatic relations with Moscow. It relieved the Bolsheviks of considerable anxiety – they had never ceased fearing a resumption of foreign attacks. Now that seemed impossible.

In England, the extreme Conservative *Morning Post* regarded recognition a 'leap in the dark' and Curzon believed it 'a grave mistake,' but in this attitude they stood almost alone. The Conservatives of the Garvin school warmly welcomed the measure. The Liberals unanimously supported it. 'Europe perhaps stands on the threshold of a new era,' the *Manchester Guardian* affirmed on February 10, and other organs shared its enthusiasm. The most interesting reaction came from the pen of Lloyd George, who divulged an unusually important secret in an article in the *Daily Chronicle* of February 16.

'The Labour Government,' he wrote, 'are quite justified in entering into separate negotiations with Russia. The separate action of France and Belgium in the Ruhr has dissolved the Entente, and Britain and Italy are no longer restrained by the bonds of alliance.'

Read between the lines, this may mean that the four Western Powers had, when Lloyd George was yet in office, agreed not to undertake separate moves *vis-à-vis* Russia or Germany. It is per-

haps not accidental, therefore, that Italian and British recognition came within five days of one another.

¶ BRITAIN'S BILL AND BOLSHEVIK CLAIMS

Recognition was a mere formal preliminary to the settlement of England's claims on Russia and Russia's on England. According to one authority of repute,[1] Russia's public debt to Great Britain equalled:

Government and Railway bonds	$333,000,000
Commercial investments	261,000,000
War debt	2,766,000,000
Total	$3,360,000,000

The Bolsheviks presented counter-claims. They asked for reparation for damages done by British and British-supported forces in Russia during the Soviet Civil War. At Genoa, the Soviet delegation had presented counter-claims amounting approximately to 4,067,226,040 pounds sterling. Britain's share bulked very large. Rakovsky, in a memorandum to the Labour Government, which Ponsonby, MacDonald's Under-Secretary of State, pronounced 'Vague and unsatisfactory,' set it at approximately 2,000,000,000 pounds sterling. But no matter what the sum, the Bolsheviks insisted that their counter-claims for an indemnity be duly honoured. 'One million three hundred and fifty thousand human lives alone,' Rakovsky affirmed at the May 15 session of the Anglo-Soviet conference, 'were lost in the fight against intervention.' Three thousand five hundred bridges were destroyed. Whole provinces were laid waste. 'I repeat,' Rakovsky continued, 'that the question of British claims is insolubly connected with the Russian counter-claims.'

History supplied a precedent. The Russians invariably cited the case of the privateer *Alabama*, which, though fitted out in England, did not belong to the British Government. Yet the Geneva Court of Arbitration, on September 14, 1872, ordered the British Government to pay the United States Government $15,500,000 for damages caused by the *Alabama* in helping the

[1] *The Inter-Ally Debts*, by Harvey E. Fisk, Bankers Trust Co. Publication,

Confederacy against the North. Britain's action in Russia between 1918 and 1920 was more direct and more destructive.

Rakovsky stated, however, that

'the Soviet delegation does not consider the Soviet counter-claims as ranking against the whole mass of British claims but principally as ranking against the British war debt. The Soviet delegation fully understands that private British claimants must receive some satisfaction.'

The Genoa Conference had given prominence to the principle that Entente war debts to Russia and Soviet counter-claims for interventionist and blockade damages cancel each other. But this involved the entire problem of Inter-Allied debts. If England wiped out Russia's war obligations when Russia was ruled by hostile Bolsheviks, France and Italy would demand a treatment at least as favourable. Ponsonby therefore urged on May 15, that the war debts and counter-claims 'shall be reserved for discussion at a later date.' Subsequently, Ponsonby announced in Parliament that both had been placed in 'cold storage' and it was generally agreed that the British Government accepted the Soviet contention for cancellation. Since the French later adopted the same procedure, and in view of the fact that neither the Japanese nor the Italians have ever asked Moscow to pay the Czar's and Kerensky's war debts, there is reason to believe that the matter will not be raised in future negotiations between the Soviet Union and the Powers.

The Russians advanced a supplementary argument in favour of the annulment of war debts. While France made loans to the Czar during the World War without any special guarantee, Lloyd George and Reginald McKenna, the British war-time Chancellors of the Exchequer, demanded the deposit of Russian gold as guarantee, and during the war, according to Harvey E. Fisk, no less than $331,000,000 of the Czarist yellow metal reserve was shipped to the British Empire by devious routes to avoid German submarines. To this must be added the British share of the 120,000,000 gold roubles paid by the Bolsheviks to the Germans under the supplementary Brest Litovsk treaties, transferred by the Germans to several Allied countries, and held by them in trust pending a

settlement with a Russian government. Considering that the war obligations of continental nations to England and America were written down radically, the sum remaining to be funded by Soviet Russia would scarcely exceed by any appreciable amount the value of Russian gold held by British banks as war-time guarantees. If the Bolshevik counter-claims are then thrown into the scales, the war debt, as even Conservatives tacitly agreed, must be wiped from the slate.

There remained, however, the claims of private British bondholders and the demands of ex-property owners in Russia. These, and small personal losses by British subjects – bank deposits, salaries, jewellery, furniture, etc., totalling, according to the British, 26,000,000 pounds, formed the subject of the memorable Anglo-Soviet Conference which opened in London on April 14, 1924.

The members of the British delegation were Arthur Ponsonby, V. A. A. H. Wellesley, J. D. Gregory, O. St. C. O'Malley, F. Phillips, Sir Sidney J. Chapman, who had participated in the Genoa and Hague conferences, Sir William Clark, who negotiated in Moscow with the Bolsheviks before the opening of intervention, and H. Fountain.

The Russians were led by Christian G. Rakovsky. Important Soviet leaders seconded his efforts. There was Tomsky, chief of the Soviet trade unions and member of the supreme Political Bureau of the Communist Party, Scheinmann, the President of the Soviet State Bank, Stomonyakov, Preobrajensky, Radchenko of the Miners' Union, Shitkov, Haidar Aliev representing Turkestan, Kutuzov of the trade unions, A. A. Joffe, the Russian diplomat, and Shvernik.

¶ THE BANKERS' MEMORANDUM

The day the conference opened, a memorandum was submitted to the British Government and Press above the signatures, among others, of Charles Addis and E. C. Grenfell of the Bank of England, Walter Leaf of the Westminster Bank, Reginald McKenna of the Midland Bank, J. Beaumont Pease of Lloyds Bank, and Lord Swaythling of S. Montagu and Company. Lord Revelstoke of Baring Bros. Bank, where considerable Czarist gold was still on

deposit, also played a prominent rôle in connection with the memorandum.

The Bankers' Memorandum demanded (1) that the Bolsheviks recognize Russia's public and private debts, (2) that an equitable restitution of private property to foreigners be made; (3) that a proper civil code be brought into effective operation, independent courts of law created, and the sanctity of private contract again firmly established; (4) that the Soviet Government guarantee that in the future private property shall in all circumstances be free from confiscation by the State; (5) that British bankers, industrialists, and traders should be able to deal freely with similar private institutions in Russia; and (6) that the Bolsheviks abandon propaganda.

No. 2 demanded what the Bolsheviks had refused at Genoa and The Hague; No. 3 was a demand for capitulations as in China and pre-war Turkey; No. 5 required the abolition of the Soviet Government monopoly of foreign trade, a most fundamental tenet of Bolshevik statecraft. The authors of the memorandum were renowned financiers and wise men. They knew that no Bolshevik government could accede to their programme and live another day. They were asking the resignation or overthrow of the Bolsheviks. Their memorandum revealed the bias of the British financial and business mind against a settlement with Russia. This obviously complicated MacDonald's position, for an economic agreement with the Soviets depended on the City more than on Downing Street.

¶ THE ANGLO-SOVIET CONFERENCE[1]

The opening session of the conference, on April 14, consisted of an address of welcome by MacDonald and a reply by Rakovsky. A further meeting on the next day dealt with those Anglo-Russian treaties which had become obsolete or impossible and therefore required cancellation or modification. Sessions on April 16 and 24 were devoted to questions of procedure, old treaties, the organization of committees, and other technical and secondary matters. Both delegations were feeling their way and feeling themselves out.

[1] The account given here follows the unpublished Protocols.

The meeting of May 15, however, came to grips with the real problem of war debts and counter-claims, and, finally, on May 20, private expropriated property came under discussion. Rakovsky had declared, on May 15, that 'nationalization as a result of the revolution is legal and . . . we must refuse to pay for its consequences.' Since the British would not accept this principle and since the Bolsheviks would not budge from it, the chief Soviet delegate therefore suggested that they try to reach a practical settlement. He now asked for information. What were the claims of former private property owners? Did they ask for concessions? The Bolsheviks realized that a refusal to consider the claims would make agreement impossible. For this reason, and not because they thought it right, they consented to listen to applications for compensation.

As to pre-war bonds, Rakovsky submitted this formula:

'On condition of the conclusion, with the assistance of the British Government, of a long-term loan for productive purposes [i.e. not for budget purposes. – L. F.] the Government of the Soviet Union agrees, in accordance with the amount of the loan and its conditions, to determine by agreement with the British Government a lump sum in order to cover the pre-war debts of Russia in relation to British subjects.'

The Soviet point of view had always been clear. It was presented at Genoa and more than once thereafter. The Bolsheviks could not and would not recognize or pay their predecessor's debts unless they received credits or loans from the country whose bondholders they were satisfying. The workers and peasants, they argued, would object to paying the bills of Czarism, and for this reason: Speaking of pre-war Russia, Pasvolsk and Moulton say:[1] 'She was an old country with a large existing foreign debt *resulting from past wars and bad financial administration*' [italics mine. – L. F.]. The masses did not want the Czar's wars and were not responsible for his bad administration – they merely suffered from it. Indeed, these authors explain that Russian railways were developed not to improve conditions ('The Russian bureaucrats were quite content

[1] *Russian Debts and Russian Reconstruction*, by Leo Pasvolsky and Harold G. Moulton. New York, 1924. Page 38.

with the feudal economic system of the country; they were not interested in internal development . . .') but in order to serve as securities for foreign borrowing.

Not only the Socialists and Communists, but even the moderate Liberals in Russian pre-war political life warned foreign creditors on numerous occasions that the successors of the autocracy would not bear responsibility for its loans. Those loans were expended in oppressing the people and in measures that provoked the antagonism of other Powers.

Had the Soviets held fast to a dogmatic, theoretical position, they would have refused to pay pre-war debts or war debts. But they behaved like realists. Such a policy in respect to peace-time obligations would have made normal economic relations with foreign lands too difficult and strained. Expediency demanded some settlement, and Moscow therefore proposed the following: Great Britain would give the Soviet Union a loan of, say, 50,000,000 pounds on which an annual interest of, say, 8 per cent would be paid. In Russia the interest on money was, say, 13 per cent. Moscow would devote the difference – or 5 per cent of 50,000,000 pounds – to satisfying the claims of the holders of pre-war bonds. One million pounds or more, depending on the volume of borrowing, would thus be available each year for that purpose.

A loan was the *sine qua non* of debt payment. 'The central question is the loan,' Rakovsky said in an interview with the *Izvestia* on July 30. 'Everybody knows,' Zinoviev declared at the Communist Party Congress in May, 1924, 'that we have no possibility of paying debts' – out of their own resources.

No large export credits could, under the Trade Facilities Act, be utilized to further Russian trade. The Soviet Government, moreover, required cash in order to employ credits wisely. To use imported factory equipment, for instance, the State needed money to pay workers, to buy domestic construction materials, etc., and although Rakovsky intimated that by far the greatest part of the proposed loan would be spent in England, it was understood that Moscow expected at least a small fraction in liquid funds. Besides, efforts made in February, 1924, to extend the benefits of the Trade Facilities Acts to Russia remained ineffective. On February 12

J. Maxton, M.P., J. E. Mills, M.P., and W. P. Coates waited on W. Lunn, M.P., the Minister in Charge of the Overseas Trade Department, and urged him to include the Soviet Union in the scheme. A memorandum on the subject was submitted to Sidney Webb, President of the Board of Trade, and a few days later MacDonald orally assured Mr. Lunn that he would welcome application from business firms, yet although Arcos and other companies forwarded their requests no action was taken.

¶ THE GOVERNMENT GUARANTEE OF A BOLSHEVIK LOAN

Despite the fact that the Bolsheviks based the entire conference on a loan which would be *guaranteed by the British Government*, the Labour Cabinet opposed such a guarantee. At the session of May 20, Ponsonby stated emphatically that 'the British Government can in no way guarantee such a loan.' MacDonald maintained that the Bolsheviks should negotiate directly with the City. He felt that the good will of the Government, not its guarantee, was required. But when Rakovsky went to the City, the quest was vain. He spoke to Reginald McKenna, Lord Inverforth, Mr. Bell of Lloyds Bank, and Lord Revelstoke of Baring Bros. Lord Inverforth showed considerable interest in Russian business. In 1925 he negotiated a contract with the Soviet Naphtha Syndicate for the supplying of Caucasian oil to the British Fleet, and in 1926 came to Moscow *incognito* to discuss several large deals with Communist chiefs. But in conversation with Rakovsky, Inverforth said the Bolsheviks really need not borrow at all. Did they wish to build railways? That could be done directly by British bankers and industrialists. Did they wish to develop their oilfields, coal mines, gold deposits, etc.? It was only necessary to invite British capitalists to undertake the task of production in Russia.

After several such meetings, Rakovsky and the Labour Government were convinced that the City would refuse a loan which lacked a State guarantee. The struggle now commenced to win MacDonald and his ministers for the guarantee. Litvinov spent a few days in London in the middle of June and left with a pessimistic impression. Labour circles were divided. Those in contact with the banks and industries opposed the guarantee. The Left

Wing leaders who were exposed to strong trade union pressure to solve the unemployment problem by winning the Russian market, favoured the guarantee. When Rakovsky left London for a hurried aeroplane trip to Moscow on July 26, 1924, the question still hung in the balance. *En route* he received a message from Ponsonby stating that the guarantee would be granted.

The decision to grant the guarantee followed a Cabinet session in the last week of July. Snowden persisted in his uncompromising opposition. He found support in J. H. Thomas, Lord Olivier, the Secretary of State for India, and – much to the surprise of many – in Colonel Josiah G. Wedgwood, who fought the project bitterly. When Ponsonby suggested a loan of 30,000,000 pounds, Snowden objected. But the Prime Minister and Henderson stood firmly by Ponsonby. Snowden, MacDonald submitted, looked at the problem from the narrow point of view of the Exchequer. But the pacification of Europe and the world were involved. The debate was long and bitter. Finally, however, the MacDonald-Ponsonby faction won the day.

The question of this guarantee has for years been the subject of considerable press discussion into which party prejudices have injected numerous untruths. MacDonald had opposed a guarantee as long as he believed that the merest sign from him would persuade the bankers to lend to Russia. But when this proved an illusion, and knowing that without a loan no settlement could be reached, he decided to support the guarantee. Time, moreover, pressed on the Labour Prime Minister. Parliament would adjourn early in August and he had to send it home with some definite achievement in the field of Anglo-Soviet relations.

¶ NEGOTIATIONS WITH THE BONDHOLDERS

The official conference had been at a standstill for more than two months. It met on May 27, when the prospects seemed very dark. Ponsonby warned the Russians that the Government had no majority and could not carry through any 'special or extravagant measures.' The next session took place more than two months later – on August 4, after the guarantee had been adopted.

Meanwhile, the Soviets negotiated directly with the British

bondholders. Downing Street took the view that it would interfere in the issue between Soviet Russia and her creditors only if they could not agree without such mediation. And the bondholders themselves insisted on direct pourparlers with the Bolsheviks.

The first meeting between Rakovsky and Scheinmann, and the representatives of the bondholders was held in the British Foreign Office on June 12.[1] Ponsonby and Gregory made non-committal introductory statements and departed. Sir George Marjoribanks, and Messrs. Crisp, Trotter, Cooper, and Cramp attended for the creditors. They refused to present a statement of their claims, but asked Rakovsky to make his offer. It was generally agreed that the total debt would suffer reduction. But how large was the total? The second meeting, held at 17 Moorgate Street on June 23, revolved around the same issue. Rakovsky showed a report handed him officially by the Board of Trade on May 1, according to which a Government registration of claims ending March 31, 1924, revealed a total of 39,023,165 pounds. This figure, Rakovsky added, approximated very closely that of the Czarist Ministry of Finance. Chairman Barnett, however, submitted that some holders might not yet have registered their bonds, and that the total stood between 50 and 60,000,000 pounds. He suggested that 50,000,000 pounds be accepted as the basis of discussion. But Rakovsky insisted on the Board of Trade sum, and then declared that the Soviets would, if they obtained a Government-guaranteed loan in England, pay 6,000,000 pounds or, roughly, 16 per cent of the whole. This, Rakovsky remarked, was more than three times the present market value of all the bonds held in Great Britain.

The third and final session of the conference with the bondholders met on June 27. The bondholders refused to accept Rakovsky's offer and refused, likewise, to make one of their own. Rakovsky accordingly declared that unless he heard from the bondholders within a few days, the bondholders' claims would be discussed in the official Anglo-Soviet conference without the bondholders. The private pourparlers thus ended without result. But

[1] The summary of the proceedings of this and subsequent meetings was made by the writer from the unpublished protocols.

before the final close, Mr. Burtch-Crisp, a prominent bondholder, passed a pencilled note to Rakovsky which Rakovsky later showed the writer. It contained the Britisher's proposal for a settlement: 'Amount outstanding,' it read, 'to be reduced to 50 per cent. Soviet will pay 2½ per cent on ½ of balance and the bondholders will give an option to Soviet to pay off principal at 50 per cent discount, i.e. 25 per cent of original sum.' If the option were not exercised during five years, Mr. Crisp added, payments would be spread over a period of fifty years.

On this basis, a settlement might easily have been reached. Mr. Crisp, apparently, believed that he could mobilize 50 per cent of the bondholders for his solution – a belief which was reflected in the final treaty.

¶ THE BREAK

With the bondholders' claim reserved for the consideration of the inter-government conference, and with the guarantee accepted by the British Cabinet, the official discussions had reached their final stage. The decisive session took place on August 4. It lasted twenty hours and left the participants in a state of physical collapse. It ended with a sensational rupture.

When the proceedings opened, Ponsonby stated: 'At the earlier meetings, I repeated more than once that the Government could not undertake to guarantee a loan. That decision has been reversed . . .'

MacDonald's objection to the guarantee had threatened the success of the negotiations. His acceptance of it should have paved the way to a final settlement. The Russians, indeed, felt that an agreement was within reach. Both sides made compromises.

The cancellation or emendation of old treaties had been provided for by the experts. The draft of an important commercial treaty presented no difficulties. A fisheries convention was drawn up which gratified British fishing interests – the Bolsheviks dropped their claim to a twelve-mile territorial waters limit in the White Sea, Soviet fishers were given a measure of protection against the better equipped English trawlers, and an article was even introduced which provided for the arbitration of disputes by the

University of Leyden. 'This is the first arbitration treaty which the Soviet Government are entering into,' Rakovsky declared. But the details of the arbitration procedure required careful probing – and the conference had been set the task of completing the treaties before it rose, so that MacDonald might present them to Parliament before the recess. Owing to the haste, the arbitration clause was therefore eliminated from the fisheries agreement.[1]

Only two problems now remained outstanding: bonds and nationalized private property. Rakovsky argued that since direct negotiations with the bondholders had been fruitless, the British Government must interfere. He did not expect the Government to negotiate with the bondholders; that was Moscow's affair. But the British Government would represent the nation, and when an agreement had been reached with at least half of the claimants, the Government would regard the settlement as legal and satisfactory. This Ponsonby accepted and it was written into Article 6 of the draft General Treaty.[2]

Article 7 'reserved for discussion at a latter date' all claims in respect of British war loans to Russia, Russian gold deposited in England by the Czarist Government in the course of the war or by Germany under the Brest Litovsk treaties, Czarist and Kerensky non-war debts, and Bolshevik counter-claims.

Articles 8 and 9 provided for the settlement of petty claims of British nationals by the payment of a lump sum by Moscow to the British Government for distribution among the claimants.

Now the session, having found an acceptable formula for the solution of the bondholders issue, attacked the problem of private property. The Genoa and Hague conferences had floundered on this rock. Much of the foreign opposition to the Soviet Government found inspiration and support in industrialists whose properties were sequestrated. Urquhart had welcomed the Curzon ultimatum and perhaps helped to create the atmosphere that made it possible. He had organized the Association of British Creditors of Russia which became a chief source of anti-Soviet agitation in

[1] For text, see British White Paper, Russia No. 4 (1924), *General Treaty between Great Britain and Northern Ireland and the Union of Soviet Socialist Republics.* London, 1924. Cmd. 2260. Pages 4 *et seq.*

[2] *Ibid*, Pages 10 *et seq.*

England. Sir Henri Deterding, another dispossessed owner, sponsored the oil blockade against Russia in 1922 and 1923, and although he himself purchased petroleum from the official Soviet Naphtha Syndicate, he fought the sale of 'stolen' Soviet oil with vehemence and persistence. Moreover, British ex-owners were not without their influence on the British Government – even on the Labour Government. The MacDonald Cabinet had in fact, as Ponsonby declared in the twenty-hour session on August 4, acceded to the Soviet demand for a loan guarantee only on condition that the article of the draft treaty referring to nationalized private property remain essentially unchanged.

Practically all the former owners had presented their claims to Rakovsky in London. One Englishwoman wished to call on the Soviet envoy and collect rent for the three years he had lived in her house in Kharkov while Prime Minister of the Ukraine. More serious demands came from the Lena Goldfields Company, Urquhart's Russo-Asiatic Corporation, etc. Deterding, however, never presented any demands for compensation or a concession. He wished merely to be reinstated in the ownership of his former plants.

The Soviet Government had decided that it would admit either Urquhart or Lena Goldfields to Siberia, but not both. Rakovsky had received a favourable offer from the latter. 'The directors of the Lena Goldfields, rightly or wrongly,' Herbert Guedalla, chairman of the company, wrote in the *Morning Post* of May 12, 1925, 'some time ago came to the conclusion that the recovery of the large losses of their shareholders in Russia by methods of Government diplomacy must be a very slow procedure. . . . We . . . approached the Soviet Government . . . they did not approach us. . . .' This letter reflected a business-like attitude and friendly relationship which could not but impress the Russians. The Lena Goldfields representative who met Rakovsky was Walter L. Brown, formerly a high official of Hoover's America Relief Association, who brought Rakovsky a note of recommendation from an influential member of Kuhn, Loeb and Co. of New York. His discussions with Soviet representatives promised to bear fruit.

Progress was registered in discussions with other companies too,

for the Soviet Government intended to grant a considerable number of concessions to former owners – not because it considered nationalization wrong, illegal or outlived, but, as Rakovsky stated at 3 p.m. on August 5, 'because we believe the concessionaires will be valuable workers in Russia.'

The Bolsheviks, however, could not satisfy all the former owners. A controversy developed on the topic of losses *v.* claims. The substitution of the word *losses* for *claims* would, Rakovsky warned, make the treaty entirely unacceptable. 'We are under no obligation to pay losses,' he affirmed. 'But we are prepared to pay compensation' in the form of concessions or perhaps even cash. To pay reparations for losses would mean to recognize the illegality of nationalization, whereas to settle claims would merely permit the capitalists to return to Russia and be of service to the country.

Also, an important legal point was involved. In the Anglo-Russian Commercial Treaty of March 16, 1921, the Bolsheviks had accepted private British claims. Subsequently, in April, 1922, the Rapallo Treaty had been negotiated with Germany. Accordingly Scheinmann declared that 'if this idea of the settlement for losses were adopted, then such claims could be presented not only by British but by all other nationals.' A precedent would be set from which the Bolsheviks might suffer in future pourparlers with France, America, etc.

Ponsonby thereupon explained that the British Government did not expect the Bolsheviks to pay all claims but only 'valid' ones. The tired delegates now commenced to discuss the question of validity. Who would decide? Since the loan would be forthcoming only when, in the opinion of the British, sufficient progress had been made in the settlement of claims, the decision as to validity lay with Downing Street. Rakovsky suggested instead that only those claims be satisfied the justice of which had been recognized by the Soviet Government or by both governments.

It was now 7.15 in the morning. Perhaps, if the negotiators had had some sleep, an understanding might have been arrived at. Perhaps if Gregory of the Foreign Office had not suggested a break to Ponsonby at 4 a.m., none would have come. Perhaps a few

minutes' talk between Ponsonby and MacDonald or between MacDonald and some Labour leaders might have sufficed to heal the breach. As it was, Ponsonby arose at 7.15 to announce that the treaty, unfortunately, could not be signed and the negotiations, therefore, 'fall to the ground.'

A Labour government and a Workers' and Peasants' government had split on a question involving the private property of expropriated capitalists. The position of Moscow was clear: it did not want to pay more than necessary. It felt that nothing ought to be paid, but on purely utilitarian grounds it was ready to make and grant concessions. The British Government felt the pressure of the industrialists and the banks. To yield too much would endanger Labour's position in Parliament. MacDonald desired to have the whip hand. He asked that all the private property claims be satisfied, or at least, that it rest with Britain to determine which were valid.

¶ PATCHWORK BEHIND THE SCENES

That afternoon England was stirred. The Conservative Press rejoiced. Labour realized that, apart from the intrinsic significance of its failure to agree with the Russians, the collapse of the negotiations would probably involve the fall of the Cabinet.

First of all, Labour leaders prevailed on MacDonald to postpone the adjournment of Parliament to permit of one more attempt to heal the breach. The same evening, Rakovsky answered a summons to report on the negotiations before a special caucus of about twenty-five Labour M.P.'s. Commander Kenworthy, then still a Liberal, likewise attended.

Purcell, Morel, Wallhead, Lansbury, Maxton, and other Left trade unionists and M.P.'s consulted with Ponsonby and probably MacDonald, and the same evening brought to the chief of the Russian Delegation, who was waiting on the terrace of the House of Commons with a Labour M.P., the glad tidings that the negotiations would be resumed the next day, August 6. The next morning, in fact, Gregory brought a new Foreign Office formula which Rakovsky rejected because he regarded it as worse than the previously suggested solution. Within several hours, the Left leaders

submitted to Rakovsky a third Foreign Office formula. This time, after consultation with his colleagues, he accepted.

That very day, August 6, the Anglo-Soviet conference met again. Ponsonby read the new draft of the disputed article on private property and Rakovsky immediately approved. It is characteristic of Rakovsky's interesting mind that when this great problem had been disposed of he raised for the second time the question of the tiny Island of Wrangel in the Arctic and drew from Ponsonby the definite statement that after consultation with the Canadian Government 'His Majesty's Government lay no claims to the Island of Wrangel.'

On August 10 the Anglo-Soviet General Treaty as well as the Commercial Treaty were signed by MacDonald and Ponsonby and by Rakovsky, Joffe, Radchenko, Scheinmann, and Tomsky.

Article 10 elaborated the procedure for the settlement of private property claims. Article 11 provided for a second treaty which would contain (1) conditions for the settlement of bondholders' claims, (2) the amount and method of payment of compensation for petty British losses, and (3) 'an agreed settlement of property claims other than those directly settled by the Government of the Union of Soviet Socialist Republics.' This was the formula on nationalized property reached after the break. Moscow would negotiate separately with the expropriated owners. Claims not satisfied by this method of private agreement would have to be settled according to the provisions contained in the second treaty. This was generally understood to mean that tribunals would be set up to adjudicate claims preferred by numerous governesses, teachers, and small property holders who had suffered through the revolution. But the larger more important claims of Urquhart and firms of the same magnitude would be settled by direct negotiations and thus pave the way to the loan.

Only then would the second treaty be signed. And only after the second treaty was signed would the British Government 'recommend Parliament to enable them to guarantee the interest and sinking fund of a loan to be issued by the Government of the Union of Soviet Socialist Republics.' No amount was stated, nor were the conditions and terms.

CHRISTIAN G. RAKOVSKY

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¶ HOSTILE CRITICISM

'British interests are betrayed,' the *Morning Post* shouted shrilly when the treaties were signed. The *Daily Telegraph* commented on the 'uselessness of the treaty.' Business and City circles loudly opposed the treaty, and in Parliamentary quarters, the Conservatives and Liberals indulged in hostile criticism. Even Lloyd George attacked the new agreement, although at Genoa he had been prepared to give the Bolsheviks more than was provided for in the MacDonald-Rakovsky treaty, when they had agreed to give less than they promised in 1924.

The treaty, as far as the British were concerned, undoubtedly contained many shortcomings. Mr. Garvin summed up the situation in the *Observer* of August 10, 1924. 'It' (the treaty), he wrote, 'restores what can be restored, and leaves the rest for time and the goodwill. . . .' It was a half-solution with the promise of a complete solution.

Concretely, the treaty settled the old treaties problem; it provided for a fisheries settlement which greatly pleased the British fishers, and it pledged both contracting parties to refrain from propaganda and interference in internal affairs; it was supplemented by a detailed commercial agreement. Whether or not Russia received a loan, these settlements stood.

Furthermore, the General Treaty recorded the Soviets' recognition of their responsibility to settle the claims of the bondholders, petty losers, and expropriated private owners. It also set up machinery for the settlement of those claims, and provided the method. If the machinery failed and the claims remained unsettled, the Bolsheviks got no loan.

The treaty contained no final settlement. But it levelled the road to a future settlement. It was obvious from the Rakovsky negotiations with the bondholders and property owners, from his declarations registered in the protocols of the official Anglo-Soviet conference, and from the declarations and tenor of the Russian Press, that the Soviet Government wished to reach a final agreement. Had its intention been different, it would never have agreed to concessions which in fact exposed it to strong criticism in the Soviet Union.

The treaty was a small advance on a large future payment plus a guaranteed promissory note to make that payment.

¶ THE FALL OF MACDONALD

Powerful opposition soon developed to the treaties. Its spirit resembled that of the Bankers' Memorandum of the opening day of the Anglo-Soviet conference.

The treaties would lie on the table for twenty-one days before they could be ratified by Parliament. Since Labour controlled no majority the balance was held by the Liberals. On September 10 a former associate of Lloyd George informed Rakovsky by letter than 'a considerable proportion of the Liberals will definitely vote against the ratification of the treaty and, of the balance, a considerable number will not vote at all.' Lloyd George had always favoured an economic settlement with Russia. He had written it on his banner in 1920, in 1921, at Genoa, and at The Hague. His position, in fact, had not changed in 1924. But the ex-Premier's eye was now on the domestic political scene. He preferred to risk an autumn election before Labour had made too long and too good a record in office. The polemic raged throughout September, and on October 2 the London *Daily Herald*, organ of Labour, carried a full-page headline: 'Prepare for a General Election.'

It so happened that during this period the Government withdrew the proceedings against John Ross Campbell, editor of the Communist *Workers' Weekly*, who had been charged with inciting the King's armed forces to mutiny. The Tories' and Liberals' motions of censure against the MacDonald Cabinet referred to this action, but it was no secret for anybody that the Campbell case merely served as a convenient excuse for burying the Government which had signed the Anglo-Soviet treaties.

No British money must go to build up Soviet Russia, the opposition's slogan read. But, complained the *Daily Herald* on October 6, 'if the Labour Government had proposed to spend fifty million pounds in crushing Russia there would not have been any talk of a General Election.'

The atmosphere was now extremely tense. No compromise could be effected. On October 8 the Government suffered defeat

in the House of Commons, and MacDonald went to the King to ask for the dissolution of Parliament. National elections were scheduled for October 29.

¶ THE 'ZINOVIEV' LETTER

In the midst of the short election campaign, the Press published the famous 'Zinoviev' letter in which, among other things, the Third or Communist International gave instructions to the British Communist Party on its tactics in the election and, *also*, on the necessity of working within the British army with a view to 'paralyse all the military preparations of the bourgeoisie.'[1]

The letter when published caused an unprecedented storm of excitement in England, and undoubtedly determined the outcome of the elections. The smashing victory of the Conservatives would have been impossible without it. Neither the Tories nor the Liberals nor Labour denied for one second the effect of the 'Zinoviev' letter in determining the constitution of the House of Commons from November, 1924, to June, 1929. It changed the nature of many, many seats – of at least 100 is the usual estimate.

Beginning with 1924, until as late as 1928, the 'Zinoviev' letter was debated in Parliament, and frequent references are made to it in the press, in books, and in public documents. A Government lifted into office by such a 'Red' letter was of necessity bound to an anti-Soviet policy. The document has, accordingly, helped to determine the course of Anglo-Russian relations for half a decade.

A number of points can be made with respect to this 'Zinoviev' epistle:

(1) The original of the 'Zinoviev' letter has never been published and was never seen by British Government officials. Three or more copies circulated in Great Britain, but only an original would reveal mistakes in orthography, erasures, quality and watermark of paper from which it might be proved a forgery. Perhaps therefore the original was destroyed.

(2) The document contains internal evidence against its

[1] Full text in British Blue Book. London, 1927. Cmd. 2895. Pages 30 and 32.

authenticity. The heading of the letter reads 'Executive Committee, Third Communist International, Presidium.' But, as Rakovsky stated in his reply note to MacDonald, dated October 24[1]:

'In circulars of the Communist International (which may be seen in the press, for its activities are not concealed) it is never described as the "Third Communist International" – for the simple reason that there never has been a First or Second Communist International. The signature,' Rakovsky continues, 'is a similarly clumsy forgery. M. Zinoviev is made to sign himself as the "President of the Presidium of the Executive Committee of Communist International," whereas actually he is, and always signs himself officially as, "President of the Executive Committee." '

The letter is also signed by 'McManus' of the British Communist Party, whereas Communist International documents, as seen from one specimen which has been published,[2] bear the signature of 'MacManus' as he signed himself in Russia. In England he was McManus and the deduction has been made that the forgers were insufficiently acquainted with Comintern documents to know the difference.

Finally, Mr. Thomas Marlowe, the editor of the *Daily Mail*, which first published the document, wrote a letter to the London *Observer* of March 4, 1928, wherein he explained that he had at the time received two copies of the 'Zinoviev' communication; 'The only important difference was that in one copy the name of McManus, to whom the letter was written, appeared immediately under the name of Zinoviev, as if McManus were the co-signatory.' As the official British Blue Book published the letter, 'McManus' is a co-signatory. But if the letter was addressed to McManus, it could not have been signed by him. In one of Mr. Marlowe's copies, McManus was made to be a signee, in another the recipient. The forger erred slightly.

[1] Full text in British Blue Book. London, 1927. Cmd. 2895. Pages 30 and 32.

[2] *The 'Zinoviev' Letter, Report of Investigation by British Delegation to Russia for the Trades Union Congress General Council. November–December 1924.* London, 1925. Page 10.

In style and contents, moreover, the 'Zinoviev' letter is very dissimilar from the usual Comintern communications.

(3) The Conservative Baldwin Government has consistently refused to investigate the origin of the 'Zinoviev' letter. It rejected an official Soviet offer to submit the question to arbitration. After Mr. Thomas Marlowe's letter appeared in the *Observer* on March 6, 1928, many persons realized the necessity of an investigation, especially since Mr. Gregory of the Foreign Office had become implicated in the Francs Case and was suspected of illegal practices with a view to speculating on the fluctuations of French currency. Mr. Gregory was also said to have been responsible for the publication of the 'Zinoviev' letter. ' After the events of the week-end,' wrote the most-Tory *Morning Post* on March 6, 'one finds a growing feeling among Conservatives that the Government would be well advised to grant an investigation.' 'No reason,' wrote *The Times* on March 7, 'seems to exist why the demand should not be granted. . . . The refusal might conceivably confirm some lingering suspicion that the present Government . . . has something sinister to hide.' 'We fear an inquiry is necessary,' declared the Conservative *Spectator* on March 10.

But the Government refused to institute an investigation. One is, accordingly, entitled to what *The Times* styled 'lingering suspicion' that the Government has something sinister to hide.

In the course of a speech in the Ardwick Picture Theatre in Manchester on October 26, 1924, attended by the police and the press, McManus challenged the authorities to prosecute him. If he had in the 'Zinoviev' letter urged the organization of subversive units in the British army, why did not the Government arrest him and bring him to trial? But the Baldwin Cabinet did not order his arrest.

(4) Rakovsky tells the writer than an official of the Quai d'Orsay of international repute informed him that the 'Zinoviev' letter was a Polish forgery.

In the summer of 1927, Druzhelovsky, a famous 'White' Russian forger who had entered Russia illegally, stood for trial in Moscow. Ulrich, Chief Justice of the Supreme Court of the Soviet Union, permitted the writer to examine the complete records of the proceedings. Under oath, and testifying when he knew that

the penalty of his crime was death, Druzhelovsky stated that he had worked in Berlin on the instructions of Paciorkovski of the Polish Secret Service, who was connected with other intelligence services. Druzhelovsky suggested that the authors of the 'Zinoviev' letter were the Russian *emigrés* Zhemchujnikov, Belgardt, and Gumanski, who worked under Paciorkovski and the British Intelligence. Zhemchujnikov told Druzhelovsky that the 'Zinoviev' letter had been drafted at his lodgings by Belgardt and Gumanski.

In 1929, two 'White' Russian forgers, Orlov and Sumarokov, who had offered forged documents to Hubert Knickerbocker of the *New York Evening Post*, were arrested in Berlin as a result of the ingenuity of that correspondent. They had tried to sell him documents referring to alleged Soviet bribes to the United States Senators Borah and Norris. In this connection, Gumanski, another Russian forger, was arrested. The Press reflected suspicions that Gumanski and Orlov were the authors of, or privy to the affair of, the 'Zinoviev' letter. But it has been suggested that strong pressure was brought to bear in Berlin to prevent a thorough investigation.

In January, 1927, before the Druzhelovsky trial, Carl Mertens, a well-known German pacifist, testified at the trial of a certain Schreck before the Leipzig High Court that a British publicist living in Geneva had told him that the 'Zinoviev' letter had been fabricated by the Polish agent Paciorkovski, who had co-operated with the accused Schreck.[1]

All these facts seem to indicate that the letter was manufactured by Russian *emigrés* in contact with the Polish Intelligence Service and placed by it at the disposal of the British.

(5) One careful investigation of the 'Zinoviev' letter has been made by a special British Trade Union Congress delegation consisting of Messrs. Ben Tillett, Grenfell, and Young, who possessed a knowledge of Russian and German, and considerable experience in intelligence work. The deputation went to Moscow and obtained permission from Zinoviev to examine the most secret archives of the Comintern, the file of the Comintern's correspondence with the British Communist Party, the daily ledger of out-

[1] Statement by Chicherin quoted in the *Manchester Guardian* of March 23, 1928.

going correspondence ('There were many hundred entries in Russian and German, and wherever an entry could either directly or indirectly concern England the communication was asked for and produced from its proper place in the archives. It was impossible that this record, a large volume in many different handwritings bearing every evidence of having been daily written up, could have been tampered with'), and a volume of the minutes of the Comintern from June to October, 1924. The deputation made copies of some documents. Its conclusions were as follows: The activities of the Comintern in respect to England 'conformed to the international agreement as to propaganda.' . . . 'Before leaving, the deputation satisfied themselves that there was no other channel in the Comintern departments by which a letter signed by M. Zinoviev could have been either discussed, drafted or issued.' . . . 'This inspection convinced them [the deputation. – L. F.] as far as a negative can be proved, that no "Red Letter" ever left the Comintern.'[1]

After the investigation, Labour asked a similar examination of British Government files, or at least a court of inquiry into the 'Zinoviev' letter affair. The request was denied.

(6) The final point to be considered is the manner in which the 'Zinoviev' letter came to be published. This was discussed in great detail by Ramsay MacDonald, J. H. Thomas, Maxton and others in the Parliamentary debate on March 19, 1928. *The 'Zinoviev' Letter*, a pamphlet published by the 'Anglo-Russian Parliamentary Committee' in May, 1928, contains an interesting study of the entire situation. Briefly these facts are to be considered: It had been agreed between Krassin and the Foreign Office, after the Curzon ultimatum, that all such accusations about propaganda, etc., would first be given personal attention by official representatives and not be made the subject of notes as was the 'Zinoviev' letter. Besides, the question of the 'Zinoviev' letter engaged the Foreign Office for several days before it appeared in the press. Ponsonby, the Under-Secretary of the Foreign Office, was in almost daily touch with Rakovsky and of course in daily touch with Gregory and other officials who had the letter in their hands and under consideration. Yet they hid

[1] *The 'Zinoviev' Letter, Report of Investigation . . .*

the letter from Ponsonby; J. Maxton, M.P., made this charge in the House of Commons on March 19, 1928, and Ponsonby, who sat nearby, nodded his approval. Nobody ever denied it. Nor did Gregory consult Lord Haldane who deputized in the Foreign Office for MacDonald away on a speaking tour in the country. Even apart from this circumstance, many Labour leaders entertained the suspicion that the permanent officials of the Foreign Office had sabotaged the negotiations with Rakovsky, and otherwise thwarted the policies of MacDonald and Ponsonby. It is known, for instance, that when Meerovich, the Premier of Latvia, visited London, Prime Minister MacDonald and Ponsonby counselled him against entering Poland's Baltic *Bloc*, but on returning to Riga Meerovich reported that Gregory had given him the opposite advice.

Of course, the 'Zinoviev' letter might never have been published or might not have been published when it was had MacDonald acted with determination and courage. But he was impressed by his permanent officials. MacDonald gave the details of the story in the House of Commons on March 19, 1928. The 'Zinoviev' letter was in the Foreign Office on October 10. But only on the 14th did the officials communicate it to MacDonald. He was in London till the 13th. They kept their silence. The ex-Prime Minister declares that this was one of many dozens of forged documents then circulated. Yet he permitted this one to be published. His regrets came to expression years later. Then, on March 19, 1928, he declared that the letter

'was a deliberately planned and devised concoction of deceit, fitted artfully for the purpose of deceiving the public and to influence the Election. That it played a major part in the verdict, no one will deny. That it was a fraudulent one, few will dare to deny.'

Perhaps some day circumstances or the persons involved will reveal the origin of the 'Zinoviev' letter. For our purposes it is extremely important because it created a sort of *noblesse oblige* for the Baldwin-Chamberlain Cabinet to indulge in that unconcealed, unbridled hostility towards the Soviet Union which continued till the rupture of Anglo-Soviet relations in May, 1927, and from then to the General Election in May, 1929.

§ 3. ROYAL DUTCH

British recognition of Soviet Russia on February 2, 1924, was not without its effect on the Dutch Government, and on March 17, 1924, a delegation headed by a high official of The Hague Foreign Office arrived in Berlin to conduct pourparlers with Krestinsky, the Soviet ambassador to Germany. After preliminary conversations in which the basis of political and commercial relations was discussed, the plenipotentiaries departed to report to their superiors, and on April 28 they returned to Berlin.

Holland had, before the revolution, been an important transit country for Russian exports. Rotterdam had handled large quantities of Russian goods and immigrants. Obviously, no outstanding territorial or political questions obstructed the resumption of normal relations between Holland and Soviet Russia. But the Russians unwisely refused to grant Holland most-favoured nation treatment. On this point the negotiations collapsed.

Both countries might have gained by normal relations. Certainly, neither country benefied from the rupture of the Berlin negotiations early in May, 1924.

Holland generally leaves the larger problems of international politics, blocs and groupings of Powers severely alone. She is not on record for any overt anti-Soviet activities. But her relations to Russia are characterized by an unfruitful passivity and indifference.

The Dutch buy from Soviet Russia slightly more than 20,000,000 roubles' worth of goods per year, which is only about one-eighth of Czarist exports to Holland. Dutch sales to Russia are almost negligible. Two Dutch firms operate tiny agricultural and forest concessions on Soviet territory, but they can effect Holland's policy as little as the small foreign trade turnover.

§ 4. BELGIUM[1]

Acting probably under the effect of British recognition, Belgium took the initiative in May, 1924, and opened discussions with

[1] The writer's information regarding Soviet relations with Belgium was given him by Rakovsky.

the Soviet Government. Baron Moncheur, the Belgian ambassador in London, called on Rakovsky and stated his government's views: it would establish diplomatic relations with Moscow provided the Bolsheviks accepted a formula for the satisfaction of debt claims in advance of *de jure* recognition. Rakovsky weighed the possibility of granting Belgium most-favoured nation treatment in the matter of debts. But after three or four meetings, Baron Moncheur discontinued the conversations. A pause of several months now intervened.

When Krassin came to Paris after French recognition of Russia in October, 1924, the Soviet trade headquarters in Paris, at the request of the Belgian authorities, established a branch in Brussels. The Belgians showed considerable interest in Russian trade. They desired to see Russian grain sold on the Antwerp market. They wanted to buy Russian oil, flax, and timber. But above all, they were concerned with their tremendous pre-revolutionary investments. Belgians had owned shipyards in Nikolaiev, steel mills, street-car factories, electric stations and machine shops in the Ukraine, and huge properties in the Don region. They had also bought Czarist bonds in considerable quantities.

In 1926, after Rakovsky was appointed ambassador to Paris, he once met Vandervelde, then Belgian Minister of Foreign Affairs, in the salon of Madame Menard-Dorian. Vandervelde informed Rakovsky that he favoured *de jure* recognition of the Soviet Union but refrained from granting it because the internal political party situation did not permit. He nevertheless urged the conclusion of a trade agreement, and, accordingly, sent M. Tellier, an official of the Belgian Foreign Office, to negotiate with Rakovsky. The conversations dragged on for months, but in 1927 they had practically drafted the complete text of a commercial treaty. Tellier, it was understood, would go to Moscow as trade commissioner. Yet they failed to agree on one cardinal issue: Rakovsky demanded a guarantee that Soviet goods shipped to Belgium would not be subject to confiscation by order of the courts or the Government. Tellier replied, however, that an arrangement of this kind would infringe on the liberty and independence of the judicial system. In vain did Rakovsky argue that Lloyd George had written such a condition into the Anglo-Soviet trade convention of March 16,

1921. Belgium would not concede the point. And since the possibility of confiscation might interfere with trade and cause the Soviet Government considerable losses, the negotiations ended with failure, and Paris withdrew the Soviet branch trade office from Brussels.

§ 5. SCANDINAVIA

The Soviet Union's relations with the Scandinavian countries – Norway, Sweden, Denmark, and Iceland – have been normal, uneventful, and helpful. They were the first industrial countries to engage in trade with the Bolsheviks, and in 1920 Sweden accounted for 28·4 per cent of Soviet imports. It was through Sweden and at great expense that Krassin broke the Allies' gold blockade. Despite geographical propinquity, no incidents of any kind have marred Soviet-Norwegian or Soviet-Swedish relations – except that on several occasions Moscow registered academic protests against Norway's sovereignty on the island of Spitzbergen. The heroic exploits of the Soviet icebreaker *Krassin* and of the Russian aviator Chukhnovsky in saving the crew of Nobile's expedition into the Arctic in 1928, and their efforts to save Raold Amundsen, aroused a wave of popular enthusiasm throughout Scandinavia for Soviet Russia which has a moral as well as political significance. Russian trawlers and fishers have on more than one occasion rescued Norwegian sailors on the frozen seas; Scandinavian countries accordingly have a fine appreciation of the human qualities of the Russian. The high cultural standing of Soviet diplomatic representatives in Scandinavia – Kerzhentsev, Ossinsky, and Madame Kollontai, the only woman minister in the world – has likewise tended to facilitate cordial dealings.

Kerzhentsev, a literary critic of note, arrived in Stockholm as early as February 13, 1921, and commenced negotiations with Sweden, Norway, and Denmark. On September 2, 1921, a commercial treaty was signed with Norway which also regulated questions of political representation. He concluded a similar agreement with Sweden on March 1, 1922, but the then Branting Government controlled no majority in the Riksdag and the convention therefore remained unratified. The Soviet Government accordingly transferrred many of its orders from Sweden to Norway.

Kerzhentsev likewise negotiated with Denmark, and in 1922 the draft commercial treaty was ready for signature. But inner political changes and the lobbying of Russian Whites and influential Frenchmen prevented the signing until April 23, 1923.

The Danish, Norwegian, and Swedish agreements contained non-propaganda clauses patterned after the provision in the Anglo-Russian trade convention of March 16, 1921, and recognized the Soviet Government as the only government of Russia.

British *de jure* recognition of the Soviet Union in February, 1924, quickly brought similar moves in Scandinavia. Norway granted Russia *de jure* recognition on February 13, 1924, just two days before Moscow interrupted the granting of most-favoured nation treatment, Sweden on March 15, 1924 (and on the same day signed a permanent commercial treaty which was ratified on May 3), and Denmark on June 18, 1924. Iceland recognized the Soviet Union on June 22, 1925, but the two Governments exchange no diplomatic representatives and conduct their few formal affairs through the agency of Denmark.

Norway concluded a new commercial treaty with the Soviet Union on March 3, 1926, and subsequently the Bolshevik Government granted the most-favoured-nation treatment to Scandinavian countries which previously had been denied them.

Although political and commercial relations are regulated by treaties, the trade between Scandinavia and the Soviet Union is small. Russia sells more in Norway and Denmark than she buys, whereas with Sweden her trade balance is passive, but in all three cases the total turnover is very limited.

However, one of the most successful foreign concessions in the Soviet Union is operated by the S.K.F., the Swedish ball-bearing company whose profits are considerable. A.S.E.A., another Swedish firm, produces electrical equipment at Yaroslav since 1927. Five Swedish organizations have also signed contracts with the Soviet Government for the supply of technical aid, engineering personnel, patents, etc. Norway has one mining, one lumbering, and one fishing concession, while Denmark has two concessions – one of them for the operations of the very important Great Northern Telegraph Line.

On several occasions the Swedish international match mon-

opoly attempted to guarantee itself against Soviet competition by means of a large credit to Soviet industry – figures of $30,000,000 and $60,000,000 were mentioned. The Bolsheviks have consistently rejected such a bargain and are finding markets for their matches in many highly industrialized countries of Europe and in Asia. Their stubbornness in this matter has affected the relations of the National City Bank of New York – a large creditor of the Czarist Government – to the Soviet Union.

Some credit for the undisturbed course of Soviet-Scandinavian relations must of right be given to Dr. Nansen, explorer, humanitarian, and diplomat, and to the fruitful contacts between scientific and cultural institutions.

§ 6. AUSTRIA

By the terms of the Brest Litovsk Treaty, Austria, the mighty member of a victorious alliance, granted *de jure* recognition to a new and weak Soviet republic. Came the Armistice and the nullification of the treaty – but not of recognition, for although diplomatic relations may be interrupted, recognition, once given, cannot be annulled. Austria was shorn of her territories and her might. She became a third-rate Power with no voice in international councils and little influence in European politics and economics.

In her post-war dealings with Soviet Russia, Austria generally orients herself on Germany. The raid on the Soviet Trade Delegation headquarters in Berlin in 1924 and Germany's resentment over the Don engineers' trial in 1928 introduced a perceptible coolness into Austria's attitude towards Russia, whereas the rupture of Anglo-Soviet relations in 1927, which so obviously effected the policies of certain lesser States to the Bolsheviks, left Austro-Russian relations unchanged. Austria's indifference to British, as well as French politics, and her orientation on Germany are thus, in a measure, a guarantee of normal relations with the Soviet Union, especially since the Social Democrats and the Clericals, her two largest parties, pursue an equally friendly policy towards Russia.

The first post-war contacts between Austria and Soviet Russia

were established when Litvinov and Richter signed a convention for the exchange of prisoners in Copenhagen on July 5, 1920. A temporary agreement of December 7, 1921, provided for the resumption of political and trade relations; the Czarist Embassy in Vienna was surrendered to the Bolsheviks; and the representatives of the two countries were given diplomatic status. This agreement practically repeated the stipulations of the German-Russian trade convention of May 6, 1921.

Since 1925, Soviet annual purchases in Austria average, in round figures, 23,000,000 roubles, while Russia sells to Austria goods – oil, hides, bristles, etc. – to the value of 3,000,000 roubles.

Until 1926, Soviet imports from Austria consisted largely of agricultural machinery and scythes. In that year, however, the effect of the Bolshevik industrialization programme began to make itself felt and Moscow commenced to manufacture these articles at home. The danger that the bottom might therefore fall out of Russian imports and the fact that Germany at this time was granting credits to Soviet Russia, induced the Austrian Government and the Viennese municipality to undertake the crediting of exports to Russia.

Credits for Soviet purchases of industrial equipment were now offered for longer periods, and in October, 1927, the municipality of Vienna voted to guarantee 60 per cent of a 100,000,000 schilling credit for Russian trade. Most of the credit runs for a term of four years. In February, 1929, the 100,000,000 schillings sum had been only partially exhausted and was therefore renewed.

The timely intervention of the Austrian and Viennese authorities prevented a sharp decline of Soviet purchases in Austria at a juncture when the character of those purchases radically changed. Thanks to the official credits, and to undisturbed political relations, the trade turnover between the two countries remained and remains stable.

§ 7. HUNGARY

As the temperature of Austro-Russian relations rises and falls with that of German-Russian relations, so Hungary's attitude to-

wards the Soviets reflects the policy of Britain. No treaties, agreements or conventions exist between Hungary and the Soviet Union. Hungary buys absolutely nothing in Russia. The Bolsheviks buy absolutely nothing in Hungary. The situation is characterized by a complete absence of diplomatic or commercial connections.

Only once, towards the end of 1925, was an attempt made to establish relations between Moscow and Budapest. A Hungarian delegation led by M. Graz met Krestinsky in Berlin and a treaty was actually negotiated and signed. But a cold wind blew from London.

It would be wrong, however, to explain Hungarian-Russian relations by British influence only. The present regime in Budapest is the successor of Bela Kun's Soviet Government of Hungary. The two have private unsettled accounts and undiminished bitter hates. Hungary, moreover, is a predominantly agricultural country which could buy little from Russia and has nothing in the nature of industrial production to attract Soviet trade.

§ 8. CZECHO-SLOVAKIA

The outstanding characteristic of Czecho-Slovakia's policy towards Moscow is the desire to act as intermediary between Russia and other states. As early as 1920, when Lenin sent Krassin to Copenhagen, Benes dispatched a telegram to Krassin offering to serve as middleman between the East and the West. Thereafter, in every possible circumstance, Benes pursued the same tactics. He has on various occasions tried to mediate between Roumania or Poland or France on the one hand and Russia on the other. He attempted it at the Genoa Conference, when Lloyd George said to Chicherin, 'Who is Mr. Benes?' This was the Welshman's method of disassociating himself in a given instance from persons he knew quite well. As the foreign minister of the greatest Slav state near Central Europe, Benes would have enjoyed the position of link between two worlds, but neither the East nor the West availed itself of the good offices he volunteered. Nevertheless, he continued to sue for the rôle, and as late as 1928 he wished to bring Moscow into the League of Nations.

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CZECHO-SLOVAKIA

Acting under the impression of Soviet Russia's first appearance in the international arena at Genoa, Czecho-Slovakia entered into negotiations with Russia which closed with *de facto* recognition of the Soviet Republic. Litvinov settled all moot points with Girsa in one sitting of three and a half hours during the course of the conference, and their agreement was signed in Prague on June 5, 1922.[1] It provided for an exchange of representatives enjoying the usual diplomatic privileges, pledged Czecho-Slovakia not to recognize or enter into relations with any other party or group which pretended to be the government of Russia, and included a mutual non-propaganda clause. The Czecho-Slovak State likewise recognized the Soviet State monopoly of foreign trade and undertook to refrain from measures aimed against it.

So detailed and cordial an agreement of so political a nature was only one formal step from *de jure* recognition, yet such recognition has been withheld till the present day.

Throughout 1923, Benes, Czecho-Slovakia's permanent Foreign Minister, kept a close watch over the relations of Western Europe towards Soviet Russia, and the moment a fair wind began to blow, indications multiplied that Prague would grant *de jure* recognition. Such the signs disappeared the moment a sterner note was introduced into the attitude of the Great Powers to the Soviet Union.

The writer has it on the authority of the secretary of the Czecho-Slovak mission in Moscow that in January, 1924, Benes asked him to inform Chicherin that Moscow would be recognized after France granted Russia recognition. In the spring of 1924 Benes publicly declared that his Government would recognize the Soviet Republic *de jure* at the appropriate time, but despite Italian and British recognition in the early part of 1924 and French recognition in the latter half of 1924, Czecho-Slovak recognition was not forthcoming.

In larger problems of international politics Prague usually takes its cue from Paris, and successful negotiations between France and Russia would very likely have induced Benes to recognize the

[1] *International Politics of Modern Times.* Part III, pages 1942–5.

Soviet State *de jure*. But the failure of Rakovsky's pourparlers on debts, and the collapse of the Herriot Cabinet permitted internal Czech problems to prevent the granting of recognition.

Czecho-Slovakia is a highly industrialized country. Yet Agrarians control more votes in her parliament than any other party and they are not interested in trade with the Bolsheviks. This fact deters recognition.

Kramarsch, the leader of the National Democratic Party, is vehemently opposed to recognition, and though his party sends very few representatives to Parliament – 13 in 1929 – it forms part of the government coalition, and Kramarsch can therefore make non-recognition a condition of his support of Benes. Not all National Democrats, however, see eye to eye with Kramarsch on this point, and the suspicion has frequently been entertained in Czech quarters that Benes uses Kramarsch as an excuse for not doing what he himself dislikes. Benes's National Socialists could easily muster sufficient popular and parliamentary backing to carry through Russian recognition.

The mystery of Czecho-Slovakia's non-recognition is partially clarified by France, by the Agrarians, and by Kramarsch. Benes' and President Masaryk's ideological kinship with the Russian Social Revolutionaries who, under the leadership of Zenzinov and Chernov, have made Prague their political and literary home, lengthens the list of influences against recognition. Russian Social Revolutionaries and Czech National Socialists have a record of common activity as well as a tendency towards cognate political philosophies, and the fact that Prague is the centre for both is not without its effect on the question of Czecho-Slovakia's relations towards the Bolshevik Republic.

Half democrat and half socialist himself, Benes tends towards a sympathy for the Russian Left Cadets and Right Social Revolutionaries. The publications and institutions of both these *emigrés* groups have found financial aid in Czecho-Slovakia. The Bolsheviks resent the more than normal interest displayed by Benes for the exiled Russian youth which, in his opinion, will assume intellectual leadership when the Soviet regime evolves away from Communism. Bolsheviks charge that the authorities in Prague support a university for Russian students, and that Benes has

helped Ukrainians as well as Don and Kuban Cossacks who are both anti-Soviet and anti-Polish. Certain Czecho-Slovak circles are said to be especially concerned with encouraging the political activity of East Galician parties that may be used either as a weapon against Warsaw or Moscow. This intimate relationship with the Ukrainian problem as well as Prague's hospitality to anti-Bolshevik factions have in the past not been conducive to a spirit that would hasten the coming of closer diplomatic contacts between Soviet Russia and Czecho-Slovakia.

The circumstance that recognition by Czecho-Slovakia would be resented in Roumania is the final factor in the situation. After France recognized Moscow, the opposition of the Little Entente to an independent policy by its member states *vis-à-vis* Russia has frequently been employed to justify Prague's withholding of Soviet recognition.

Nevertheless, *de jure* recognition was near at hand in 1926 when the Czecho-Slovaks expected to receive definite compensation for the move in the shape of most-favoured-nation treatment on questions of debts and foreign trade. And during the March–April, 1928, disarmament discussions in Geneva, Benes likewise took the initiative to speak with Litvinov on the subject of a trade agreement to replace the temporary understanding of June 5, 1922. Litvinov tells the writer that Benes made recognition conditional on Russian adherence to the League. But Czecho-Slovak recognition is far too puny a prize to tempt the Soviets into the 'so-called League of Nations.'

On account of the absence of stable political relations, the Soviet Government does not buy in Czecho-Slovakia what it can buy profitably elsewhere. The same factor has hitherto obstructed the granting of important credits for Russian trade. Nor have Czecho-Slovaks obtained concessions or formed mixed companies in the Soviet Union.

Czecho-Slovakia's economic development, despite a well-organized industry, is limited by foreign trade potentialities. It is significant that she has no trade agreement with Jugoslavia, her partner in the Little Entente, and that since the stabilization of the krone she has taken few loans abroad because the absence of markets, as well as the policy of Prague to discourage industrial-

ization in Slovakia – precludes the exploitation of large sums of foreign money in internal development.[1]

This combination of circumstances may, in the future, persuade Czecho-Slovakia to pay closer attention to the Russian market.

§ 9. THE BALKANS AND THE BOLSHEVIKS

The 'Balkanization' of Europe after the Versailles Peace deprived the Balkans of their privileged perch as the 'powder magazine' of the Continent.

The World War broke up the Austro-Hungarian Empire whose annexations in the Balkan peninsula served as one of the chief causes of Balkan unrest. Turkey, after 1918 and particularly after 1922, became an almost totally Asiatic Power without that burning interest in the Balkans which provoked pre-war enmities. Czarist Russia was gone and with it Russia's designs on Constantinople, the Straits, and Pan-Slavism.

The importance of the Balkans fell. What happens in Greece, Bulgaria, Roumania, or Jugoslavia is of far less significance to-day then events in the corresponding territories before 1914.

Soviet Russia has displayed even less than normal interest in Bulkan affairs. In its internal organization, the Commissariat of Foreign Affairs treats them as a minor adjunct to its Anglo-Roman department, whereas in antebellum days they occupied St. Petersburg's maximum attention. The Balkan States are relatively unimportant industrially, and Russia does not need their limited agricultural outputs.

In each of the Balkan nations, the influence of one or the other Great Power is predominant and tends to determine foreign policy. Greek and Bulgarian relations towards the Soviet Union generally reflect Anglo-Russian relations; Jugoslavia conforms more or less closely to French policies *vis-à-vis* Moscow; while Roumania's attitude is the result of her own apparently insoluble boundary dispute with the Bolsheviks.

[1] *Rocenka Ceskoslovenske Republiky.* (Czecho-Slovak Yearbook.) Prague, 1929. Page 144.

¶ 'ALSACE-LORRAINE ON THE DNIEPER'

Bessarabia is the 'Alsace-Lorraine on the Dnieper,' the only Soviet irridenta. The Bolsheviks regard the province as illegally annexed by Roumania, and Soviet maps show Bessarabia within the boundary of the Soviet Union. Roumania, on the other hand, has as yet indicated no intention of surrendering the disputed territory. This impasse determines the character of Russo-Roumanian relations.

Roumania claims Bessarabia on the basis of its status prior to 1812. Moscow replies that Roumania, in the person of General Averescu, her Prime Minister, agreed on March 5, 1918, to return the province to Soviet Russia, and, at the instance of the Allied representatives, signed a proposal to that effect.[1] No mention was then made of the 1812 claim.[2]

The Kaiser, says Sazonov, promised Bessarabia to Roumania as a reward for entering the war on the side of the Central Powers. 'Roumania wisely refused the dangerous gift.'[3] Roumania, like Japan, did not recognize the Kerensky regime and prepared in 1917 to penetrate into Bessarabia. Events prevented the move. But in December and January, 1918, when the Bolsheviks were otherwise engaged, Roumania occupied Bessarabia. That occupation, Moscow contends, gives Roumania no title to ownership. Roumania, nevertheless, seeks to obtain international sanction for her annexation of Bessarabia. She failed at Versailles where the question was discussed on several occasions.

On October 28, 1920, however, Great Britain, France, Italy, Japan, and Roumania signed the Paris Protocol which declared Bessarabia Roumanian property.[4] The Protocol acquires legality only after ratification by all its signatories. Great Britain ratified first on May 19, 1922.

[1] See page 81.

[2] 'The Bessarabian Question in Russo-Roumanian Relations,' by Professor E. A. Adamov, in Nos. 6 and 7 of the *International Life* (official organ of the Commissariat of Foreign Affairs), gives a history of Bessarabia's rôle in the pre-war relations between Russia and Roumania.

[3] *Sechs Schwere Jahre*, by S. O. Sazonov. Berlin, 1922. *Fateful Years*. New York, 1928.

[4] *La Bessarabie*, by Antony Babel. Paris, 1926.

Meanwhile, intermittent conversations proceeded between Roumania and Russia. In 1921, Karakhan, then Soviet minister to Poland, held several conferences on the subject of Bessarabia with Filaliti, the Roumanian minister in Warsaw. During these, Karakhan offered to recognize Roumanian suzerainty in Bessarabia if Bukarest relinquished its claim to the gold deposited during the war in Moscow. The Soviet suggestion was first made by Trotzky and although numerous Bolsheviks, particularly the Ukrainian Party, opposed, Karakhan received instructions to advance the offer. Take Jonescu, the Roumanian foreign minister, fought it vehemently. Averescu, the Premier, favoured it. They summoned Bratianu to mediate. But Bratianu's view was less weighty than that of the Quai d'Orsay. In Europe, at that time, the stability and permanency of the Soviet State was not generally accepted, and a settlement with the Bolsheviks therefore did not appear to warrant any sacrifice. Since then Roumanian diplomats have on more than one occasion pressed for a renewal of the 1921 offer, but without success.

In 1922, the Soviet summons to Bukarest to attend the Moscow Disarmament Conference offered the invited Power an opportunity to demand Russian acceptance of Bessarabia's changed political status as a condition of her participation. Moscow replied that the purpose of the conference was the reduction of armaments and not the delimitation of frontiers. In 1923, efforts to conclude a Russo-Roumanian trade treaty foundered on the unsettled problem of Bessarabia, and both sides therefore agreed to convene a special conference at Vienna.

The Vienna conference was scheduled to meet on March 27, 1924. On March 11, the Poincaré Government announced the ratification of the Paris Protocol of October 28, 1920.[1] This move pre-determined the fate of the conference. Such support from France on the eve of discussions with the Bolsheviks would scarcely make Roumania more likely to yield to Russian arguments.

Krestinsky, the chief of the Soviet delegation to the Vienna Conference, argued that Bessarabia could not have belonged to Roumania in 1812 since Roumania began her national life several

[1] *Journal Officiel de la République Française. Debats Parlementaires.* March 11, 1924.

decades after that date. In 1918, moreover, Roumania had declared that her occupation was temporary, and on March 5, 1918, he added, she agreed to evacuate within two months.

But Soviet Russia, Krestinsky contended, would not rest her case on the historic claim of Bessarabia's previous adherence to the Czarist Empire. In conformance with the principle of self-determination to which Bolshevik and bourgeois did homage, Russia suggested that the Bessarabians decide for themselves: did they wish to remain with Roumania, did they wish to join the Soviet Union, or would they set up an independent state? Krestinsky proposed a plebiscite in which the population of Bessarabia could decide its future political status.

'If the Roumanian Government,' Krestinsky urged, 'were convinced, if it thought that the predominant majority of the inhabitants of Bessarabia honestly regard themselves Roumanians and desire the inclusion of Bessarabia in the Roumanian state, the Roumanian Government would have no reason to fear the results of a plebiscite or to refuse to arrange one.'[1]

Roumania rejected the plebiscite. 'The Roumanian Government,' read the Bukarest delegation's declaration, 'rejects the plebiscite if only because the acceptance of the plebiscite proposal would provoke differences among the Allies which had recognized the adherence of Bessarabia to Roumania.'

The Vienna Conference thus ended in complete failure.

Roumanian diplomacy now endeavoured to persuade Italy and Japan to ratify the Paris Protocol in order to win international sanction for her position in Bessarabia. Mussolini had given informal assurances early in 1924 to Jordansky, the Soviet representative in Rome, that he would not approve the Protocol. The *Duce* set great store at that time on friendly relations with the Soviets.

By 1926, however, the situation in the Balkans had changed, as had the tone of Soviet-Italian relations. British and Italian influence in Roumania had increased at the expense of French, and Mussolini's hold on Albania was becoming the synonym of

[1] The unpublished protocols of the Vienna Conference were seen by the writer in the Commissariat of Foreign Affairs.

complete control. But Italy's position on the Balkan Peninsula could never be firm without the co-operation of Hungary, and of one or two members of the Little Entente. The enmity between Czecho-Slovakia and Hungary is too intense to permit of harnessing them to the chariot of the same great Power. Jugoslavia cannot of course work with Rome. Remains Roumania.

During the latter half of 1926 important negotiations proceeded between Roumania and Italy, and Leo Kamenev, the Soviet ambassador to Rome, found it necessary to protest against any possible decision regarding Bessarabia. The Italian-Roumanian Treaty of September 16, 1926, accordingly contained no published provision on the question of the 'Alsace-Lorraine on the Dnieper.'

Rome finally informed the Soviet Government of its ratification of the Paris Protocol on March 7, 1927, just a week before Chamberlain, in an interview at Geneva, characterized the relations between England and Russia in one word: 'Bad.' The tension between Moscow and London, in fact, encouraged anti-Russian moves on the part of other countries. The Belgrade Press and newspapers elsewhere on the European continent actually declared that Mussolini's approval of the *status quo* in Bessarabia was conceived as a favour to Great Britain. The London *Daily Telegraph* deemed it wise to deny that Italy had acted under British pressure, yet French dailies blamed both Chamberlain and Mussolini for the ratification – this though France had given her assent three years previously. France saw in Mussolini's *rapprochement* with Roumania a danger to her standing *vis-à-vis* the Little Entente.

Statements were made that Italy's ratification gave legal sanction to Roumania's annexation of Bessarabia. But Article 8 of the Protocol makes it unmistakably clear that not three but all the Powers which signed the Protocol must ratify it before it acquires international status. Japan, the only country that remained, had promised, at the time of the negotiations which led to the Soviet-Japanese Treaty of January, 1925, not to ratify the Paris Protocol before Italy had done so and though Roumania established a legation in Tokio in the very month of Mussolini's ratification (March, 1927), Japan has to this day refrained from ratification.

Authorities have questioned whether even Japan's ratification would give Roumania a *de jure* title to Bessarabia. On March 10, 1927, the *Manchester Guardian*, for instance, declared that 'a legal title to Russian territory without Russian assent is surely unthinkable.' This matter is important for, as the newspaper continues, 'only a *de jure* frontier can be the subject of aggression such as would compel League intervention.' If Bessarabia were *de jure* a part of Roumania, the League of Nations, under Article X of its covenant, would be warranted in undertaking sanctions against any nation that sought to invade Bessarabia and wrest it from Roumanian domination. At present, a Soviet invasion of Bessarabia would not infringe a single international treaty.

The Bolsheviks, however, have no intention of seizing Bessarabia. Such violence on their part would be madness except in the event of war or widespread revolution. On the other hand, they see no compelling reason to renounce rights to territory which they consider their own. Meanwhile, the Roumanian gold fund, Queen Marie's jewels and the Roumanian archives transferred to Moscow during the war, are intact in Russia.

¶ JUGOSLAVIA

Although no territorial or financial differences divide the Soviet Union and Jugoslavia, the Belgrade Government prefers its relations with the Wrangel army remnants and Russian Czarists in Jugoslavia to normal diplomatic and trade contacts with Moscow.

Nothing of moment occurred in Jugoslav-Soviet relations until the summer of 1924, when Stephan Radich, the leader of the Croation peasant movement, visited Moscow, where the writer enjoyed his absorbing conversation for many hours. Educated in Russia, and attracted by the Bolsheviks' agrarian principles, Radich made no effort to conceal his warm sympathy for the Soviet regime. The Bolsheviks received him cordially and entertained him as their guest.

But Radich wanted the Bolsheviks to recognize the independence of Croatia, and presented Chicherin with a draft convention embodying such a move. Chicherin replied that although the Soviet Government sympathized with the aspiration of struggling

national minorities, it could not interfere in the internal affairs of foreign countries. Radich felt disappointed. He returned to Zagreb a disillusioned man, and before long he had executed that *volte face* and reconciliation with the Serbs which was quickly ended by the assassin's bullet.

After Radich's visit to Moscow, Jugoslav-Soviet relations became colder than ever. Premier Pachich suspected the infiltration of Russian influence to complicate the already complicated Serb-Croat problem.

On December 17, 1925, Chicherin and Tewfik-Rushdi Bey signed a Soviet-Turkish neutrality pact in Paris. Shortly afterwards, the same Turkish diplomat signed a Jugoslav-Turkish treaty. One link was missing to complete the circle: a Soviet-Jugoslav agreement. Rushdi Bey tried hard to persuade Belgrade to make the move, and, whether to please him or in a sincere desire to effect a settlement, Jugoslavia opened informal conversations with Krestinsky in Berlin.

In December, 1925, Briand informed Rakovsky that Jugoslavia and Czecho-Slovakia had decided to recognize the Soviet Union *de jure*. By volunteering such information, the French minister wished to testify to his friendly attitude towards Moscow. Nevertheless, recognition was not forthcoming. During the summer of 1926 Pachich, the Jugoslav Premier, who was on vacation in Carlsbad, expressed readiness to meet Litvinov who was taking a cure in Marienbad. Litvinov assented, but the statesmen never met. Since then there have been no developments of any kind. The future must depend on the improvement of Soviet-French relations.

Belgrade, at present, pays a salary to a Jugoslav minister to Moscow who of course does not function.

¶ THE GREEK REPUBLIC

Soviet Russia's partiality for Turkey in her war with Greece did not tend to dispose Athens favourably towards Moscow. But in 1924 the Greek Monarchy fell, and, acting under the impression of British and Italian *de jure* recognition of the Soviet Union, the new republic granted Moscow unconditional recognition on March 8, 1924.

Before long, the Bolsheviks established trade headquarters in Athens, which enjoyed actual extra-territoriality despite the absence of an understanding on the question. Negotiations, however, proceeded at snail's pace. Only on July 20, 1926, after a military insurrection had raised Pangalos to the post of Dictator, could the commercial agreement be signed. It granted Greece most-favoured nation treatment, provided for shipping facilities to the Greek merchant marine, gave the Soviet trade headquarters *de jure* extra-territoriality, and regulated customs duties and harbour fees. Greece, however, withheld ratification.

Towards the beginning of 1927, the Pangalos regime collapsed and was succeeded by a constitutional government. The new Cabinet felt keenly the traditional British friendship towards Greece and its actions in foreign affairs closely copied London's. The Soviet minister in Athens was accordingly informed on April 14, 1927 – on the eve of the Anglo-Soviet rupture – that it considered the treaty signed under Pangalos one-sided. Moscow agreed to revision, but numerous conferences achieved no concrete results and on June 22, 1928, Parliament rejected the treaty of July 20, 1926. Relations, however, remained unchanged.

In August, 1928, a Venizelos government came to power which immediately proposed the renewal of negotiations. These opened in Athens on October 29, 1928. The treaty was signed in Athens on June 11, 1929.

¶ BULGARIA

During the regime of Stambuliisky, the radical peasant leader, Soviet Russia and Bulgaria were on friendly terms. But in June, 1923, reactionary circles, encouraged by foreign interests, raised an insurrection against Stambuliisky in the course of which he was killed. Immediately after the coup, the Soviet Red Cross Mission delegated to repatriate Russian refugees in Bulgaria was arrested. One member was killed and all the others subjected to maltreatment. The Bolsheviks thereupon withdrew the mission and declared that no relations of any kind would be established until the Bulgarian Government made amends for its rough handling of the delegates and the refugees. This is still Moscow's position. Since then, not even informal relations have existed be-

tween Sofia and Moscow. On three or four occasions during recent years Soviet vessels have been driven into Bulgarian harbours by Black Sea storms. Their sequestration by the Bulgarian authorities is the extent of Soviet-Bulgarian contacts.

¶ ALBANIA

On July 6, 1924, the Albanian minister in Rome informed the Soviet ambassador of his Government's *de jure* recognition of the Soviet Union. The initiative was Fan Noli's, the head of the new Albanian Government. Fan Noli, a Catholic priest, graduate of Harvard University, and man of culture, harboured a special interest in Soviet affairs and in 1927 attended an international congress in Moscow of the 'Friends of the Soviet Union.'

In November the Soviets appointed a minister to Tirana. His arrival in the Albanian capital, however, coincided with Achmed Zogu's insurrection against Fan Noli, and the authorities deemed it wiser that Krakovetzky take his leave. The uprising was successful, and the Zogu regime has never resumed relations with Russia.

§ 10. POLISH FEDERALISM, THE BALTIC *BLOC*, AND THE BOLSHEVIKS

Poland fought a war with Soviet Russia in 1920 in the name of 'federalism.' Pilsudski wished to restore the frontiers of 1772; Poland must extend from the Gulf of Finland to the Black Sea. The Polish purpose was not achieved, but it was not forgotten.

Immediately after the Russo-Polish War, a Polish general seized Vilna from Lithuania. This gave a fresh impulse to the federalist idea.

Poland now looked for allies against the Soviets and against Lithuania. Conference followed conference. Warsaw tried to organize a Baltic *bloc* to include Finland, Esthonia, Latvia, and herself – and then, perhaps, Roumania. Some of the meetings were secret. Sometimes representatives of General Staffs deliberated together with diplomats.

Professor K. W. Kumaniecki, a former Polish minister in Riga, published a collection of Polish documents in 1924 which shed much light on these attempts at co-ordinating the action of the

Little Russian secession States. He writes first of a conference in Helsingfors in 1921 where Skirmundt, the Polish Foreign Minister, proposed a Baltic *bloc* with its spearhead aimed at Moscow.[1] Subsequently, negotiations with the same end in view proceeded among the several nations, and on March 17, 1922, Poland, Finland, Esthonia, and Latvia signed an accord which Dr. Kumaniecki quotes in full and which obviously sought to provide for united action against Soviet Russia.[2] Moscow protested that this agreement was tantamount to an alliance against Russia. Latvia and Esthonia nevertheless ratified the accord, but Finland accepted the Bolshevik interpretation and rejected the agreement in the summer of 1923, after which Holsti, the Finnish Foreign Minister responsible for the veto, left his post.

During 1923 and 1924 a number of further Baltic conferences took place. The last, attended by the four Foreign Ministers, met in Helsingfors on January 16, 1925. Since then, as far as is generally known, Poland has not summoned meetings with a view to a permanent Baltic alliance; she has contented herself with mobilizing the little States for concerted action on separate occasions.

Despite all Poland's strivings, a Baltic *bloc* cannot succeed. It is one thing to organize the Little Entente against such a weak country as Hungary which cannot very well fight back. It is quite another undertaking for tiny neighbours to intrigue against the gigantic Soviet Union. On the eve of the last Baltic conference in Helsingfors, Meerovich, the Latvian Foreign Minister, declared in an interview that 'we do not wish to become an enemy of one country by drawing closer to another.' The friendship of Poland does not warrant incurring the hostility of Soviet Russia. Finland, too, doubted the wisdom of accepting Polish advice. And Lithuania, obviously, cannot participate in any combination fostered by Warsaw.

Poland offers the Baltic States one benefit: she will rush to their aid in the event of a Bolshevik attack. But they, she adds, need only remain neutral in case Russia opens an offensive against Poland. Such a proposition may be superficially attractive, but in

[1] *Odbudowa Panstwowosci Polskiej, Nanajuniejsze Dokumenty.* 1912–14, by Dr. K. W. Kumaniecki. Warsaw, 1924. Page 567.

[2] *Ibid.*, pages 603–4.

actuality it amounts only to a promise for the future, probably the distant future, whereas the harm to the Baltics by antagonizing Moscow is immediate.

Poland can grant the Baltic States no economic advantage. This is the decisive weakness of her Baltic *bloc* policy.

Finland, with her Scandinavian orientation, is a hopeless prospect for the Baltic Entente. And the Bolsheviks had a very potent weapon against Esthonia and Latvia. In 1925 the Soviet Union stopped all its transit trade through Esthonia and directed it through Latvia. The stoppage lasted several months and ended with the resignation of Foreign Minister Pusta and the scrapping of his policy. Similar tactics have been adopted on other occasions against either Esthonia or Latvia and often achieve their object at least in part. The economic interests of Esthonia and Latvia are, in fact, so divergent that they have not yet been able to negotiate the tariff union provided for in their treaty of 1921–2.

On the eve of the last Baltic conference at Helsingfors (January, 1925), Count Alexander Skrzynski, Polish Foreign Minister, gratuitously declared in a New Year's statement to the 'Kurier Polski,' that 'notwithstanding all these things' by which he meant the 'Zinoviev letter' and French official protests against Russian propaganda, 'I distinguish the Soviet Government from the Third International,' and proceeded to announce that he preferred a settlement with the Bolsheviks to combinations against them.

Skrzynski had ridiculed the philosophy of federalism and opposed Pilsudski's war against the Soviets in 1920. Anti-federalism implies opposition to the Baltic *bloc* and the possibility of a friendly attitude towards Moscow. At the Helsingfors Conference in January, 1925, Finland and Latvia showed their coldness for ententes against the Soviet Union, and Skrzynski, who never had advocated them with enthusiasm, was now free to introduce a normal tone into Soviet relations.

Seven years had passed since the end of the World War, and four and a half years since the end of the Polish War. Yet the two neighbours had not even established regular postal and railway connections. In March, 1925, these were provided for. Trade began to grow, and in May direct freight facilities were made available. During the next month a Polish trade delegation

visited Moscow and in August a bi-lateral commission was organized to adjudicate border difficulties.

Relations, of course, scarcely resembled friendship but so much improvement had taken place that Chicherin felt disposed to spend four days in Warsaw *en route* to Germany. (On subsequent trips, whether for political or other considerations, he has always avoided the Polish capital.) Between September 26 and 30, on the eve of Locarno, Chicherin saw Count Skrzynski and other Polish statesmen and discussed a Soviet proposal for a guarantee and non-aggression pact, as well as large questions of European politics.

Although the pourparlers on this subject made relatively little progress, relations were not disturbed, and in January, 1926, a group of Polish parliamentarians travelled through the Soviet Union.

Very soon, however, Pilsudski's *coup d'état* of May, 1926, began to cast its shadow before. Poland had suffered a crop failure in 1924 which forced her to accept a $35,000,000 loan from the American banking house of Dillon, Read and Co. for food purchases in the United States. The bonds were difficult to sell and the whole operation reflected a lack of confidence in Polish economy which was more than justified by the collapse of the zloty, the suicidal Polish-German tariff war which the Poles initiated in the autumn of 1925, and the general depression in trade and industry.

It is probably correct to affirm that in the early part of 1926, all classes of the Polish populations yearned for a change. The return of Pilsudski to power seemed inevitable. In foreign affairs the coming upheaval announced itself by the renewal of the Polish-Roumanian alliance of 1921 which was directed against Russia, and the activization, in April, of Poland's old Baltic policy. On May 1 came Marshal Pilsudski's coup; street-shooting, the patrolling of the city by armoured tanks, the cleansing of the army.

Rumour had it, when the writer visited Poland several months later, that Max Miller, Esq., the British minister in Warsaw, played an active advisory rôle in the revolt and that he had been privy to its preparations. Great Britain now began to dispute the French monopoly of foreign influence in Poland.

Locarno had been signed. Anglo-Russian relations went from

bad to worse. The Pilsudski coup marked a break with the Skrzynski policy towards Soviet Russia, and overt hostility now replaced attempts at settlement. Hostility, overt and secret, still characterizes Poland's relations to Moscow.

§ 11. THE VATICAN AND THE KREMLIN

When Pius XI ascended the throne in 1922 he was presented with the opportunity of achieving the greatest Papal conquest in modern times: he could break up the Greek Catholic Church and convert ninety million Eastern Orthodox Christians to Roman Catholicism. The separation of Church from State in Russia after the Bolshevik revolution had weakened Greek Orthodoxy economically and politically and Communist campaigns against the Church, specifically against the solidly and bitterly anti-Bolshevik Greek Church which represented one of the chief organized opponents of the new regime, appeared to make Rome's task easier. Italian papers of the day published sarcastic cartoons showing the Holy See in the act of granting its blessing to Bolshevik efforts against Greek Catholicism.

The Polish Roman Catholic clergy obstructed the Pope's policy in the realization that it would succeed only at their expense. A Bolshevik understanding with the Vatican was possible only if the Holy Father consented to strip the Roman Church in Russia of its Polish influence and leadership, yet even then Moscow would never sign a concordat or agreement with the Pope. The Bolsheviks merely offered to submit to the Vatican's examination a Commissariat of Justice circular regarding the status of the Catholic Church in the Soviet Union.

Father Edmund A. Walsh, of Georgetown University, Washington, D.C., who was the Curia's official delegate to Moscow, directly told Chicherin that two tendencies existed at the Vatican: one led by the Pope which aimed at a compromise with the Bolsheviks and to win over a vast multitude of simple-minded followers; the other represented by Walsh himself whose programme was a struggle with Bolshevism.

The Bolsheviks noted this unique juxtaposition, but expected the Holy Father to dominate. In 1922 and 1923 they had not yet

been recognized by the major Powers. Normal relations with the Vatican could bring them certain benefits in Catholic countries and with Catholic parties in other countries. Such advantages are not to be overlooked by the makers of a realistic foreign policy. Moreover, the triumph of Roman Catholicism in Russia would be won at the expense of Greek Catholicism and of Polish prestige – results the Soviets were ready to greet and facilitate. Years would elapse before Roman Catholicism became a menace and then Moscow could cope with it. In like manner, the Bolsheviks encouraged reformistic schisms in the Greek Catholic Church as well as independent sects. The purpose was to destroy the solid phalanx of Greek Catholicism.

During the Genoa Conference in 1922, Chicherin found himself seated opposite the Archbishop of Genoa at a small dinner given by the King of Italy aboard the cruiser *Dante Alighieri*. The Archbishop inquired about the condition of Catholics in Soviet Russia. Thereupon Chicherin elaborated on the advantages of separation of Church from State, in Russia in particular, and throughout the world generally. Separation, the Bolsheviks believed, should arouse no serious objections among Roman Catholics. Chicherin's remarks reflected this view. Archbishop Signori listened with rapt attention, then he rose, clinked his wineglass to Chicherin's, and said, 'I thoroughly agree with you.' The Archbishop's view was not that of the Vatican as a whole, yet important influences within the walls of the Curia felt that at least in Russia the new status might prove of practical benefit.

Father Walsh constituted the chief obstacle to the successful consummation of the Pope's plan. The Bolsheviks found him 'most objectionable, proud, and inclined to make a terrible scandal out of every little issue.' At one time they even suspected him of contacts with the United States Steel Corporation. He had come to Russia in 1922 to administer relief in Russia on behalf of world Catholic organizations, and to act as the Vatican's plenipotentiary. His implacable and undisguised enmity soon caused difficulties. First he demanded that his food shipments for the famine sufferers be accompanied by foreign monks – mostly Italian. This the Bolsheviks could not allow; they expected that the starving be fed bread without religion. Then he proposed a method of money trans-

mittances from foreign countries to Russia and from Russia abroad which the Bolsheviks interpreted as an effort to establish financial contacts between Roman Catholicism in the Soviet Union and the White *emigrés* in Europe. The bitterest feud arose over the question of church property. The Bolsheviks, having nationalized all property in Russia, nationalized also the churches, but were willing to grant them to religious communities for use. This was an issue on which Roman Catholicism had fought unyieldingly through the ages. The Church is sacred and remains sacred and in the hands of the faithful for ever, is Rome's principle. The stand of the Petrograd Catholics had become particularly unrelenting, and the Bolsheviks finally agreed on a formula, limited in time and to Petrograd, which settled the conflict. But Father Walsh, the Bolsheviks declare, immediately informed the Vatican that this formula applied to all Russia so that when Jordansky arrived in Rome to negotiate with Macchi-Venturi, Cardinal Ledochovski's assistant in the Jesuit Order, he was told that the problem no longer existed. He likewise learned that modifications suggested by Walsh to a draft Bolshevik agreement had been transmitted to Rome as accepted by Moscow. Here again, therefore, Father Macchi-Venturi appeared to be under the impression that all moot questions had been solved. The Jordansky-Venturi conferences that had given promise of a settlement accordingly proved abortive as a result of the strategy of Walsh.

The prosecution of Archbishop Cepliak and Mgr. Butkevich in 1923,[1] evoked an interesting demonstration of the Pope's position towards Russia. When the Roman Catholic priests were arrested and brought to trial, protests poured in from the entire world, and when the sentences were passed, a storm of anti-Bolshevik feeling swept through many countries. The Polish Government, the British Government, and innumerable church and secular organizations protested. But it is extremely significant that the incident provoked no fierce reaction on the part of the Pontiff himself. For the Holy Father still did not wish to antagonize the Bolsheviks.

In 1924 a change of attitude became noticeable in both camps. The Bolsheviks had obtained British, Italian, and French *de jure* recognition. Signs were not wanting that they would patch up a

[1] *See pages 437 et seq.*

peace with Patriarch Tikhon. The Vatican, on the other hand, began to orient itself on the White emigration in Europe. A group of prominent Russian noble families living in exile had adopted Roman Catholicism, and the Curia, remembering that the nobility in Russia and even the Royal Family had at various times in history toyed with the idea of conversion to the Roman Church – see, for instance, the rumour that Alexander I had accepted Catholicism before death, and the practice of certain Russian circles to employ Catholic teachers (the Abbé in Pushkin's *Eugene Onegin* will be recalled) – changed its strategy and commenced to place its hope on political developments in Russia which would sweep away the Bolsheviks. The Vatican now became indifferent to the Soviet Union, and prospects of an agreement grew more and more distant.

The Bolsheviks, nevertheless, had not despaired of an understanding with the Vatican on practical problems affecting the Roman Church in the Soviet Union. In 1925 Chicherin and Krestinsky handed Pacelli, the Papal Nuncio in Berlin, two documents – one outlining Soviet principles in Roman Catholic church matters, the other dealing concretely with the appointment of Bishops, the transmission of Vatican funds to the Russian Church, and education. In the matter of moneys and schools, there was and is a feeling that, if the Vatican respected Soviet laws – and nothing else could be expected – an accord would present no great difficulties. As to bishops, the Bolsheviks preferred a preliminary *agrement* on their part to the candidate. The Russians likewise object to the publication in Russia of Papal Bulls and to uncensored communication between the hierarchy of the Russian Catholic Church and Rome.

The Vatican kept the Soviet documents for one year, and then returned a reply on three of the twelve or more questions involved. In 1927 Rome intimated that the Soviet proposal did not satisfy. The negotiations were never resumed. To-day the Roman Catholic Church in Russia has no definite legal status.

The Vatican, in the absence of its own representative, has on numerous occasions availed itself of the friendly services of accredited diplomatic agents of foreign states in Moscow. During Wirth's term as German Chancellor, Brockdorff-Rantzau was

frequently burdened with what for him was the unwelcome task of intervening with Chicherin on behalf of the Vatican. More recently, Herbette, the French ambassador, has regarded himself a sort of Papal Legate, and, acting on his own initiative or on instructions from de Monzie and other French Catholic friends, has displayed unusual interest in Polish Catholics and Roman priests wishing to enter Russia. The Commissariat of Foreign Affairs, however, interprets a provision of the Soviet constitution as barring foreign churchmen from officiating in the country.

In 1925, a man given out to be a private French citizen named d'Herbigny came to Moscow under Herbette's protection. d'Herbigny, in fact, was a Catholic bishop, and he immediately set to work ordaining a complete list of Russian bishops and reconstituting the Catholic clergy in the Soviet Union, which had been disorganized by the new state of affairs in Russia. He did without Soviet consent and previous knowledge what Moscow would have allowed only on conditions carefully laid down after consultation with the Vatican. Not only the Bolsheviks were furious. Count Brockdorff-Rantzau regarded Herbette's step as an intolerable attempt to place the Roman Catholic Church in Russia under French ægis. This is one of the things Moscow never forgave Herbette, and his interest for the Vatican thus served to worsen Soviet relations with his own country.

Papal envoys in Tokio, Kovno, and other capitals have, on occasions, interceded with Soviet agents on behalf of Catholic priests under trial in Russia. This and similar issues might conceivably be regulated by an agreement between Moscow and the Papacy. The Bolsheviks do not want the Vatican's *de jure* recognition nor would they recognize the Vatican. In this respect, the recent treaty between the Pope and Mussolini changes nothing. Yet the Soviet Government is prepared to consider the international character of the Roman Catholic Church and to permit a relationship between its centre and the Russian section.

It seems incongruous that two institutions so different and distant as the Roman Catholic Church and the Bolshevik State should have sought to bridge the gap that separated them. Yet such a desire moved both sides. Practical considerations ruled. Ideologically, no common ground of course exists on which they

could meet. The militant atheism of the Communists and their doctrine of revolution must be as abhorrent to the Vatican as the theology, highly developed private property sense and conservatism of the Roman Catholic Church is to the Kremlin. The Papal philosophy of temporal and clerical condominium confronts not only the diametrically opposed Bolshevik principle of disestablishment but also the Soviet tendency of lending the State to check church power.

Opportunist considerations may conceivably bring the realists in the Kremlin and Vatican to arrive at a *modus vivendi* – although the likelihood continues to diminish – but no such development could disguise the fundamental gulf and hostility that must divide the Pope of Rome from the ruling disciples of Karl Marx in Moscow.

§ 12. SPAIN AND LATIN AMERICA

Shortly after British *de jure* recognition of the Soviet Union, M. Solar, the Spanish minister in Berlin, met Krestinsky at a dinner especially arranged for this purpose by Baron von Maltzan and suggested an exchange of notes on recognition. The Russian ambassador naturally consented, but political conditions in Spain interfered with the move, and M. Solar's initiative was coldly received in Madrid. Subsequently, in 1927, at the time Spain introduced a national petroleum monopoly and signed a contract with the Naphtha Syndicate for the purchase of oil covering approximately 60 per cent of her annual requirements, another unsuccessful attempt was made to establish diplomatic relations between Moscow and Madrid.

Of Spain's American cousins, only Mexico and Uruguay maintain relations with the Soviet Union. Negotiations commenced with Mexican representatives in London and Berlin early in 1924, and on August 1, 1924, Mexico recognized the Soviet Union *de jure* and unconditionally. Normal and cordial relations continued. Mexican ministers in Moscow for several years usually showed some special interest in Soviet social legislation in rural districts, and the Bolshevik Press, although severely critical of 'reformist' activities in Mexico, assumed a mildly friendly attitude towards her revolutionary tendencies. When President-elect Calles visited

Berlin in 1924 he attended a banquet in his honour at the Soviet Embassy.

In 1929, M. Silva-Herzog, the Mexican minister in Moscow, opened negotiations with the Commissariats of Foreign Affairs and Trade with a view to a commercial treaty. Nevertheless, the turnover between the two countries was very limited; in 1928, for instance, the Soviet Union exported to Mexico goods valued at $50,000 and bought $15,000 worth of coffee in Mexico.

In January 1930 the Mexican government, to the surprise even of its own minister in Moscow, suddenly broke off diplomatic relations with the Soviet Union, on the ground of a hostile Communist demonstration before the Mexican legation in Washington. Soviet diplomats regarded this as an insufficient excuse, and were inclined to interpret the move as a reflection of a more reactionary internal Mexican policy and of recent improvements in the relations between Mexico and the United States.

Russian trade with South America assumes larger proportions than with Mexico. Imports into the Soviet Union grew from $6,900,000 in 1925–6, to $16,500,000 in 1926–7, to $18,300,000 in 1927–8, while exports in the corresponding years were $25,000, $406,000, and $1,000,000.

Bolsheviks economists are quite sanguine about the possibilities for development of their trade with South America. At present, Argentina is the only buyer of Russian products, while Russia buys iodine and nitrates in Chile, and wool, sheep, and skins in Argentina.

These purchases are expected to increase, and, on the other hand, the Soviets propose to stimulate their exports of timber, furs, and oil to Latin-American countries.

Soviet statesmen would welcome diplomatic relations with Argentina and were encouraged in the summer of 1928 when Irigoyen, the new Argentinian President, was suspected of serious intentions of recognizing Moscow. Whether for reasons of internal politics or because of United States or British pressure, however, Buenos Aires refrained from making the move, so that the Soviet Union enjoys formal relations only with Uruguay whose Government, nevertheless, has not sent a minister to Moscow since its recognition of the Russian republic on August 21, 1926.

§ 13. ARABIA

It seems queer that cold, far-off Russia should be interested in Arabia and yet she is – because the capital of Arabia is an outpost from which British imperialist policy can be observed, because Moscow wishes the Arabs to see a friend and moral supporter in the Soviet Union, and because the Bolsheviks, despite their atheistic policies, cannot wholly ignore the spiritual bond that connects their millions of Moslem citizens with the holy places of Islam. Russia is one of the great Mohammedan countries. She has intimate relations of friendship with Turkey and Afghanistan.

When King Hussein declared himself Caliph on March 6, 1924, he sent a telegram to Chicherin announcing the fact, and on August 6, 1924 normal diplomatic relations were established with the arrival of a Soviet agent in Jedda. Prince Lotfallah visited Moscow in the same year on behalf of the Sheriffian dynasty.

In 1925 Ibn Saud, the Wahabite ruler of the Nejd, undertook a crusade against King Ali, Hussein's son and successor, and finally set up his own Government in Arabia. On the capture of Jedda, December 22, 1925, Ibn Saud addressed a letter to Hakimov, the Soviet consul, thanking the Soviets for their neutrality in his struggle against Ali. Later, in February 1926, Ibn Saud assumed the titles of King of Hedjas and Sultan of Nejd. Moscow recognized him in these titles on February 16, for which the new monarch wrote a warm letter of thanks.

A dispute now developed in the Moslem world between those followers of the Prophet who accepted Ibn Saud's suzerainty over Mecca and Medina and another section, supported by the Egyptian priesthood and probably Great Britain at one time, which favoured a rival candidate. In July, 1926, Ibn Saud convened an All-Moslem congress in Mecca while his opponents prepared to summon a similar meeting in Cairo. The Bolsheviks allowed the Chief Ecclesiastical Directorate of the Mohammedan Church in Russia with headquarters in Ufa to send a strong delegation to the Mecca assembly, and thus contributed appreciably to the reinforcement of Ibn Saud's position in the Moslem world. Though relatively of minor importance, Moscow seeks in this and other ways to remind the Arabs of the existence of a big, anti-imperialist Power.

CHICHERIN IN MONGOLIAN COSTUME

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§ 14. SOVIET RUSSIA AND CHINA

¶ CZARISM IN CHINA

Japan's awakening, after Commodore Perry sounded the *réveille* call in 1854, Russia's expansion to Vladivostok in 1861, and the consolidation of the German Empire in 1871, introduced the modern period of foreign aggrandisement in China. Powerless before superior armaments, China remained passive while the civilized nations of the East and West tore tremendous territories from her mammoth hulk. France seized Annam, England took Burma, and Japan made ready to occupy Formosa and Korea.

In 1894, however, China roused herself to resistance against the Mikado. Her effort ended with defeat and the conclusion of the humiliating Treaty of Shimonoseki the following year.

By the terms of the treaty, China ceded the Liaotung Peninsula, Formosa and the Pescadores to Japan and acknowledged the independence of Korea. She also agreed to pay an indemnity.

But Russia had coveted Port Arthur at the tip of the Liaotung Peninsula. St. Petersburg, moreover, could not permit so marked an improvement of Japan's position on the Asiatic mainland. Count Witte, the exponent of Far Eastern expansion and the builder of the Trans-Siberian Railway, accordingly insisted on the necessity of thwarting the execution of the peace treaty[1] of Shimonoseki.

St. Petersburg's move was opposed by the British Government, but supported by France and Germany. Japan therefore renounced her claim to Liaotung and Port Arthur. Simultaneously, Russia guaranteed a large French private loan to China. The operations of this loan required the organization of the Russo-Chinese Bank, later re-named the Russo-Asiatic Bank.

Russia expected her *quid pro quo*. Witte had constructed the Trans-Siberian Railway as far as Transbaikalia. What would be its further course? Witte 'conceived the idea of building the road straight across Chinese territory . . . to Vladivostok.' The Chinese route, he reckoned, was 514 versts shorter than the distance from

[1] *The Memoirs of Count Witte.* London, 1921. Page 83.

Transbaikalia across Russian territory to the Pacific, and would, moreover, put Russia in a strategic position to occupy Northern and Southern Manchuria and Outer Mongolia, and to check Japan on the Asiatic continent.

Nicholas II was about to mount the throne. China had been invited, and agreed to send its highest dignitary, Li Hung Chang, to attend the ceremonies. He arrived in St. Petersburg in April, 1896.

Amid the festivities and bloodshed which accompanied the coronation of the youthful monarch, Li Hung Chang and Witte negotiated secretly about a Sino-Russian alliance. The two countries obliged themselves to defend each other against Japanese attack, and China granted Russia the permission to build a railway from Chita to Vladivostok on Chinese soil.

Li Hung Chang, however, would under no pressure consent that the Russian State officially own or operate the road. He wished to be spared the odium of bartering away Chinese sovereignty and to anticipate Japanese opposition. Witte therefore organized the Chinese Eastern Railway Company with Government funds. Li agreed to grant the concession to the Russo-Chinese (later Russo-Asiatic) Bank which, by an agreement with Witte, ceded its formal, fictitious concession to the Chinese Eastern Railway Company, a creature of the Czarist exchequer.

The Russian Government would construct the line; the Chinese Eastern Railway Company would own and operate it on the basis of rights transmitted to it by the Russo-Chinese or Asiatic Bank which had come into possession of these rights for a formal moment. The Bank's concession contract, Witte writes, 'was drawn up under my instructions by the Assistant Minister of Finance, Piotr Mikhailovich Romanov, in consultation with the Chinese Minister in St. Petersburg. . . .' Despite careful deception, the Chinese Eastern Railway was clearly the property of the Russian State, and the agreement moreover provided that only Russian and Chinese subjects could hold its shares.[1]

On July 1, 1903, the road was ready for exploitation. Accord-

[1] The full text of the contract between Russia and China for the construction of the railway will be found in pages 13 *et seq.* of *Manchuria, Treaties and Agreements*. Washington, 1921. A Carnegie Endowment Publication.

ing to official accounts,[1] the cost of building, including the South Manchurian spur to Dairen, amounted to $223,332,502 in gold – paid from the treasury of the Czar.

At the close of the Russo-Japanese War, Russia ceded the South Manchurian section of the line, from Kwangchentze to Dairen (475 miles) to Japan. South Manchuria became a Japanese 'sphere of influence.' North Manchuria remained a Russian 'sphere of influence.' This substantially was the situation when the Czarist Government fell.

Russian events in 1917 and 1918 disorganized traffic and introduced chaos on the Chinese Eastern Railway. In the summer of 1918, Japan, in pursuance of the Japanese-Chinese Military Agreement of March 25, 1918, seized the Chinese Eastern Railway and the Trans-Siberian Railway as far as Chita. General Horvath and Ataman Semenov acted on behalf of Tokio in operating the lines and subduing the surrounding districts.

Such an arrangement being prejudicial to American Far-Eastern interests, Washington proposed that a commission headed by John F. Stevens undertake the management of the railways. Japan objected. The United States insisted. The resulting situation even bore within it a menace of war until, on January 8, 1919, an agreement was drawn up naming Stevens the chairman of a technical board to manage the lines. The Chinese Eastern Railway would be guarded officially by China, but actually by Japanese. Endless friction developed between the American director and the Japanese military, and ultimately Stevens retired. For a brief period, the Chinese Government now took over the railway, but direct control and management were vested in the same Russian Whites who dominated the situation throughout the Civil War. This anomalous state of affairs required regulation when Soviet Russia returned to the Far-Eastern scene in 1923.

¶ OUTER MONGOLIA AND RUSSIA

Mongolia presented another stumbling-block to the resumption of Sino-Soviet relations. It was a question which exposed the Soviet Government to the charge of 'Red Imperialism.'

[1] *North Manchuria and the Chinese Eastern Railway.* Official Publication of the Chinese Eastern Railway. Harbin, China, 1924.

From the beginning of the twentieth century, Mongolia objected actively to Chinese rule. The Mongolian princes desired to wield power themselves without the aid of Chinese bureaucrats or of Chinese taxation. This circumstance 'drove the Mongolian princes still deeper into the camp of the Russians,'[1] while the nomads of the vast country frequently crossed over into Czarist territory to escape the financial burdens imposed by Peking.

Chinese rule brought real hardships. The Chinese discouraged trade, handicrafts, and agriculture by Mongols in Mongolia, while engaging in these pursuits themselves, and sought to keep the country primitive, wild, and devoted exclusively to herding. The Mongols were taught the sinfulness of 'opening the breast of the earth' in order to cultivate it, and in this respect the Buddhist hierarchy supported the Chinese. The Buddhist Church, insensitive to the economic realities of the situation and intent merely on maintaining intact its almost absolute domination over Mongolia, was anxious not to separate Outer Mongolia from China but to unite Outer with Inner Mongolia and thus extend its sphere of influence into a richer region. This circumstance offset domestic and local efforts in the direction of Mongolian autonomy.

The Mongolian movement toward secession and independence from China received a set-back when the Manchus exploited Russia's preoccupation with Japan in 1904–5 to strengthen their hold on the vast semi-desert state. In 1908 they reinforced their garrison in Urga and at the same time began intensive colonization of Chinese along the Kalgan-Urga caravan route.

Early in 1911 a Mongolian deputation travelled to St. Petersburg to petition the Czar for aid in throwing off the yoke of the Celestial Empire.[2] The Russian Government instructed its Minister in Peking to make remonstrances to the Chinese authorities, gave arms to the Mongolians, and intimated that they 'could depend on the support of Russia in their struggle for autonomy.'

The fall of the Manchus in 1911 gave Russia an opportunity of winning China's recognition of Outer Mongolia's nominal autonomy. Chicherin, who examined the archive of Korostowetz, then Czarist minister in Peking, tells the writer that the Czar refused to

[1] *Neu-Sibirien*, by Georg Cleinow. Berlin, 1928. Page 75.
[2] *Ibid.*, page 77.

recognize the new Chinese republic except on condition of Mongolian autonomy, and China therefore forced Urga to accept that status against the wishes of the Buddhist Church.

Sazonov, however, did not wish to antagonize China for the sake of Mongolian independence. He therefore proposed to bridge the gap between the mother country and the intractable daughter, and, while safeguarding Russian commercial interests in Mongolia, to heal the breach between Urga and Peking.

On May 25, 1915, after protracted negotiations, a tripartite agreement was signed which granted Mongolia considerable autonomy, withdrew Chinese troops from Mongolian territory, and guaranteed Mongolia against forced Chinese colonization. The 'Living Buddha' became the chief of the new buffer between Russia and China. Actually, however, power was vested in the Russian Resident.

The Russian Resident in Urga exercised great influence over Mongolian affairs, and, through Mongolia, furthered Russian expansion towards Tibet, and towards Tannu-Tuva, a No-Man's Land with neither a Russian nor a Mongolian administration but gravitating, by reason of trade and nomad migrations, to Siberia.

Still further to the west along the Siberian-Mongolian frontier, Czarist Russia sought to obtain a foothold in the furthermost province of China – in Sinkiang or Chinese Turkestan whose importance as a commercial possibility and as a neighbour of India, Tibet and Russian Turkestan St. Petersburg vividly appreciated.

It is 4,300 kilometres from Tihwa or Urumchi, the capital of Chinese Turkestan, to Peking, and the only route is by cart to Semipalatinsk and thence, via the Trans-Siberian Railway, to China. Sinkiang exports – cattle, wool, and cotton – were eagerly bought by Russia. China had no need of them. Nor could China supply the province with the articles it wished to import: sugar, matches, textiles, kerosene, iron goods, etc. Chinese Turkestan, moreover, is three-quarters Turanian: Uzbecks, Kirgizi, and Cossacks, whose blood-cousins and Moslem co-religionists live near-by just across the Russian frontier.

Chinese authority never became firmly established in Sinkiang. Its trade with the rest of China, as well as with India and Afghanistan, which likewise abut on it, was almost negligible, whereas the

turnover with Russia amounted in 1913 to some 20,000,000 gold roubles.

Sinkiang, larger probably in extent than Germany, France, Italy, and England combined, thus constituted a strong attraction for business and imperialist circles in Czarist Russia; archives and documents indicate that St. Petersburg seriously intended, on the very eve of the World War, to appropriate that part of the province co-terminous with Tannu-Tuva and Mongolia while refraining from touching the section around the city of Kashgar because of its special interest to British India and Afghanistan.

The Bolshevik Revolution overnight destroyed Russia's position in Chinese Turkestan, in Tannu-Tuva, and in Outer Mongolia. Russia, in fact, ceased to play a rôle in Far-Eastern politics. Kolchak, Semenov, Kalmikov, General Horvath, and the Japanese prevented any physical contact between Bolshevism and China, and in Sinkiang, British missions easily took advantage of the situation to exterminate any vestige of Russian prestige. At Kashgar, as Lord Balfour admitted during the Washington Disarmament Conference, England even erected a wireless telegraph station for anti-Bolshevik propaganda.

Japanese agents, preaching the doctrine of 'Asia for Asiatics,' of Pan-Mongolism or of Pan-Islamism wherever that was necessary, penetrated into Chinese and Russian Turkestan, into Tannu-Tuva, and into Mongolia, while China, attempted to reassert her authority over Urga. The advent of Bolshevism and the Red-White Civil War had thrown the whole vast continent into a turmoil and in the chaos only one thing seemed certain: that Russia would never reoccupy her former position in the buffer lands which separated her from China.

¶ BARON UNGERN-STERNBERG

Early in 1920, however, the Red Army smashed Kolchak. The remnants of his forces fled south and east into Chinese Turkestan, Mongolia, Manchuria, and China, where, after various adventures in which many starved or froze to death, the stragglers reached the Pacific coast and volunteered for mercenary service in the Chinese civil war. One of them, a Pole named Ossendowski, has left a vivid, highly coloured record of his experiences.

BARON UNGERN-STERNBERG

General Baron Ungern von Sternberg found himself, after Kolchak's collapse, with a small band of homeless, hopeless warriors on the borders of Outer Mongolia. He was an interesting figure and bore an interesting philosophy.[1]

Ungern-Sternberg was half Russian, half Magyar. He had served in the Russian Navy, fought in the Russo-Japanese War and seen service in the World War. Fate left him stranded in 1920 on soil his conquering forefathers trod, for in him ran the blood of Batu, a grandson of Genjhis Khan, who invaded Hungary and besieged Budapest in 1240.

Ungern's wife was a Manchurian princess. He himself was steeped in the lore of Buddhism. From it he took his mysticism and love of the East.

The elements of his *credo* were monarchy, anti-revolutionism, and anti-Westernism. 'We aristocrats,' he wrote to General Lu Chang-Kuu in May, 1921, 'have only one thought, one purpose, one task – the restoration of kings.' This goal limited him to no country; his internationalism is beyond dispute; he wished to re-establish the Central Empire to include Outer and Inner Mongolia to the edge of India, Manchuria, and Tibet. He wanted to see an emperor in Peking and a Czar in St. Petersburg. 'By the will of the All-High God,' he proclaimed after capturing Urga in February, 1921, 'it is given to me to help the ruler of Kiakhta, His Beatitude the Living Buddha, to overthrow the power of the Chinese revolutionists-Bolsheviks and carry out the task of uniting all the districts of Outer and Inner Mongolia into one great Mongolia.' 'As the earth cannot be without a heaven,' he wrote, 'so the nations cannot be without their kings.'

I. J. Korostowetz, former Czarist minister in Peking, calls Ungern 'the terrible baron,'[2] and tells how the conqueror of Urga

[1] Baron Ungern-Sternberg's letters, some of which were composed by Ossendowski, are now in the Moscow archives. Some of them were published in the *Peking and Tientsin Times* and reprinted by the Special Delegation of the Far-Eastern Republic to the Washington Disarmament Conference: *Letters Captured from Baron Ungern in Mongolia,* Washington, 1921; others are published in the *Journal of the Commissariat of Foreign Affairs.* Moscow, December 15, 1921.

[2] *Von Cinggis Khan zur Sowjetrepublik,* by Iwan J. Korostowetz. Berlin, 1926. Page 310.

behaved after it succumbed to his attack. 'Urga lived through a new period of horror,' he writes. . . . 'The Chinese and the revolutionaries were tortured. . . . Especially the Jews were mercilessly massacred, scarcely one of them being left alive.'

Revolution was anathema to Ungern-Sternberg. 'European culture,' he believed, 'has brought so much evil to the States of the East that it is time to take up the struggle with it and, united, inflict on it a lasting defeat.' The West and the 'putrid sciences of Europe' encouraged the plagues of socialism and revolution He summoned the Mongols to a crusade on Europe – perhaps an appeal to the primitive instincts which sent Genjhiz and his sons to the gates of Moscow, Vienna, and Budapest.

Practically and immediately, Ungern worked with Japan against Soviet Russia. 'Your Excellency,' he informed General Lu Chang-Kuu, 'is well aware of my hatred to revolutionaries wherever they may be, and therefore you will understand my readiness to aid in the task of restoring the monarchy under the general supervision of General Chang So-Lin.' Ungern's contacts with Ataman Semenov, the Japanese puppet, were public property, and he received munitions and other material assistance from Manchuria. His slogans, 'Asia for the Asiatics' and 'Pan-Mongolism,' recall the ideological masquerades with which Japanese imperialism then adorned its aggressions deep in Asia.

After his conquest of Urga and his expulsion of the Chinese, Ungern laid his plans for an offensive into the Baikal region of Siberia. 'Now,' he informed General Lu Chang-Kuu shortly, after taking Urga, 'all my strivings are centred on the North, where I will move in order quickly to enter Russian territory.' For this purpose he courted Kirghiz princes. He expected to rally the Siberian Cossacks. 'All Russia suffers,' he wrote in 1921; 'brother lifts up hand against brother, son against father, all have grown poor; they starve, and have forgotten God.' The Russian people would rise, he believed, and he would be their saviour.

Ungern-Sternberg's star glittered for a brief day. He entered the Mongolian capital on February 3, 1921. Internal organization and executions occupied him completely for some time, but in May he assumed the offensive and marched in the direction of Verkhni-Udinsk and Lake Baikal. Success temporarily crowned his efforts

against the weak Bolshevik forces in that region. Ungern had penetrated only 70 versts north of the Soviet frontier, however, when he encountered several fresh brigades of Budenny cavalry which had been rushed by rail from the West. The baron was beaten back, and on July 7 the Red Army undertook the pursuit and captured Urga.

Several weeks later, Ungern, reinforced with mobile lancers from Kobdo and other centres of Western Mongolia, again raised the war standard and got as far as Gusina Lake on Soviet soil, where he met decisive defeat. In the end of August, Ungern himself fell into Soviet hands, and after an interesting cross-examination, he was executed at Novo-Nikolaievsk.

The Ungern episode showed how easily Mongolia might serve as a spring-board for attacks on Soviet Siberia.

¶ SOVIET RUSSIA AND MONGOLIA

The presence of Red troops in Mongolia (their number was estimated at 4,000 in Urga and 2,500 in Western Mongolia) relieved Mongolia from the danger of Russian Whites, thousands of whom still infested the region, and from the menace of Chinese invasion. The old Mongolian yearning for independence had never met with favour in Peking. In 1919, General 'Little' Su proved by his subjugation of Mongolia that the Chinese Republic also objected to an autonomous Mongolian republic. Exploitation by Chinese merchants, tax-collectors and colonists faced Mongolia as the inevitable concomitant of a return of the Chinese. They therefore asked the Red Army to remain.

On account of its size, sparseness of population, and poverty, Mongolia cannot be subjected to foreign military domination. Nor would Soviet propaganda agents have been able to penetrate through the walls of Buddhist cloisters or the equally thick layers of mysticism and feudalism. The Bolsheviks accordingly adapted to Mongolia the methods they had applied in the Russian village: the poor were stirred up against the rich, the plebeians against the princes, and the Mongolians generally against the pre-revolutionary Russian merchant class which none of the vicissitudes of civil war had been able to dislodge.

By suppressing the Chinese merchants, by eradicating the old

Russian merchants, and by buying large quantities of wool in Mongolia, the Bolsheviks won the goodwill of Mongolian traders. The intelligentsia, to the extent that it exists, was grateful to the Soviets for a chance to participate in the new autonomous government. And the rich *v.* poor campaign did not achieve sufficient fundamental success to antagonize the princes. All sections of the Mongolian population felt grateful for the dismissal of the Chinese; the desire for autonomy was not new. Chinese taxes had disappeared with the Chinese bureaucrat, and no Russian had taken his place.

The influence of the Bolsheviks in Outer Mongolia caused considerable resentment in Pekin, in Tokio, and in Mukden. China had regarded herself Mongolia's master, Tokio its potential suzerain, and Chang So-Lin had been appointed 'Commissar of Mongolia' by a convention of tuchuns which met in Tientsin in April, 1921.

¶ EARLY ATTEMPTS AT SINO-SOVIET RELATIONS

Other circumstances, too, interfered with the establishment of Sino-Soviet relations. China still expected salvation from the Washington Disarmament Conference (November, 1921 – February, 1922). Soviet Russia, moreover, as yet had no common frontier with Central China – officially the Far Eastern (Chita) Republic separated Siberia from Manchuria, while the Japanese exercised control over the Maritime Provinces of Siberia and Northern (Russian) Sakhalien.

China's relations to the Soviet Union have in the past and must in the future be determined largely by her dependence on the attitude of the Powers. This principle applied with even greater force in 1919 and 1920, when the Bolsheviks made their first attempt to throw a diplomatic bridge between themselves and the Yellow Republic.

The Versailles Peace Conference of 1919 failed to dislodge the Japanese from the Shantung Province. Peking refused to sign the Peace Treaty. China stormed. Meetings of protest were held throughout the land; foreigners were assaulted, Japanese goods

boycotted. Disillusionment with the capitalist Powers enveloped the vast land.

Into such a situation, the Soviet Government threw its first appeal to the Chinese people dated July 25, 1919. In it, Leo Karakhan, Assistant Commissar of Foreign Affairs, reviewed the events of 1918; Soviet Russia had offered in 1917 to annul all unequal treaties with China and all Czarist treaties with Japan. Negotiations to this end proceeded with a Chinese representative till March, 1918, when 'the Allies suddenly seized the Peking Government by the throat, covered the Chinese mandarins and the Chinese Press with gold, and forced the Chinese Government to forgo all relations with the Russian Workers'-Peasants' state.' Now, 'in order to open its eyes,' Moscow again appealed to the Chinese people. The Soviets renounced all the conquests of Czarism in China: Manchuria and other parts, as well as Russia's share in the Boxer indemnity and all the unequal privileges formerly enjoyed by Russian merchants in China. These changes, Karakhan suggested, could be written into a treaty which would abolish all acts of force and injustice.

This appeal, addressed to the Peking and Canton Governments, elicited no official response. Karakhan accordingly sent a more detailed note to the Chinese Foreign Minister on October 27, 1920. The note proposed: (1) to annul all pre-revolutionary treaties and to return without compensation everything seized from China by the Czarist Government and the Russian bourgeoisie; (2) to establish economic relations on the basis of most-favoured-nation treatment; (3) to refuse capitulation privileges for Russian citizens; (4) to reject payments under the Boxer Protocol; (5) to establish diplomatic and consular relations with China; and (6) to sign a special agreement regarding the use of the Chinese Eastern Railway.

Internal conditions and foreign influence prevented the Peking authorities from taking advantage of the Soviet offers. Unofficial relations were nevertheless established. China sent General Chang So-lin to Moscow, and the Bolsheviks delegated first Jurin, then Paikis – diplomats of third rank – and finally Adolf A. Joffe.

Mongolia and the Chinese Eastern Railway constituted the obstacles to a settlement. Peking demanded the evacuation of

Mongolia and, in the question of the railway, responded to foreign pressure. An agreement between the Russo-Asiatic Bank and Peking on October 2, 1920,[1] had in effect recognized the French Bank's title to the Chinese Eastern Railway, although that title was clearly formal and fictitious. The agreement stated specifically that its purpose was to bridge over the period until China agreed on the future of the line with a recognized Russian Government, yet its net result was to surrender the railway to the *de facto* control of the Russian Whites. Neither the Peking nor the Manchurian Government could claim the Chinese Eastern Railway as its own. But they were not free to make a settlement with Moscow.

Joffe parleyed with the Peking ministers month on month. But the situation remained essentially unchanged except that the disappointment over the results of the Washington Disarmament Conference coming less than two years after the resentment against Versailles added to the momentum of the Chinese revolutionary movement whose sympathies were with Soviet Russia. Dr. Sun Yat-sen had established himself in Canton, and a parliament in that city elected him President of China on April 7, 1921. And although in August of the following year General Chen Chiung-ming forced Dr. Sun to quit Canton, the old revolutionary leader represented a real moral force and a potential governmental power which, to the discerning, was of infinitely greater significance than Peking whose authority scarcely reached outside its own walls.

Accordingly, A. A. Joffe met Dr. Sun in Shanghai during January, 1923, and on January 26 they issued a joint statement. Dr. Sun declared that the Soviet system could not be introduced into China

"because the conditions do not exist here for the successful establishment of Communism or Socialism. Mr. Joffe absolutely agrees with this view and, furthermore, submits that the chief and immediate aim of China is the achievement of national union and national independence. Mr. Joffe informed Dr. Sun that in the

[1] Full text with supplementary declarations in *Manchuria; Treaties and Agreements*, Washington. 1921. Pages 210 *et seq.*

solution of this great problem, China would find the warmest sympathy of the Russian people and could depend on the aid of Russia.'

Dr. Sun agreed that Soviet Russia, China, and Chang So-lin would jointly determine the disposition to be made of the Chinese Eastern Railway. Moreover,

'Mr. Joffe affirmed categorically to Sun Yat-sen (who expressed complete satisfaction on this point) that the present Russian Government has not and never had the intention of carrying out an imperialist policy in Outer Mongolia or to force it to separate from China.'[1]

A few days later, Joffe proceeded to Tokio on the invitation of Viscount Goto, then the mayor of that city, where he conducted negotiations with unofficial and official delegates of the Japanese Government with a view to the re-establishment of relations.

Joffe's agreement with Dr. Sun and his pourparlers in Tokio exerted an indirect but very potent pressure on the Peking Government. The union of the Far-Eastern Republic with the Soviet Federation, confirmed by a Moscow decree dated November 15, 1922, gave the Bolsheviks a common frontier with Manchuria. These factors plus the rising tide of revolution convinced the Central Chinese Government in Peking as well as Mukden of the necessity of regulating their relations to the new Russia. Russia had resumed her position in the Far East. Objectively the way was thus well prepared for Karakhan, who, in view of the severe illness of Joffe, received an appointment in June, 1923, as Soviet plenipotentiary to China and Japan.

¶ KARAKHAN'S TRIUMPHAL ENTRY

The North China Star declared at the time that the arrival of Karakhan in China was of greater significance than that of any diplomat in the last ten years. His progress through Manchuria was a triumphal procession. Everywhere he was fêted and applauded as the author of the famous declaration of July 25,

[1] Translated from the fortnightly bulletin of the Soviet political representation in Peking, February 1–15, 1923, now in the archives of the Commissariat of Foreign Affairs.

1919, and October 27, 1920. In him thousands greeted Soviet Russia.

Karakhan subsequently told the writer that he went to China with two objects: to negotiate an equal treaty and to fight imperialism. Wherever he went, later even in the presence of the diplomatic corps, he preached revolutionary nationalism and anti-imperialism. At a banquet in Manchuria before he reached Peking he said: 'If once again foreign hands will interfere in our mutual affairs we must mercilessly cut off those hands.'

Such words from the envoy of a Great Power were a novelty in Chinese life. Karakhan began to be looked upon as a guarantee of Chinese revolutionary success.

When he passed through Harbin, the Russian colony met him with enthusiasm. To them he represented the return of Russia to the Far East, and patriotism inspired feelings which temporarily drove anti-Bolshevism under cover. The intellectuals in Harbin, led by people like Ustralov, gave Karakhan their good will and later did what little they could to improve his position.

Karakhan halted in Mukden to parley with Chang So-lin. The ruler of Manchuria was impressed by the expulsion of the Japanese from the Maritime Provinces. Japan, he knew, could not oppose the return of the Chinese Eastern Railway to Soviet Russia. Such a stand would, by direct implication, recognize the title of the Russo-Asiatic Bank which might then dispute the Czar's right, in 1906, to transfer the South Manchurian section of the Chinese Eastern Railway to Japan. Moreover, the Peking-Paris agreement of October 2, 1920, displeased Chang So-lin.

Karakhan's visit to Chang no doubt flattered the tuchun, while the readiness of Moscow to treat with him as the *de facto* master of the road strengthened his position. But since he himself had designs on Peking he could not completely undermine its authority nor could Karakhan negotiate a final settlement with Mukden before even he had set eyes on Peking. Nevertheless, the general lines of an agreement were determined in several interviews between the general and the diplomat, and Chang So-lin pledged himself to execute the treaty once it was negotiated. Such points as equality in the administration of the line were accepted in principle.

¶ KARAKHAN NEGOTIATES

Karakhan had established relations with Chang So-lin. On September 7, five days after his arrival in Peking, Feng Yu-hsiang, 'the Christian General,' then one of the lieutenants of Wu Pei-fu, the ruler of Peking, gave a banquet in honour of Karakhan at which Dr. C. T. Wang, delegated by the Chinese Foreign Office to negotiate with Russia, attended. The next day Karakhan wrote in cordial tone to Dr. Sun Yat-sen. He thus fought on a series of Chinese fronts in order to win maximum support and maximum insurance against failure.

Karakhan first demanded unconditional *de jure* recognition for the Soviet Union, after which all outstanding problems could be solved in diplomatic conferences. But China stubbornly refused.

Negotiations accordingly commenced between Karakhan and Dr. Wang. No difficulties were encountered on a number of important questions: the Soviet Government would not accept Boxer payments, it returned the Russian concessions in Tientsin and Hankow, and renounced all extra-territorial privileges in China. These terms won the Soviets wide popular acclaim, for Karakhan spent much of his time addressing Chinese audiences on the benefits of national revolution (he was opposed, he tells me, to the 'sovietization of China'), on Moscow's willing concessions to Peking, and on the likelihood that an equal treaty with the Soviet Union would add momentum to the movement for scrapping all unequal treaties with the Western Powers and Japan.

Even the question of the Chinese Eastern Railway offered little obstruction to an agreement. In fact, important Chinese circles considered the Soviet position in the matter a decided gain for China: it recognized China's right immediately to share in the administration of the line and ultimately to acquire it.

Mongolia presented greater difficulties. Dr. Wang invited the Russians to evacuate; Karakhan retorted that they were there by consent of the Mongolian Government. Urga preferred Russians who had to justify their actions, to Chinese who could protest sovereign rights in Mongolia.

Although one cannot but regard cynically Mongolia's extreme

revolutionary behaviour of later years (her constitution is patterned on Soviet Russia's, her parliament sends fiery greetings to the Comintern, and Urga becomes Ulan Bator – City of the Red Hero), the Bolsheviks never indicated any desire to hold or absorb Mongolia. When Karakhan reached Peking, the Red Army force in Urga had dwindled to a few hundred men. Joffe had promised their evacuation as soon as the danger of White incursions into Siberia disappeared. The Soviet Union never announced or pressed any claim to Mongolia. The presence of Russian soldiers was always considered a temporary measure.

When Karakhan arrived in Peking he declared in unmistakable language that the Soviet Government regarded Mongolia a part of the Chinese Republic; the exact relationship between China and Mongolia, he said, must be fixed by direct negotiations. To this end, Mongolia sent Japon Danzan to Peking early in 1924.

In his final negotiations with Dr. Wang, Karakhan stated that Soviet Russia would recognize Chinese suzerainty in Outer Mongolia, and agreed to name the date of evacuation.

The settlement, after months of negotiations, was now complete, and at eight o'clock on the morning of March 14, 1924, Dr. Wang and Leo M. Karakhan attached their signatures to a treaty which recognized the Soviet Government *de jure* and embodied all the points of agreement.

¶ THE POWERS VETO CHINESE INDEPENDENCE

But Dr. Wang had not reckoned with his foreign visitors. Italian and British recognition of the Soviet Union early in 1924 had reduced the likelihood of open diplomatic interference by those countries against a Sino-Soviet understanding. But France, the United States and Japan remained.

With the Chinese public mind aroused against unequal treaties, the conclusion of the first equal political treaty might prove a dangerous precedent. To the Powers, Karakhan was an uncanny figure, and his treaty with Dr. Wang a threatening example of what the future had in store if they did not uproot the evil in good season.

Since objection to an equal treaty and to the return of concessions could not, however, form the basis of legitimate complaint, the dissenting nations protested their interests in the Chinese Eastern Railway.

'Sino-French correspondence (on this subject) had taken place during March and April. France apparently advanced the claim that the Russo-Asiatic Bank had been placed under French protection in consequence of the disturbances in Russia, and that protest would be made against alterations in the road's existing management.'[1]

A second French note claimed for France the returned Russian concession in Hankow, and, in confirmation of this policy, the French consul-general in Hankow informed the local authorities early in July that the Sino-Soviet treaty notwithstanding, no change in the status of the former Russian concession would be permitted without the consent of France. In Northern Manchuria and in Hankow, France regarded herself as the rightful heir of Czarism.

On May 3, 1924, Professor Shurman, the American minister in Peking, likewise delivered a note of protest to Dr. Wellington Koo, Chief of the Chinese Foreign Office, in which 'China was warned against entering any unilateral agreement which would invalidate foreign interests.'[2]

Japan is said to have made similar *démarches* against the Karakhan-Wang agreement of March. Tokio had spent some 10,000,000 yen on supplies for the line when thousands of Japanese troops were regularly being transported over it free of charge.

French, American, and Japanese representations caused the Chinese Foreign Ministry to disavow the signature of Dr. Wang, its delegate, and to declare the treaty of March 14, 1924, non-existent.

¶ CHINA'S FIRST EQUAL TREATY

When Peking repudiated Wang's signature, Karakhan published the treaty text. The effect was tremendous. People saw

[1] Bulletin *The Chinese Eastern Railway*, Foreign Policy Association, Information Service. New York, February 27, 1926.

[2] *Ibid.*

that it was not only an equal treaty – it was an unequal treaty; China received more than she gave. Karakhan likewise negotiated openly with Yoshizava, the Japanese minister in Peking, on the resumption of relations with Tokio, in the hope that the Powers would be misled into believing that simultaneous pourparlers were not proceeding with the Chinese. And while he discussed the treaty in secret with Wellington Koo, Karakhan devoted much attention to the parallel negotiations with Chang So-lin regarding the Chinese Eastern Railway. After Karakhan's initial visit to Manchuria, Davtyan had continued the conversations with Mukden. When the Karakhan-Wang agreement was rejected, M. M. Borodin took up the negotiations with Chang So-lin and, after about ten weeks, the tuchun was ready to sign.

The threat of a separate agreement with Mukden on the most important Soviet-Chinese problem convinced Koo that the treaty with Moscow could no longer be postponed. Pressure was also exerted by Wu and Feng. Negotiations, accordingly, recommenced on March 20, at the request of Wellington Koo who, nevertheless, asked Karakhan to keep the fact a deep secret. He feared the interference of the Powers and told Karakhan so frankly. Indeed, the treaty was concluded without the knowledge of the highest officials in the Chinese Foreign Office. When everything had been settled, Karakhan came to the Foreign Office on May 31, and only after some leading Chinese officials were summoned into the chamber where the signing was about to take place did they learn of the nature of the ceremony.

The new treaty differed from the Karakhan-Wang agreement in unessential details. The only important change was an increase of Russian rights in the Boxer indemnity commission.

By the terms of the treaty, normal diplomatic and consular relations were provided for, the Chinese Government promised to transfer to the Soviet Union the buildings of the Czarist legation and consulates, both parties agreed to summon a conference within one month to give detailed content to the solutions which the treaty outlined. The Soviet Union cancelled all special prerevolutionary privileges, treaties, etc., and China undertook not to grant these privileges or concessions to a third party. The

Soviet Government 'recognized that Outer Mongolia is an integral part of the Chinese Republic and respects the sovereignty of China there' and declared its readiness to evacuate the Red forces from Outer Mongolia as soon as the conference fixed the date. Both Governments affirmed their intention of refraining from propaganda against one another. Peking and Moscow asserted that

'the Chinese Eastern Railway is a purely commercial enterprise and that therefore all non-commercial rights formerly exercised by Russia in the railway zone – administration of justice, military administration, policing, municipal management, taxation and land ownership – were transferred to the Chinese authorities.'

The Soviet Union agreed to the purchase of the Chinese Eastern Railway by the Chinese Government with Chinese capital, and both States solemnly stated that all matters affecting the line would be determined by themselves only 'without the participation of a third party or parties.' The Soviet Government renounced Russia's share in the Boxer indemnity. And China and the Soviet Union obligated themselves to conclude a trade and customs convention in the near future.

A special declaration applied Russia's share in the Boxer payments to Chinese education and provided for a commission consisting of two Chinese and one Russian to administer the fund. The commission's decision must be unanimous.

¶ KARAKHAN AND THE PEKING DIPLOMATIC CORPS

The signature of the Sino-Soviet Treaty was not accepted as final by the Powers. They continued their protests and pressure until June 16 when China declared in identical notes to the United States, Japan, and France that China and the Soviet Union alone would deal with the Chinese Eastern Railway. Then the diplomats began to work on Chang So-lin.

On the day after the identical notes were delivered, Karakhan informed Wellington Koo that Moscow desired to appoint an ambassador instead of a minister to Peking. The fact that none

of the Powers appointed ambassadors to the Chinese capital had always been interpreted by China as a studied offence and a badge of the un-sovereign character of the Chinese Government. So large and important a country as China would of course have received full-fledged ambassadors had she not been subjected to the humiliation of capitulations, foreign territorial concessions, etc. The Soviet announcement of Karakhan's designation as ambassador endeared him and his Government to the Chinese nationalists as no other single act. It was good politics and excellent psychology.

¶ AGREEMENT WITH MUKDEN

Meanwhile, Karakhan had been directing negotiations with Chang So-lin on the Chinese Eastern Railway. Peking actually had no jurisdiction in Manchuria, and an agreement with Wellington Koo remained a scrap of paper until confirmed by the *de facto* master of the railway zone. On September 20, 1924,[1] an agreement was signed between Chang So-lin and the Soviet Government which differed in few essentials from the Karakhan-Koo Treaty of May 31 except that it permitted China to acquire the road at the end of sixty years instead of eighty according to the Peking Pact. To the Bolsheviks the practical distinction between sixty and eighty years was almost nil. The Bolsheviks felt that in less than fifty years a strong united or federated China will permit Russia unhampered transit through North Manchuria to the Pacific without Soviet ownership of the line.

¶ THE PRESENT REGIME ON THE C.E.R.

The Mukden-Moscow agreement regarding the Chinese Eastern Railway is the legal instrument under which the line is to-day operated.

The document provided that 'China shall enter gratis into the possession of the said Railway and its appurtenant properties' at the expiration of sixty years from the date of the signing of the

[1] Published in English and in Russian in an official Soviet publication, *Collection of Laws and Institutions* (August 16, 1927, No. 32, Part 2, pages 732 *et seq.*), and in French in *Le Probleme du Chemin de Fer Chinois de l'Est,* by Dr. Houng Tchang-sin (Paris, 1926).

original Russian-Chinese contract, in other words, on September 8, 1956. 'The question of the further reduction of the said time-limit may be discussed' with the consent of both contracting parties. The Chinese Government, however, enjoys the right to redeem the road before 1956 'with Chinese capital at a fair price.'

A board of directors is provided for consisting of five members appointed by the Soviet Union and five by China. All decisions of the board must have the approval of at least six members – in other words, of at least one citizen of the other country. The president of the board is a Chinese. When the board of directors cannot agree, the subject of disagreement shall be referred to the two governments for diplomatic discussion.

In the highly important Board of Auditors, the Soviet Union has three members, China two; the chairman is a Chinese. The manager of the road is a Russian. He and one Russian and one Chinese assistant shall be appointed by the board of directors and confirmed by their respective Governments.

If the chief of any given department is a Russian, his assistant must be a Chinese, and *vice versa*.

Half of the personnel on the road is to be of Soviet citizenship, half of Chinese.

The Moscow-Mukden settlement further regulated the problem of shipping on the Sungari and Amur rivers on a basis of 'equality and reciprocity,' and guaranteed the respective signatories against hostile propaganda.

The Chinese Eastern Railway, operating under the agreement of September 20, 1924, has contributed considerably to the economic development of North Manchuria. The profit from the exploitation of the road amounted, according to official figures, to 15,600,000 gold roubles in 1924; 24,100,100 in 1925; 28,200,000 in 1926; 20,700,000 in 1927; and 12,100,000 in 1928. After the reduction of special expenditures, amortization, etc., the net income is divided equally between Moscow and Mukden.

¶ THE AFTER EFFECTS

Several days after the Sino-Soviet Treaty of May 31, 1924, was concluded, Karakhan received a message of congratulation from Hu Ao-tung in the name of 181 members of the Chinese

Parliament. The agreement, they said, represented a 'victory over international imperialism.' Further, they expressed the hope that the two nations 'will go hand in hand . . . and force world diplomacy to open a new era.' Hundreds of similar messages poured in from all parts of China and from Chinese colonies throughout the world. Meetings in Peking and other Chinese cities hailed the signing as a milestone in the history of China. On June 7 a popular demonstration took place in Central Park, Peking, where Dr. C. T. Wang, members of parliament, a special representative of Wellington Koo, and Karakhan spoke. At a similar celebration on June 9 in the Peking University, Karakhan closed his remarks with the words 'Long live the brotherhood of the peoples of China and the Soviet Union. Long live China, independent and free from imperialism.' On a similar occasion during the same week, Wellington Koo said, 'Up till now it was not the Chinese Government that drew up the treaties with other Powers; they were forced on China from the outside. But it is quite different in the present case.'

The Chinese had taken heart. In 1922 Chicherin had declared that China and the Soviet Union were natural allies. And there is no doubt that the impression created by the new treaty and its affirmation of Russia's sympathy for China in the struggle with the foreign Powers acted as powerful stimuli to the Chinese revolutionary movement which made history so quickly between 1924 and 1927.

Red in China goes with a wedding. At one festive function following the signing of the May 31 treaty, the counsellor of the Chinese Foreign Office said: 'We are celebrating to-day the wedding of China and Soviet Russia. . . .'

§ 15. THE JAPANESE EMPIRE AND THE SOVIET UNION

The Sino-Soviet Treaty hastened the assumption of relations between Japan and the Soviet Union. A series of other important events contributed to the same end: The catastrophic earthquake of September, 1923, weakened Japan financially and economically. She needed undisturbed peace. She could no longer pursue imperialist designs in Siberia. Apart from the fact that Chinese

revolutionary developments demanded more attention, Tokio could not afford the heavy expenditures necessary if hostility towards Moscow continued.

On April 17, 1924, the United States Senate approved the Anti-Japanese immigration bill despite the protests of Secretary Hughes. Resentment in Japan was nation-wide. The new law offended Japan's national honour and damaged her material interests. The economic possibilities thus lost in California might, however, be found in Siberia. This American measure did much to throw Japan into the arms of the Soviet Union.

Japanese-American enmity was at its height after the Washington Disarmament Conference of 1921–2 and the anti-Immigration law of 1924. The bonds with London which the cancellation, at American insistence, of the Anglo-Japanese alliance had severed were not yet resumed. The construction of the great British naval base at Singapore, partly to satisfy the anti-Japanese sentiments of the British dominions, caused deep concern in Tokio. The United States and England worked hand in hand in a number of important fields. Japan felt isolated. Symptomatic rumours of a Franco-Japanese *bloc* appeared in the press. The fact that the Bolsheviks too, after years of idle expectation, now felt quite disillusioned about friendship with the United States, created the tie of similar psychological positions.

These changes, together with the slow but firm tendency towards democracy, strengthened the Opposition in Japanese politics. The control of the military and naval clique was not broken but its authority began to be questioned. The national elections of May, 1924, ended with an Oppositionist victory which testified to popular displeasure with the policy of undisguised aggression against Soviet Russia.

Italian and British recognition of the Soviet Union, and the triumph of the Left Bloc in France showed that the Western World had adopted or would adopt a new set of tactics *vis-à-vis* Moscow. Tokio was not indifferent to the change.

All these circumstances, taken cumulatively, compelled the Japanese Government to regulate its relations with the Soviet Union. The final treaty was negotiated in Peking between Karakhan and Yoshizava and signed by them on January 20, 1925.

It brought to a close a series of conferences which began in August, 1921.

¶ THE RUSSO-JAPANESE DIPLOMATIC WAR. DAIREN

Japan's rôle on the Asiatic mainland is perhaps the decisive factor in the Far-Eastern situation. Nothing so well illustrates Japan's political philosophy and her practical strategy in foreign affairs as her diplomatic manœuvres *vis-à-vis* Russia between 1921 and 1925. These took the form of prolonged and animated conferences, and disclose the temper of the Japanese mind, its attractively frank opportunism, its submission to realities, and its desire to hold too long to temporary gains on the false assumption that the longer the delay the greater the price of redemption. The first two of these conferences – in Dairen from August, 1921, to April, 1922, in Chang-Chun in 1922 – ended in complete failure.

Time was on the side of Russia. Japan, anxious to put her politics on a peace-time footing, could not well continue the occupation of Siberia endlessly against the will of United States, of the Far-Eastern Republic (F.E.R.), and of Moscow. On June 19, 1922, Baron Uchida, the Japanese Foreign Minister, was still insisting that Japan could not withdraw her troops because of the necessity of protecting Japanese lives and property. Four days later, the new Kato Cabinet ordered the retirement of the Japanese occupation army from the Maritime Provinces. A few months earlier, at the Dairen Conference, Russia would have paid a high price for this victory.

The evacuation of Japanese troops from the Maritime Provinces commenced on September 3, and on the morrow a Japanese-Russian-F.E.R. Conference assembled at Chang-Chun, a station on the South Manchurian Railway, to discuss future relations and the evacuation of Northern Sakhalien. No agreement could be reached.

¶ JOFFE, GOTO, AND KAWAKAMI

Japan completed the evacuation of the Amur and Maritime Province in October, and on the 25th of that month F.E.R. troops entered Vladivostok. November 14, Chita requested admission

into the Soviet Union; by a decree of the 15th the request was granted.

After meeting Dr. Sun Yat-sen early in the year, Joffe accepted an official invitation from Viscount Goto, the Mayor of Tokio, to come to Japan for a cure. Goto, one of the Nippon's most influential statesmen, had always been a protagonist of Russian-Japanese co-operation. He wished to use the presence of Joffe to press his policy.

Joffe's conversations, until April 24, 1923, were altogether unofficial and unbinding. But on that day, Goto informed Joffe that

'the Japanese Government on April 20 apparently decided that it was prepared to enter a third Russo-Japanese conference on condition of the preliminary solution of two questions, (1) Nikolaievsk massacre, (2) Sakhalien, and that the Japanese Government prefers to solve the Sakhalien question by means of the purchase of Northern Sakhalien.'

Joffe countered with his preliminary conditions: (1) equality in the negotiations, (2) fixing date of evacuation of Northern Sakhalien, (3) *de jure* recognition.

On May 6 Goto wrote Joffe explaining that the Tokio Cabinet further desired Russian recognition of old debts to Japan, reparations for Japanese losses during the revolution, and recognition of all former treaties.

Joffe replied on May 10. The Soviet Government, he said, categorically refuses to recognize old debts, satisfy private claims, or recognize old treaties. 'Russia,' he added, 'expresses deep regret over the unfortunate events in Nikolaievsk in March, 1920, and recognizes its material responsibility for them.' Japan must, however, offer a similar expression with respect to similar events in Russia. Japan's financial claims would cancel Russian claims. Russia, Joffe declared, could sell Northern Sakhalien only at a very high price; he therefore suggested the formation of a mixed Russo-Japanese company to exploit the oil- and coal-bearing lands and the forests of Northern Sakhalien. Japan, finally, must evacuate the upper half of Sakhalien island.

Japan felt that unofficial negotiations between unofficial persons had now accomplished as much as they could. She accord-

ingly suggested unofficial negotiations between official persons, and Joffe and Toshitsume Kawakami received corresponding authorization from their respective States. They held twelve meetings. What follows is from the official protocols and from Kawakami's detailed summary of the negotiations which he compiled and sent to Joffe on August 3, 1923.

Japan wished to buy Northern Sakhalien for 150,000,000 yen. Instead of refusing outright, Joffe asked 1,000,000,000 gold roubles, and later, quite arbitrarily, 1,500,000,000 gold roubles. At the session of June 29, one day after the opening of the conference, Kawakami therefore inquired whether the Russian Government agrees to grant Japan concessions in Northern Sakhalien.

Session of June 30. – Kawakami demanded payment of Japanese claims for losses in Nikolaievsk between March 12 and May 27, 1920.

'Joffe declared that if the question is put in this manner he will immediately close the negotiations. The attempt to make the occupation of North Sakhalien a guarantee for the solution of the Nikolaievsk question was the cause of the rupture of the Chang-Chun Conference. Mr. Joffe continues without change to present his former view that the occupation of Russian territory as a guarantee of the solution of any question is absolutely inadmissible.'

Kawakami explained that Japan does not ask a blanket concession for all Northern Sakhalien, but a series of separate concessions.

Session of July 2. – Kawakami declared that in his personal opinion Japan would not evacuate Northern Sakhalien before the opening of an official conference. Japan, he said, proposed concessions as an alternative to sale.

Session of July 9. – Kawakami stated that the draft which Joffe had presented of his Government's regrets over the Nikolaievsk events had made a good impression on the Japanese Government which, nevertheless, insisted on its own draft. The Japanese delegate announced that the question of Nikolaievsk claims would be settled in a manner satisfactory to Russia, but asked a hasty solution of the Sakhalien problem. Joffe affirmed that the Sakhalien

concession could easily be settled. Kawakami suggested that Japan be granted a fifty-five to ninety-nine-year lease to the oil, coal, and forest resources of Northern Sakhalien. These, in turn, would be transferred by the Japanese Government to a Japanese company.

Sessions of July 13, *July* 18, *and July* 20 were devoted almost exclusively to debating the draft of Russia's official regrets over the Nikolaievsk occurrences.

Session of July 24. – Kawakami declared he had failed to convince Count Uchida to accept Joffe's draft.

Session of July 31. – Joffe announced that he had received instructions from his Government to discontinue the unofficial negotiations and to commence official conferences if Japan voluntarily announced in advance her intention of evacuating Northern Sakhalien.

Japan refused and the conference was suspended.

¶ KARAKHAN AND YOSHIZAVA

After these failures, Russia and Japan remained as far as ever from agreement and *de jure* recognition. But then came the earthquake of September, 1923, the anti-immigration bill in Washington of April, 1924, and the formation of international political constellations unfavourable to Nippon. Japanese fishing interests demanded a settlement that would enable them to bring sea food to their country from Kamchatka and other parts of the Soviet coast. Japanese coal and oil companies urged an agreement that would enable them to exploit the riches of Northern Sakhalien on a permanent contractual basis. Day by day, Soviet Russia grew stronger. Her international position improved, and more and more statesmen in Tokio were beginning to feel that the longer the bargain was delayed the worse it would be. Objectively, in fact, Japan certainly lost very much by signing a treaty with Moscow in January, 1925, instead of in 1922 or 1923. She gained nothing from the delay except heavy military expenditures, resentment in Russia, and the reinforcement of the opposition at home.

Karakhan made advances to Yoshizava, the Japanese minister in Peking, as soon as he arrived in China in September, 1924. Yet

it was not until May 15, 1924, that the Soviet and Japanese delegations in Peking exchanged credentials.

The only real issue was Northern Sakhalien. Regrets over the Nikolaievsk events were needed by the Japanese Government for the sake of prestige and to justify the claim that it had occupied Sakhalien to avenge the so-called Nikolaievsk massacre which, the Bolsheviks declared, took place when the Red Army had not yet advanced within hundreds of miles of the town, but for which Moscow would apologize because it attached no importance to formal matters of 'national honour' and because it was anxious to establish normal relations with Japan.

Northern Sakhalien is an economic necessity to Japan. Japan is a big and growing industrial and military power. She needs petroleum and coal for her factories, army, navy, and shipping. But her own petrol wells yield no more than one-third of national requirements, and the supplementing of the supply by purchases from the United States, or even from the Dutch East Indies, Burma, and Persia, has its obvious political and economic disadvantages.[1] Tokio had accordingly long cast a covetous glance at unprotected Russian Sakhalien, and in 1920 the opportunity presented itself. Now, in 1924, the shifting of positions on the international stage precluded the retention of the occupied territory. Nevertheless, Japan intended to exact the highest possible price for the surrender of her *de facto* possession. Unable to buy the territory, she wished to acquire exclusive rights to everything it contained.

Debts rarely formed the subject of discussion between Karakhan and Yoshizava. Both felt that they represented little live interest. Nor did Japan's demand for the recognition of all old treaties obstruct the negotiations. Moscow rejected the general demand but consented with some reservations to recognize the Portsmouth Treaty by which, after the end of the Russo-Japanese War, Japan acquired far-reaching territorial, economic and political advantages. Tokio no longer even insisted on an official apology for the Nikolaievsk events. The only issue remained Northern Sakhalien.

[1] For more detailed treatment of this subject, see *Oil Imperialism*, by Louis Fischer. London, 1926. Chapter VII, 'The United States, Japan, and Russia.'

Negotiations dragged out for months, and Moscow gained the impression that Japan was 'sparring for time' until unfavourable weather conditions in frozen Sakhalien would prevent evacuation for another year. Meanwhile, so the Soviet version ran, Japan speculated that some sad turn in Russian foreign relations might enable Tokio to strike a better bargain.

On July 11, 1924, Yoshizava undertook the long trip to Northern Sakhalien. Officially, he would examine personally the possibilities of evacuation. But Karakhan believed that Japan was procrastinating. He aired his thoughts in a letter to Dr. Sun Yat-sen.

'Japan,' the Soviet ambassador wrote, 'is manifesting irresoluteness and is wavering. On the one hand, they will not climb down from their claims, while on the other they are afraid of insisting on them resolutely for they know that in such an event the negotiations will be broken up. And so they prefer to drag on, ever deferring the decisive moment. A short-sighted policy indeed, for every day will accrue to our benefit, not to the Japanese.'[1]

Yoshizava returned from Sakhalien on August 4, and on the next day he was closeted with Karakhan for four hours. The following day they met again, after which Karakhan stated to journalists that 'we are now further from agreement than ever.' He explained why in an interview which appeared in the Moscow *Izvestia* of October 10.

'During the last few days,' he said, 'the Soviet Government declared its readiness to give Japan enormous concessions . . . forty per cent of all oilfields in Northern Sakhalien. . . . But Japan insists on our giving her eight districts of her own choice and which, before the Japanese occupation, were almost the only ones containing oil. . . . Japan offers to pay the Soviet Union a 5 to 15 per cent royalty on petroleum production. . . . We insist on 10 per cent, rising to a maximum of 15 per cent with rising production.'

[1] The Dr. Sun-Karakhan correspondence, much of which will be quoted in chapters that follow, was obtained by the writer from Karakhan's personal and secret files.

The two envoys had now come to grips on the most important details. An agreement seemed inevitable, yet disagreement had come on more than one occasion in the past. At such a stage, however, secondary events, the rumoured retirement, for instance, of Secretary of State Hughes in January, 1925, and the prospect therefore, as the *Manchester Guardian* of January 22, 1925, put it, of 'a less uncompromising American hostility towards the Soviets,' could play a decisive rôle. The treaty was signed in Yoshizava's sick-chamber in Peking on January 20, 1925.

¶ SAKHALIEN OIL CONCESSION

Instead of an official declaration, Karakhan expressed his personal regrets over the events in Nikolaievsk; the Japanese Government pledged itself by the terms of the treaty to commence evacuation of Northern Sakhalien as soon as climatic conditions permitted and to complete it by May 15, 1925. On these preliminary conditions, the Soviet Government promised, in Protocol B attached to the treaty, to grant Japan oil and coal concessions in Soviet Sakhalien within five months after the complete withdrawal of the Japanese forces.

By the stipulations of the treaty, amplified by the detailed concessions contracts signed in Moscow on December 14, 1925, Japanese companies nominated by the Japanese Government obtained the legal right to mine petroleum on 50 per cent of the oil-bearing lands exploited by the Japanese during the occupation, and to conduct explorations on additional 1000 square versts of territory on the eastern shore of Northern Sakhalien. The Soviet Government might grant the remaining half of the petroliferous districts to other foreign concessionaires; in which case, however, Japanese companies must receive equal opportunities to enter bids.

Instead of fifty-five to ninety-nine years as the Japanese had urged, both the oil and coal concessions are for a period of from forty to fifty years.

In addition to an annual rental of 4 per cent of production, the concessionaires pay the Soviet Government a 5 per cent royalty on a total annual oil production of 30,000 metric tons or less. For every added 10,000 metric tons the royalty rises 0·25 per

cent until a yearly output of 430,000 tons is reached, after which a 15 per cent royalty will be collected. The concessionaire pays the Soviet Government a money fee equal to forty-five per cent of the value of all gusher oil and a royalty on gas varying from 10 to 35 per cent according to petrol content.

The royalty on coal production varies from 5 to 8 per cent.

Soviet labour laws must be obeyed; 50 per cent of the technical staff and 75 per cent of the unskilled workers must be of Soviet citizenship.

Japanese oil production in Northern Sakhalien yielded, according to official figures, 8,400 tons in 1923–4, 11,870 tons in 1924–5, 16,261 tons in 1925–6, 59,838 tons in 1926–7, and 92,012 tons in 1927–8. About 85 per cent of the coal mined is exported to Japan.

¶ RUSSO-JAPANESE CO-OPERATION

Japan was so isolated in the international field when the Karakhan-Yoshizava treaty was signed, that rumours inevitably arose of a Russo-Japanese alliance. 'Utter rubbish' is the way in which Theodore Rothstein, a member of the collegium of the Commissariat of Foreign Affairs, characterized such statements.[1] The same applied to fanciful reports about a Russo-Japanese-German entente.

Yet the possibility of close political and economic co-operation assuredly does exist between Japan and the Soviet Union. In the Bolsheviks, the Mikado's empire sees a less dangerous competitor than in Czarism. Moscow has no ambitions in Manchuria, where Japan's expansionist policy is most active. Above all, Japan needs Russia economically. 'The question of Japan's economy,' said Kawakami in an interview with the Japanese Press, 'cannot be solved without the participation of the Soviet Union.'[2] From Siberia and Northern Sakhalien, the island empire now obtains oil, coal, lumber and fish. These are of incalculable importance to her industry, her armaments, and her population.

Japan, of all the Great Powers, has derived most economic benefit from the Soviet Union. This is a guarantee for the future. The Western Powers may seek to draw Tokio away from Moscow.

[1] *New York Times*, June 22, 1924. [2] *Izvestia*, March 21, 1924.

Chinese events may introduce temporary periods of frigidity. The rivalry among Japanese fishing concerns, and incidents of various kinds may cloud the Soviet-Japanese horizon. But before Japan breaks with the Soviet Union she must consider whether she is ready to re-occupy Northern Sakhalien and to seize Kamchatka and the Maritime Provinces. Otherwise the worsening of relations with Moscow becomes a very serious matter to Japanese business and to the Japanese Government.

§ 16. U.S.A. AND U.S.S.R.

In their somewhat schematic approach to American foreign policy, and in their ignorance of American psychology and conditions – for few leading Bolsheviks know the United States – the Moscow statesmen believed that a *rapprochement* between themselves and Tokio would frighten Washington into adopting a less hostile attitude to the Soviet Union. They were woefully mistaken. The United States pursued the same tactics of consistent enmity.

The Bolsheviks naturally welcomed the announcement in January, 1925, of Charles E. Hughes's retirement from the State Department as from March 4. Hughes was their *bête noire* whose caricatures were as popular in the Soviet Press between 1922 and 1925 as Austen Chamberlain's in a later day. They drew encouragement from his resignation, little realizing the continuity of United States foreign policy under different Secretaries of State and in successive administrations.

It is strange and interesting that the United States and the Soviet Union should be violent enemies. No territorial disputes, no political friction, no important debts, no ancient hates divide them. There is the question of subversive propaganda. On this point, Roy W. Howard, the President of the Scripps-Howard Newspaper Service, once wrote to Reeve Schley, Vice-President of the Chase National Bank, as follows: 'Personally I think the menace of Bolshevism in the United States is about as great as the menace of sunstroke in Greenland or chilblains in the Sahara.' Many people who know America will agree.

CZARIST DEBTS TO U.S. BANKS

¶ RUSSIA'S FINANCIAL OBLIGATIONS TO AMERICAN GOVERNMENT

There was no pre-war Russian debt to the United States Government. But during the World War, the United States Treasury opened a credit to the Provisional Kerensky government. On November 13, 1917, six days after the Bolsheviks came to power, the sum drawn amounted to $187,729,750. It was drawn by Kerensky to fight the World War and to support himself and his agents. The Bolsheviks never took anything from the United States Treasury. The war materials bought with American money went, in part, to Kolchak and other enemies of the Soviet regime. Part of the American funds were spent by the Kerensky ambassador Boris Bakhmetiev in supporting anti-Bolshevik efforts in the United States and Europe. Now this sum is regarded as a Bolshevik debt to the United States. The irony becomes more striking when one remembers that long after the fall of Kerensky, Bakhmetiev shipped ammunition purchased with United States Government credits to Black Sea and Pacific ports for use against the Red Army.

The exact parallel would be this: A foreign Power gave money and supplies to the Confederates during the American Civil War. With the resources thus obtained, the Confederates were able to fight the North and kill Northern soldiers. When the war is over, the foreign Power asks the North to pay the obligations of the South.

Together with several negligible items, the total American Government claim on Russia is $192,601,297, on which approximately $96,000,000 in interest had accumulated by the middle of 1929.[1] (Interest amounts at the rate of approximately $8,000,000 annually.)

¶ CZARIST DEBTS TO U.S. BANKS

In addition to this government-to-government war debt, Russia borrowed during the war from American financial institutions. Prior to America's entry into the World War, the National City Bank or syndicates headed by it granted the Imperial Government a $5,000,000 credit in 1914, $50,000,000 and

[1] New York *Current History*, February 1926, page 628.

$25,000,000 in 1916, and $11,000,000 in 1917, thus making Russia's private war debt to the United States $91,000,000 without interest.[1]

The total Russian war debt to American citizens and to the American Government, *without interest*, amounts therefore to $91,000,000 plus $188,000,000 or approximately $279,000,000.[2]

To this sum must be added $10,000,000 which is the extent of Russian Government borrowing from American banks before the war. Accordingly, Russia's public debt, war and pre-war, to the American Government and American banks, equals $289,000,000, *without interest*.

¶ PRIVATE PROPERTY CLAIMS

There are also American private property claims. These, naturally, permit of no final estimate. A Soviet publication puts the figure at $61,000,000.[3] One American estimate goes as high as $300,000,000. The largest of American companies which operated in pre-war Russia, the International Harvester Company, has apparently written its Russian assets off its books as a permanent loss – it pays no income tax on them – and is selling agricultural machinery to the Soviet Government on long-term credit. Other concerns, like the General Electric Company, the Standard Oil of New York and the Vacuum Oil Company, whose Russian properties suffered nationalization, have probably forgone their claims on the Soviet State and are doing business with it.

The Singer Manufacturing Company had invested approximately $25,000,000 in Czarist Russia. But in this case it is questionable whether any government can be held responsible for the sewing machines sold to the remotest villages of the empire (one sees them up in the heights of the Caucasus) on instalment plan and not paid for on account of war, revolution and other *force majeure*. Further claims, amounting to $250,000 each, could be presented by the Otis Elevating Company, the Babcock and Wilson Corporation, the New York Life Insurance Society, and the Equitable Life Insurance Company.

[1] *The Inter-Ally Debts*, by Harvey E. Fisk. Bankers Trust Company Publications. New York-Paris, 1924. Page 145.

[2] *Ibid.*, page 111.

[3] *Ibid.*, page 298.

PRIVATE PROPERTY CLAIMS

American property in Russia was really never officially nationalized. In the summer of 1918 Soviet Russia and Germany were engaged in negotiating the supplementary treaties provided for in the Brest Litovsk Treaty and ultimately signed in August. The Germans demanded compensation for damages done to the property of their nationals during the World War, and it was generally assumed that the Bolsheviks could only acquiesce. Many foreign and Russian property-holders immediately commenced transferring their titles to German citizens in the hope that they too would receive indemnification under the terms of the forthcoming agreement. To cope with this situation the Soviet Government hurriedly issued its Nationalization Decree on June 28. But at that time, Colonel Robins was conducting negotiations with Lenin regarding American economic assistance, and Lenin accordingly agreed that American property would be exempt from the rulings of the new act. Subsequently, the Russians took over American plants because they were not being operated, and in the case of the Harvester Company's factory at Lubertsi, Moscow several times urged the owners to return before it actually assumed possession of the works. Legally, therefore, American property is in a different category from that of other foreigners – a point which may have tremendous bearing on a future settlement.

Clearly, the private claims of Americans are neither large nor serious, and cannot constitute an obstacle to normal relations.

Early in their regime, the Bolsheviks repudiated the foreign debts of Russia. Later, in the reply to the Prinkipo proposal, in the statement to Bullitt and at the Genoa Conference, for instance, they offered to recognize and pay the obligations of their predecessors. With countries like France and Great Britain, Moscow actually negotiated the details of payment. In these instances, at least, therefore, the original repudiation was superseded.

The Soviet Russians cannot agree that the Kerensky debt ought to be booked against them. Yet in conference with United States officials even this stumbling-block could be removed. The Bolsheviks have never as much as intimated to the State Department that they will not pay it.

Japan has consistently ignored a Russian public war debt

amounting to 233,337,000 gold roubles, according to the Bolsheviks, or $152,000,000 according to a Bankers Trust Company compilation. Italy has never raised the question of a similar war-time liability of 60,000,000 roubles. The Germans, in the Rapallo Treaty, cancelled their claims against Russia. In the MacDonald-Rakovsky treaty of 1924, England's immense war credits to Russia were 'placed on cold storage.' France, too, showed a readiness to forget war debts. The United States Government debt, which is almost entirely a World War debt, should therefore present no difficulties.

As against American claims on Russia, the Bolsheviks have counter-claims on the United States Government. American troops intervened in Russia and fought against the Red Army. American expeditionary forces in Murmansk, Archangel, and Siberia demonstrably caused damage to Russian property and were responsible for the loss of Russian lives. The intervention took place without a declaration of war. It was not undertaken for American national defence. Its illegality is not open to dispute.

The sum of Soviet counter-claims against the United States is not known. Since the Americans always constituted component parts of international expeditions their total would indeed be difficult to compute. But it doubtless runs into tens of millions of dollars.

At the Genoa Conference and in the Anglo-Russian negotiations of 1924 it was implicitly agreed that the Bolsheviks would drop their counter-claims if the other countries dropped their World War government-to-government debts. The Kerensky debt is a war debt. If it were cancelled by Soviet counter-claims, the total of official American financial claims on the Soviet Union would be ridiculously small. Especially is this true, since, apart from counter-claims for Civil War damages, other Soviet counter-claims of a purely business nature might very well shift the balance in America's disfavour.

¶ COMMUNIST PROPAGANDA

Propaganda is offered as the second explanation of American non-recognition of the Soviet Union. And not only propaganda

in the United States. Before Mr. Dwight Morrow went to Mexico City as Coolidge's ambassador, high State Department officials had convinced him that the Russian Bolsheviks were conducting propaganda in Mexico. After a few months' experience at his post he knew this was not so. Mr. Frank B. Kellogg likewise believed that Moscow sent $200,000 to Sandino in Nicaragua. But it is over-simplification to explain revolts against one's authority by outside influence.

The United States is the world's most prosperous nation. Its working class is the most conservative. Its Communist Party is proportionately the smallest. The Russians would be fools to expect a revolution in the United States or to waste money in fostering one. There is no proof that they do. 'Revolutions are not carried in suitcases,' Karl Radek once said to the writer. 'Revolutions cannot be imported. They grow.' Agitators reap only in fruitful soil. They find American fields quite barren.

Germany and Italy have more radical working classes and larger Communist Parties than America. They have been on the verge of revolution. Yet they do not fear the Bolshevik propaganda which allegedly follows Soviet recognition. Nor does Japan, despite rising social unrest. Although England boasts the best organized labour class in bourgeois countries, and although that class harboured or harbours certain affections for the Bolsheviks, the British rarely complained of or feared Communist propaganda at home; it was always the empire and China. It is difficult to understand why 'propaganda' should prevent Soviet recognition by the United States which is less exposed to revolutionary agitation than any other large country.

It is sometimes said that a Soviet Embassy in Washington would be a nest of revolutionary propaganda. But an embassy is a small institution; it employs two or three dozen people, while a trading organization, like the Amtorg, the Soviet commercial agency in New York, employs several hundred – many of them Communists. Russian Bolsheviks come and go to keep intact the living link with Moscow. Yet the Amtorg has never been charged with subversive activities.

Except to the narrow legalistic mind, Soviet recognition by the United States would not change the propaganda situation one

iota. If Bolshevik activities now threaten the existence of the American Government they will continue to do so after recognition. If Bolsheviks think that present conditions in the United States make revolution a far-off fancy, recognition will not alter that view.

¶ ANTI-RECOGNITION INFLUENCES

Repudiation of debts and Communist propaganda are the reasons offered for United States non-recognition of the Soviet Union. But the reasons lie elsewhere, and are more cogent than the usual arguments.

The United States does not need the Soviet Union. Even though trade has increased far beyond pre-war limits, the total still plays too small a rôle in America's tremendous foreign trade turnover to affect foreign policy. And, although the Soviet Union might be a profitable field for investment, American lenders still find plenty of borrowers elsewhere.

Nor does America need political support from the Soviet Government. Washington does not want Moscow's co-operation in China and Japan; in Europe, the United States wields better weapons of persuasion and coercion than Soviet political co-operation.

These negative factors conduce to a passive relationship. In such a situation, minor circumstances may prove decisive. The public's unquestioning acceptance, until recently, of the debt repudiation and propaganda arguments is one such circumstance. Others are the American Federation of Labour, oil, foreign agitation in Washington, etc.

The American Federation of Labour is as hostile to the Soviet Government as the Standard Oil and the British Tories. Extremely conservative, the Federation vaguely suspects that Soviet recognition may strengthen those American labour elements which seek to undermine the power of its present leaders. Samuel Gompers, in his time, supported Washington so whole-heartedly that it could not but grant an ear to his pleadings against official relations with Moscow. Since then the political influence of the Federation has noticeably declined. But its access to industrialists has widened. The Federation stands for the co-operation of

Labour and Capital, for profit-sharing in industry, for labour stock-owning in capitalist organizations, etc. This, especially, is the philosophy of Matthew Woll, the power behind the Federation's shaking throne,[1] who effects his policy in the double capacity of high official of the Federation of Labour and acting President of the National Civic Federation, an anti-Labour organization of employers.

Matthew Woll's tactics are clear. Whenever a large corporation begins to negotiate a contract or credits with a Soviet institution he appeals to the directors. Contact with Bolshevism, he may argue, will introduce Red agitators. They will 'bore from within' the Labour Federation and sabotage the programme of Labour-Capital co-operation. Mr. Woll did this in the case of the General Electric Company, but obviously failed to convince Owen D. Young that the granting of $26,000,000 in credits to the Soviets would overthrow the United States Government or the ruling group in the American Federation of Labour.

The Standard Oil Company of New Jersey has likewise been a bitter opponent of Soviet recognition.

Mr. Hughes had been an attorney of the Standard Oil before his terms in the State Department. He was its consulting legal authority after he left the State Department in much the same way as Robert Lansing, Secretary of State under President Wilson, was retained by the Sinclair Oil Company.

Mr. Hughes's uncompromising opposition to Soviet recognition needs little elaboration. President Harding, in his last address, undelivered because of illness, stressed the Bolshevik confiscation of private property and repudiation of debts as an obstacle to recognition. But he did not stress propaganda. Coolidge took a similar line in his first message to Congress on December 6, 1923.

'Whenever,' he said, 'there appears any disposition to compensate our citizens who were despoiled, and to recognize that debt contracted with our Government, not by the Czar, but by the newly formed republic of Russia; whenever the active spirit

[1] See, for instance, 'The Twilight of the A.F. of L.' in the *American Mercury* of March, 1929.

of enmity to our institutions is abated; whenever there appear works meet for repentance, our country ought to be the first to go to the economic and moral rescue of Russia. We have every desire to help and no desire to injure. We hope the time is near at hand when we can act.'

The Soviet Government did not expect moral rescue at the hands of Mr. Coolidge, but it interpreted his statement as a bid for relations, and Chicherin addressed a cablegram direct to the President on December 16.

'The Soviet Government,' it read, '. . . informs you of its complete readiness to discuss with your Government all problems mentioned in your message, these negotiations being based on the mutual non-intervention in internal affairs . . . the Soviet Government is ready to do all in its power, so far as the dignity and interests of its country permit, to bring about the desired end of renewal of friendship with the United States of America.'

This rather conciliatory declaration created the danger of discussions between Moscow and Washington. Hughes hastened therefore to take the matter out of the President's hands, and wired back a curt reply.

'There would seem to be at this time no reason for negotiations. . . . If the Soviet authorities are ready to restore the confiscated property of American citizens or make effective compensation, they can do so. . . . Most serious is the continued propaganda to overthrow the institutions of this country. This Government can enter into no negotiations until these efforts directed from Moscow are abandoned.'

President Coolidge had not mentioned propaganda. Secretary Hughes made it 'the most serious consideration.' Senator Norris styled Hughes's reply 'bluntly discourteous.'

Early in 1926 Ivy L. Lee, well-known 'adviser on public relations' to the Standard Oil, commenced an intensive campaign for Soviet recognition. The Standard Oil of New York and the Vacuum Oil had recently made large petroleum purchases from the Moscow Naphtha Syndicate, and the Standard Oil of New

Jersey was contemplating similar deals. But before the year had turned, Sir Henri Deterding of the Royal Dutch-Shell Oil Company persuaded Mr. Teagle to desist, and soon Ivy L. Lee interrupted his activities on behalf of recognition.

Other influences against recognition are more difficult to trace. Senator Borah once made reference to the British whispering campaign in the United States against recognition. The hostility of the Russian Whites in and near the State Department and in and around the diplomatic and consular services of the United States in Europe likewise plays a significant part. Particularly those official American bodies in Riga, Warsaw, and Berlin, whose function it is to watch Russian events, are, with one or two notable exceptions, so violently anti-Bolshevik in their personnel that neither Washington nor travelling Americans can expect to be properly informed.

These Whites have not even hesitated to employ forged documents in influencing American official circles.

The feeling that trade can go on without diplomatic relations is the final circumstance requiring consideration. Since business grows without recognition, why recognition?

'Peculiar idea,' Trotzky once replied.[1] 'As if a doctor, watching a baby grow in weight in a room with closed windows, should conclude that fresh air is useless. A healthy organism endures bad conditions; but that does not justify bad conditions.'

The Soviet Government is extremely anxious to win United States recognition and the commercial advantages it would bring. Large, long-term credits from many corporations will come with a sense of certainty which recognition, an embassy and consular representation carry with them. Loans, in view of the control of the State Department, are impossible in the absence of normal relations. Correct information is favoured by direct political contacts.

The Bolsheviks are anxious for recognition but they are not sanguine. They have been disappointed so many times that they are afraid to hope. Probably, in the case of the Soviet Union, the flag will follow the trade, instead of trade the flag. When there is

[1] *New York Current History*, February, 1926, page 619.

so much American-Russian business that a consul, a commercial attaché and an ambassador are needed, they will perhaps be sent.

It is not impossible that the first step towards relations will be the conclusion of a trade agreement, as Senator King, a noted anti-Bolshevik, suggested in Senate on May 24, 1924. Consuls could also be exchanged before complete *de jure* recognition. To be sure, the policy of the Soviet Government is now to refrain from concluding trade agreements unaccompanied by *de jure* recognition. But policies are made and can be unmade.

§ 17. UNCHANGING FRANCE

In 1922 French policy, supported by American influences, torpedoed the Genoa and Hague Conferences. Poincaré wished at all costs to prevent a *rapprochement* between England and Russia. Correspondingly, Poincaré exchanged cordial telegrams with Chicherin just when the Curzon ultimatum crisis was at its height in 1923, and promised to return the Russian fleet surrendered to France by Wrangel. Poincaré mentioned this in an interview with Chicherin in 1927. The French Premier had intended the move as a demonstration; it represented an attempt to erect a barrier between London and Moscow. Yet in 1922 Poincaré pronounced his blessing over an anti-Soviet *groupement* of world oil companies formed in Paris, and the entente of sympathies which had grown up at Genoa between Deterding and Paris continued to bear the fruit of hostility to Bolshevik Russia.

Poincaré had inherited an impossible Chamber with a liberal sprinkling of war heroes, aces, and pilots who prejudiced the situation against normal relations with the Soviets. The Bloc Nationale dominated the scene, and it detested the new Russia.

French antagonism to Moscow found numerous expressions in 1924. In March, Paris ratified the Paris Protocol which assigned Bessarabia to Roumania; at the same time and until July, the French Government sought to obstruct the Russo-Chinese Treaty.

The most revealing French anti-Soviet measure during 1924, however, was Poincaré's attempt to interfere in the Anglo-Soviet Treaty negotiations. Speaking in the French Senate on April 9 in reply to de Monzie, Poincaré said:

'On February 16th [a fortnight after British recognition. – L. F.] I sent a note to the British ambassador. . . . The nature of a treaty which would regulate the controversial questions concerning British subjects who have interests in Russia would necessarily affect the fate of French interests in that country. . . . As far as debts are concerned there is a moral and material solidarity among all foreign creditors. Most-favoured treatment applied to some of them would damage the interests of others. . . . We believe to be within our rights in asking the British Government to take account of this situation in the coming negotiations.'[1]

Two days after the negotiations commenced, it was stated politely, in the indirect language of diplomacy, that the French ambassador 'Comte de St. Aulaire was instructed not to refuse such an invitation if given.'[2] The *Guardian* disapproved, as did the MacDonald Cabinet. 'The Anglo-Russian conference is a private affair,' wrote the paper, and added,

'Historically it is a commonplace that the Genoa and Hague Conferences . . . failed precisely because France refused her co-operation, and the present position, in which the several Allies make their own individual arrangements with Russia, is primarily the result of French diplomacy.'

Here the traditional French policy of 'parallel lines' and 'common action' *vis-à-vis* the Russian debt situation had again come into evidence.[3] Poincarér ealized that MacDonald might now negotiate a debt-paying convention with the Kremlin which would, necessarily, make the French bondholders more persistent in their demand for a similar accord. He accordingly wished to enter into the MacDonald-Rakovsky pourparlers. It would be the best means of curbing the exuberance of the Labour Cabinet for an agreement. 'France,' said Rakovsky, 'tried to participate in the Anglo-Soviet pourparlers with the purpose of changing London into a second Genoa.'[4]

Poincaré's advances were repulsed, but the press at the time occasionally hinted at French and American *démarches* in London

[1] Paris *Temps*, April 11, 1924.
[2] *Manchester Guardian*, April 11, 1924.
[3] See page 249.
[4] Paris *L'Humanité*, May 3, 1924.

during the Anglo-Soviet Conference. How far they determined its outcome is not known.

On June 14, 1924, an Herriot Cabinet came into office; the Left Bloc had carried off a victory in the National elections. Poincaré was defeated. But although President Millerand left his post as a result, the Radical swing was not sufficiently strong to put Painlevé in his place. Doumergue succeeded Millerand; the Conservatives had not suffered complete failure. This indecisiveness of Herriot's triumph was reflected in his relations towards Moscow. The Radicals did not want enmity, but they could not establish friendship.

¶ HERRIOT AND SOVIET RUSSIA

Herriot, Mayor of Lyon, had visited Russia in 1922 as guest of the Soviet Government. On his return to France, he opened a spirited campaign for *de jure* recognition of the Soviet Government. In August, 1923, Senator de Monzie, appeared in Moscow and subsequently seconded Herriot's efforts towards a *rapprochement* with the Bolsheviks. Yet the Herriot Cabinet's declaration of policy contained only a short equivocal paragraph on Soviet recognition – and recognition was withheld until October 28, 1924, four and a half months after Herriot became Premier.

Rakovsky saw Herriot in London in the later part of June, 1924. The French Prime Minister promised the return of the Russian fleet taken by Baron Wrangel from the Black Sea and interned in Bizerta, Tunis. He also promised recognition – but why the hurry, he asked. The end of July or the middle of August would be a more propitious period. Herriot was not quite certain of the reception *de jure* recognition of the Soviets would receive in the French Parliament. He wished to wait until the Senate and Chamber rose for summer vacation. But before recognition could be granted, Herriot declared, his Government required some guarantee for the French holders of pre-war Russian bonds.

Another cause for the delay of French recognition was the necessity of preliminary soundings in Washington. At one time or another, presumably during the Genoa or Hague Conference, the Quai d'Orsay had agreed not to undertake any important political move *vis-à-vis* Russia without previously consulting the United

States. And in 1924 months elapsed before Charles E. Hughes gave his approval.

Opposition to Soviet recognition likewise came from the French Socialists, especially from Renaudel, who frequently pleaded with Herriot on behalf of the deposed Menshevik Government of Georgia which had established itself in Paris and obtained a kind of semi-official status there.

Parliament dispersed and still no recognition. In September and October progress was registered, and in the middle of October, de Monzie went to Dover on his own initiative to discuss with Rakovsky the text and terms of the French announcement of recognition. The Quai d'Orsay had proposed to omit '*de jure*' from the note. Rakovsky insisted and won. He made certain that ambassadors would be exchanged instead of chargé-d'affaires as England had done and as some French circles intended. He likewise ironed out the problem of Georgia. In a private letter dated October 25, de Monzie made all these concessions to Rakovsky, and the next day he wired the draft French note to Rakovsky for approval.

During the same conversations and written correspondence, de Monzie asked Rakovsky whether Moscow would agree to accept Jean Herbette, of the Paris *Temps*, as ambassador. Herriot had probably planned to send de Monzie as envoy. But after Rakovsky gave his written approval of Herbette, the Premier had been anticipated.

On October 28 Herriot addressed a telegram to Premier Rykov and Chicherin notifying them of the fact of *de jure* recognition, suggesting the exchange of ambassadors, and expressing the wish that delegates be appointed to discuss economic issues.[1]

French recognition was granted on the eve of the victory of the Conservatives in the British General Election, and a few days after the publication of the 'Zinoviev' letter. This was partly coincidental. But Herriot and de Monzie probably felt that if they delayed any longer, the international situation might have made it more difficult to establish relations with Moscow.

[1] Exchange of telegrams, see *L'Europe Nouvelle* (Paris, November 1, 1924), and (Russian text) *International Politics*, by Kliutchnikov and Sabanin (Moscow, 1928, Vol. III, pages 329–30).

Herriot, moreover, hoped to strengthen the moral position of MacDonald and thus reinforce his own.

The Soviet Government immediately designated L. B. Krassin, theretofore Commissar of Foreign Trade, its ambassador to Paris, while France sent Herbette.

¶ FRANCO-SOVIET PROSPECTS

A notion had gained ground in Moscow at this period that France was isolated in the international field. The friction with England continued; America had grown cold; the plan of a Franco-German *rapprochement* enjoyed little popularity. The Soviets accordingly held out an offer of cordial relations. No territorial differences separated them. As one Moscow daily pointed out, Russia nowhere came into contact with France's colonial empire. Only debts kept them apart, and on this matter the Kremlin anxiously sought a settlement.

France needed the antebellum Franco-Russian entente as a check on the Kaiser's power and because it opened a rich field for French capital in Russia. The Czar wanted the union because it introduced into his country vast billions which, if not always wisely and profitably invested, at least served as political mortar.

Without the aid of Czarist Russia, France might have been crushed. Russian assistance meant life and safety to the Third Republic. The Armistice and the Peace, however, introduced fundamental changes. It created a new Poland which could check Germany. Poland became the stoutest pillar of the French continental system. And, as between Poland and Soviet Russia, Paris generally preferred the former although on several occasions attractive offers were made to the Bolsheviks. Germany, moreover, had been deprived of valuable territories, shorn of her army and fleet, separated from rich sources of raw materials, and subjected to foreign control. France had less to fear. To the extent that the menace continued, Poland was more trusted a partner than Bolshevik Russia. Czarist Russia and Republican Poland would consent to secret combinations, political pacts, etc. But the Communists were independable.

On the financial side, another revolution had eventuated.

France could no longer export tremendous sums of gold francs, and the new economic regime in the Soviet Republic no longer allowed free rein to foreign investments.

The special circumstances which favoured Franco-Russian friendship before the revolution have largely disappeared or operate against it now.

Nevertheless, international politics knows few constants. If Russia and England could become allies and fight side by side in the World War, less radical reshufflings of foreign alignments cannot seem precluded. British hostility to France, for instance, plus British success in attracting Germany into England's orbit, might conceivably impress France with the hazards of her position on the continent and the undesirability of depending on such relatively weak reeds as Poland and Roumania. In such circumstances, the co-operation of Russia might prove a great asset.

A bond between Soviet Russia and France is not altogether chimerical. Poland does not present an insurmountable barrier. Poland's policy towards Moscow is, to an extent, a reflection of Franco-Soviet relations and is not inevitably one of hostility.

Moscow could probably win the friendship of France if it desired. But the price would be an alliance – and the Bolsheviks object to ententes with bourgeois states. This, indeed, is one of the chief handicaps of the Soviet Union in its international relations and particularly with France. If it condescended to manœuvre with one world combination against the other it would be valuable to both and might bargain for advantages.

The Bolsheviks, who thought Germany was drifting away from them in 1924 and 1925, felt the need of at least one friendly Power. It could not be England or America. Perhaps Paris might not be averse to a business-like treaty. But the Russian Republic could accept no broad political obligations *vis-à-vis* France. Under the circumstances, France will sacrifice good relations with Moscow for benefits from England or Germany, and only when London and Berlin reject French advances completely will the Quai d'Orsay consider the possibility of flirtations with the Bolsheviks.

On the chief political factor between France and Russia – Poland – two conflicting tendencies exist in Paris. Many of the

French military doubt the value of a Polish alliance. A well-known group in the French General Staff is eminently anti-Pilsudski and has favoured General Sikorski above the marshal-president. General Weygand is a notorious opponent of Pilsudski. Apart from personal considerations, scepticism frequently manifested by French army leaders towards Poland is based on their estimate of her military organization and her economic and political consolidation. Warsaw may be a willing but not always an effective partner. Moreover, Poland's orientation may become pro-British, and in 1926, Max Mueller, the English minister, a wise and strong diplomat, succeeded in seriously deflecting Pilsudski from the French orbit.

The French, furthermore, have no interest in the Baltic States which they regard as creatures of Great Britain; French officers have indeed intimated to Bolshevik representatives that the fate of Esthonia and Latvia concerned them little.

It is among the French Radicals, however, that Soviet Russia finds most friends. The Radicals are steeped in the spirit of the French Revolution, and Herriot is one of its best students. They think that by gradual evolution Soviet Russia will become more democratic and tractable, and that the end of Bolshevism will be a Slav Herriot. Party controversies in Moscow sometimes nourish this conviction.

Painlevé once said to Chicherin that although France now could be of more help to Russia than Russia to France, a reversal of circumstances may some day set in. Soviet insistence that Moscow will always be found on the side of the weaker encourages such expectations. And, although all these hopes and plans require antecedent developments in Europe and especially in Russia, even the beginnings of which are not yet visible, they undoubtedly operated during a short period – between 1924 and 1926 – to improve relations between Moscow and Paris. It was a vague, indecisive improvement. Conditions in Russia, and Bolshevik policies did not help the Radicals, nor did the Radicals' own strength enable them to impress their views for any length of time on French politics. But the conception of a future Russia that could be of more use to France than Poland always hovers in the background of Franco-Soviet relations.

¶ POLITICS AND DEBTS

From 1919 to 1924 France's opposition to a Soviet debt settlement gave her a free hand against Moscow in military and diplomatic matters. In 1919 and 1920 French leaders repeatedly declared that they would 'enter no contract with crime,' and several even promised that France would never recognize the Bolsheviks. The rejection of Russian debt-payment offers in 1919 and 1920 was not dictated by the interests of the French peasantry and *petit bourgeoisie* who held Czarist bonds. Poincaré's tactics at Genoa and The Hague reflected equally little interest in the purses of small bondholders, but gave evidence of his concern for the former private property owners of France and other nations.

The problem of Russia's foreign obligations divided into the question of loans, credits, etc., and of confiscated private property. An agreement on debts presents fewer difficulties. The Bolsheviks, however, are not prepared to restitute property. This had been the stumbling-block in all economic discussions between Moscow and capitalist states. This explains why, once pourparlers with the United States are initiated, a settlement should be relatively easy. The original declaration of debt repudiation remains, yet practically it has been cancelled by numerous Soviet offers to recognize and pay. Here expediency governs the situation. But nationalization is fundamental to the Soviet system. The Bolsheviks would not permit the return of all the former owners. It would interfere with their industrialization programme; it would meet violent opposition from the workers; it is too un-Communistic to be conceivable. Emphasis on private property, therefore, has in the past and must in the future obstruct a settlement.

The absence of immediate political possibilities and the difficulties of a financial settlement reduced Herriot's *de jure* recognition of the Soviet Union to a minor event in France although it was loudly acclaimed in Moscow. But the Bolsheviks, too, realized that the road to an economic agreement would be long and rocky. Chicherin in a speech quoted by the *Izvestia* of November 12, 1924, declared that 'without a loan we will not satisfy any claims' from France. He knew, however, how little exportable capital France then disposed of. The Commissar accordingly suggested that

Russia was prepared to grant concessions to French citizens. And where would they find the money for such enterprises?

Soon Ambassador Krassin became convinced that there would be no loan. 'There can be no question of it at present,' he said to the *Quotidien* of December 5, yet loan negotiations subsequently made some progress.

The defeat of MacDonald in October, 1924, prejudiced Herriot's attempt to agree with Soviet Russia. A new British Cabinet had been swept into power on the strength of its anti-Soviet platform. France could not remain indifferent to the change. Early in December, Mr. Austen Chamberlain, the new British Foreign Secretary, visited the French Premier in Paris. They reached an understanding on a number of important problems. 'With respect to Soviet Russia,' said the official communiqué, 'it was agreed that both governments should practise a common policy.' Measures must be undertaken, they decided, to combat Bolshevik propaganda in Europe and the colonies.[1]

For France and Britain to carry out a 'common policy' towards Russia meant that Herriot had adopted the policy of Chamberlain and Churchill.

During several years, Poincaré had endeavoured to establish a united Franco-British front *vis-à-vis* the Bolsheviks. He failed. But where he had failed, Chamberlain succeeded.

The Chamberlain-Herriot interview deserves far more attention than it has received. It perhaps marks a milestone in European history; it turned the first spade for Locarno. On December 7, 1924, the *Matin* published a statement which seems too prophetic to be less than official.

'We must, say the British,' the communiqué read, 'anticipate a situation when it will be necessary to break with the Soviets and exert pressure on them. Russia has become the Soviet Union, which means that she is militarily less powerful than Czarist Russia but she is more dangerous on account of the contagion of her doctrines. . . . Lloyd George and MacDonald thought that the Soviets could be trusted. The new minister [Mr. Austen Chamberlain. – L. F.] does not think so. He does not propose to

[1] *Quotidien*, December 6, 1924.

declare war, but he considers them as an enemy most to be feared in many parts of the world.'

Chamberlain and Herriot agreed on many international questions. They discussed Turkey, North African questions – Morocco and Egypt, the Near East, the Mediterranean; there was a *quid pro quo* on a wide front. Chamberlain offered aid to France in the German theatre. And then the *Matin*, having explained the situation with respect to Moscow, adds,

'It is logical therefore, that in offering this alliance against Germany which he [Chamberlain. – L. F.] does not think he need fear, he asks for the support of France against the adversary who worries him in his possessions in Africa and Asia.'

Britain would side with France in Central Europe if France endorsed London's Russian policy. But in 1925, after the adoption of the Dawes Plan and when Europe entered upon economic stabilization, an alliance *against* Germany appeared crude. It would give France much and England very little. A wise statesman like Chamberlain preferred an alliance *with* Germany which would allay the fears of France and permit Germany as well as France to join England against Russia. This was the germ idea of Locarno. Apart from French opposition to such a British plan, everything depended on the attitude of Germany and on her loyalty to the Rapallo Treaty. Downing Street accordingly turned its attention to Wilhelmstrasse's relations with the Kremlin.

CHAPTER XVIII

RAPALLO WEIGHED IN THE BALANCE

¶ SOVIET FOREIGN TRADE POLICY

German revolutionary events of 1923 were a severe test to German-Soviet relations as defined in the Rapallo Treaty of the previous year. No concrete charge of disloyalty to the letter of that document could be laid at the door of the Russians. But the Germans, whose expectation of support from Moscow in their struggle against the Western Powers was, after all, based on the assumption that the mainsprings of Russia's actions were purely national, undoubtedly felt a certain disappointment over the Bolshevik attitude in 1923.

In 1923 Baron Ago von Maltzan, the father of the Rapallo Treaty, turned his back on the philosophy from which it sprang and looked to the West for new laurels. From Ministerial Director he had risen to the office of State Secretary. He had, apparently, reached the limit of advancement which a concentrated interest in Soviet Russia would bring. But Maltzan was too strong a personality to act as Stresemann's shadow or echo. He needed elbow-room and the possibility of broad initiative. Maltzan accordingly began laying the lines which eventually resulted in his appointment as German ambassador to Washington. And though, when that appointment came, he caused Chicherin to be informed that it signified no cooling of his relations towards Russia, there are indications – some of them in Lord D'Abernon's reminiscences – that Maltzan had forsaken Russia for richer fields of activity. The Bolsheviks had lost an important support in Germany.

Also, towards the end of 1923, the Russian-German Trading Corporation (Russgertorg), a mixed company organized by the Commissariat of Foreign Trade and Otto Wolff, a powerful German iron and steel magnate, decided to disband. A year's attempt to foster export and imports between the two countries had yielded the German partner an appreciable profit. But Otto Wolff complained that the Government did not place sufficient import

licences at his disposal; and the Government complained that Wolff's credits were below the minimum he had promised. The German received full payment for his share in the undertaking and left with no grievances, but his experiences seemed to convince some circles that Communist and capitalist business methods do not mix well in one firm. Perhaps the chief cause of the split, however, was the objective conflict between an industrial country wishing to export articles of direct consumption and an agricultural nation striving towards industrialization.

Several fair harvests, the stabilization of the rouble, and the Trotzky *v.* Stalin-Kamenev-Zinoviev controversy in the Communist Party which began in 1923, gave an impetus to the industrialization programme of the Bolsheviks. Using the State monopoly of foreign trade as a controller, Russia would buy abroad not finished articles of individual consumption that would compete with her own factories, but the means of production – electrical equipment, machines to make machines, etc. – with which she could manufacture at home. It now began to dawn upon the Germans and upon the rest of the world that their early dreams of economic penetration into Soviet Russia were somewhat distorted. The Communists would not rest content with a nation of villages that gave of its grain and raw materials in exchange for the machine products of more advanced countries.

Such a tendency provoked much dissatisfaction in Germany with the Soviet monopoly of trade and with Russian buying methods. This need not have been the case. Subsequently, in fact, Germany reconciled herself to an inevitable situation and tried to establish a basis of co-operation between a highly industrialized state and one in the process of industrialization. During 1924 and 1925, however, German opposition to the foreign trade monopoly remained a disturbing factor.

Early in 1924 the Experts' Commission on Reparations commenced concrete deliberations on the Dawes Plan, and in September, 1924, the Plan began to function. The ultimate success of the Plan depended, obviously, on an excess of German exports over imports – and therefore, in the long run, on the volume of German sales to such potential markets as Russia. But for its immediate workings, the Dawes Plan depended, as the uninitiated later dis-

covered, on loans from the United States, and to a less extent, from Great Britain.

No sooner, therefore, had the Allies and America undertaken a realistic solution of the reparations problem, than Germany's interests and policies shifted; Wilhelmstrasse wished to ride two horses, one pulling to the West, the other to the East.

Only the faint beginnings of the difficulty were noticeable in 1924. Germany still distrusted the West. Economic disillusionment over Soviet Russia was in an embryonic stage.

¶ GERMAN POLICE RAIDS SOVIET TRADE HEADQUARTERS

On May 3, 1924, there came a bolt from the slightly clouded blue horizon of German-Soviet relations. Early that day, two provincial policemen were escorting a German Communist through the streets of Berlin when he suggested that they might refresh themselves in a near-by café. The building they entered was the Soviet trade headquarters. Once inside, the Communist broke away from his guards. They followed hot on his heels. A Russian official explained to them that the building enjoyed extra-territorial privileges and the police therefore had no jurisdiction in it. The policemen left.

At one that afternoon, large trucks unloaded 200 police agents at the Soviet headquarters who immediately commenced to search corridors and offices. They broke into drawers, opened closets, smashed furniture, and examined documents. Obviously, they were not looking only for the escaped German.

An hour later, Krestinsky, the Soviet ambassador in Berlin, and Brodovsky, his counsellor, were received by Foreign Minister Stresemann. He had not heard of the event, and in their presence telephoned for information. When he realized what had occurred he was wild with rage. The Wilhelmstrasse had no advance knowledge of the raid and was embarrassed by it.

Nevertheless, Germany did not immediately meet Soviet demands for apologies and assurances. As a sign of protest, Krestinsky left Berlin, leaving future negotiations to Brodovsky and to Moscow. These dragged for months. Meanwhile, the Russian Government refused to grant German firms new orders; conces-

sions discussions were interrupted, and goods shipments stopped. Moscow declined to participate in the Leipzig fair, and all the wheels of German-Soviet business came to a halt.

The Russians did not defend the action of the irresponsible Communist. But the police, they argued, had no right to search for him without previous notification; nor was it justified in looking for him in safes, desk drawers, or letter files.

It became necessary to define the extra-territoriality of the Soviet trade headquarters in Berlin. On this question protracted conversations proceeded in Moscow between the Commissariat of Foreign Affairs and Count Brockdorff-Rantzau, who was assisted by his economic counsellor Hilger. The protocol of July 29, 1924, which closed the incident practically granted the Soviet claim. Three-fifths of the trade headquarters were declared extra-territorial, but employes in other parts of the headquarters could not be arrested or subjected to search without the knowledge of the Ministry of Foreign Affairs; the final settlement of the question was deferred to subsequent negotiations for a permanent trade agreement. The Soviet Government received complete satisfaction on all other points as well: Wilhelmstrasse expressed regret over the raid, offered to pay reparations for the damage done by the police, and promised to remove from their positions all police officials responsible for the illegal proceedings, among them Herr Weiss, the Chief of the Berlin Political Police. He only resumed his former activities several years later after the Soviet Embassy in Berlin had been informed in advance of his reinstatement.

¶ SOVIET FOREIGN TRADE MONOPOLY

This incident and the lumbering progress of German-Russian trade showed the necessity of negotiating a detailed, far-reaching commercial agreement.

Negotiations began in November, 1924, and lasted no less than 11½ months. Two strangely different economic systems – the capitalist and the state socialist – had to be so dovetailed as to hold tightly together and yet develop no friction.

The Germans objected to the Soviet monopoly of foreign trade. This monopoly is perhaps the most basic principle of Bolshevik economic policy. From time to time in the history of the Soviet

regime, rumours have spread regarding its abolition. The Bolsheviks are as likely to give up State control of industry as do away with Soviets. The monopoly of foreign trade is fundamental to the economic and social system for which Communist Russia stands. It is high protective tariff, the highest in Europe; but much more. The monopoly of foreign trade makes the Government the sole exporter and importer of the entire country, and enables the state to distribute its purchases first according to countries and second according to domestic industrial and other needs. It safeguards a growing industry and creates the possibility of following a State plan of industrial development – the essence of socialism. All attacks on the monopoly are therefore regarded by the Bolsheviks as anti-Soviet efforts. Communism and anarchism are antitheses. Anarchy in foreign trade would produce a chaos abhorrent to the centralization-loving Bolsheviks. It would interfere with the performance of their historic function: the industrialization and proletarianization of Russia.

The Germans opposed the foreign trade monopoly because they opposed Soviet industrialization. A rural, undeveloped Russia would offer them a better market. But L. B. Krassin, Soviet Commissar of Trade, made it clear at the first session of the German-Russian trade conference that the question of the foreign trade monopoly 'was, to an extent, a question of the existence of the Soviet Union,' and the progress of the German-Soviet trade negotiations in 1924–5 convinced Berlin that on this point the Soviet Government could never be budged. For this reason, the Germans after a while lost their burning interest in the treaty pourparlers. They had expected that they could drive a breach in the monopoly wall or at least open some loopholes. They failed. All such efforts must fail.

¶ SOVIET MOST-FAVOURED-NATION TREATMENT

The Rapallo Treaty gave Germany most-favoured-nation treatment. The trade discussions were called upon to give content to this provision.

In the beginning of their regime, most-favoured-nation treatment frightened the Bolsheviks. As realists, they were alive to the possible necessity of buying recognition or trade contacts with

important economic concessions – which, however, they did not wish to spread to all other countries. Moscow believed that Great Britain or France might strike a hard bargain and demand privileges which could scarcely do great harm when enjoyed by one country but might prove disastrous if applied to all.

Capitalist countries, however, set considerable value on Soviet most-favoured-nation treatment. If the Bolsheviks, they reasoned, some day abolish the monopoly of foreign trade, special privileges would acquire considerable significance. Since 1925, however, both sides have changed their views. Foreign Powers see that the monopoly remains firm, while Moscow no longer fears the high price of normal foreign relations.

Soviet most-favoured-nation treatment as applied to Germany is, in practice, worth little more than an assurance that unusual advantages which may in the future be made available to England, Germany, or other Powers will not be withheld from her. Its present and material benefits are small indeed.

Article IV of the Rapallo Treaty excluded from Germany's most-favoured-nation treatment all facilities granted to 'a state which previously formed part of the former Russian Empire.' Such states were Finland, Esthonia, Latvia, and Lithuania, but not Poland because some parts of the present-day Polish republic were not Russian territory before 1917. Since the Rapallo Treaty, similar exceptions have been made in all most-favoured-nation treatment clauses in Soviet trade treaties.

The Soviet Government is prepared to grant special treatment to Finland, Esthonia, Latvia, and Lithuania because the economy of these secession states is closely bound up with that of the Soviet Union. In international trade, such practices are not unusual. The Scandinavian countries, for instance, grant one another special benefits which they deny to other states.

By a piquant oversight, the Rapallo Treaty did not, however, exclude from the Soviets' most-favoured-nation obligations towards Germany the special treatment accorded by Moscow to some Asiatic nations. This constituted one of the moot points of the long discussions and was only settled towards the very end of the 11½ months' period.

Germany could not well demand equality with Persia, Turkey,

Afghanistan, Chinese Turkestan, and Outer Mongolia. For in relation to these countries the monopoly of foreign trade is practically inoperative.

Moscow's discrimination in favour of her Asiatic neighbours, with the exception of China and Japan, is graphically illustrated by a few comparisons: raw hides imported into the Soviet Union from Asia are free from duty, but a tariff of 6 to 9 roubles per hundred kilogrammes is collected on the same article imported from Europe. Similarly, furs are exempt from customs in the East and taxed 50 per cent of cost in the West; dry fruits are levied one rouble per hundred kilogrammes in Asia and 74 roubles in Europe. The tariff on goods imported by the Soviet Union from her five Asiatic neighbours averages 2 to 3 per cent, from Europe 30 per cent of cost.

But the advantages do not end here. Persia, Turkey, Afghanistan, Chinese Turkestan, and Outer Mongolia have automatically received most-favoured-nation treatment. There the Soviet Government is not the sole importer or exporter. Private merchants may enter the Soviet Union from these Asiatic districts and buy and sell more or less freely, but a European or American company or trust cannot ordinarily even send a salesman into the Soviet Union. Moscow conducts buying and selling operations with the West through the agency of her official trade representations located in foreign countries. In the East, the Persian or Mongolian merchant brings his wares into the country, shows them at a fair or in a warehouse, buys other articles in exchange and exports them to his native land. In other words, the usual capitalist methods obtain, whereas, with respect to the West, Russia's foreign trade is monopolized, socialized, and centralized.

In the East, moreover, the Bolsheviks agree to contingent buying, and have, in the case of Persia and Turkey, agreed to determine the minimum amount of their purchases in these countries. But the same arrangement, demanded by Germany in the negotiations of 1924–5, was quickly and categorically rejected.

The Soviet Union treasures its transit facilities. At the bridge between Europe and Asia, it guards the European bridgehead with undiminished vigilance. The entrance is either completely closed or the toll is a high one. But the Asiatic end is open wide:

Asiatic nations, excepting China and Japan, can export through the Soviet Union to Europe and America without hindrance. Proscribed articles, like opium, are of course prohibited.

A political and economic philosophy lies behind this favoured treatment. *The Soviet Union is anxious to develop close ties with* Asiatic countries and to stimulate their sympathies for Moscow. The economic bond between North Persia and Russia, between Outer Mongolia and Siberia, between Chinese and Soviet Turkestan is natural and inseparable. From Urga, for instance, to Kalgan, the nearest Chinese settlement it is 1,100 versts, from Urga to Hailar in Northern Manchuria 1,000 versts, but from Urga to the Russian city of Verkhni-Udinsk only 500 versts. Soviet trade with Mongolia, moreover, can move on the Selenga River. Similarly Chinese Turkestan is so intimately related to Russia that the Bolshevik Civil War threw it into confusion, whereas the Chinese Civil War left it altogether untouched. At present merchants or officials travelling from Chinese Turkestan to Peking take the 1,200 kilometre caravan route from Tihwa to Semipalatinsk on the Trans-Siberian Railway. The new Turkestan-Siberian railway reduces the journey by 300 kilometres by making it necessary to go only to Sergiopol. At the same time it of course facilitates direct and quick connections with the Soviet Union. Russia buys most of Chinese Turkestan's raw materials – wool, cotton, cattle, etc., and sells it sugar, metal wares, matches, etc. Northern Persia is even more economically dependent on the Soviet Union. A short, cheap sea trip, or a short rail journey – Julfa to Tabriz – connects the Caucasus with North Persia. But North Persia has, as yet, none but camel footpath access to the Persian Gulf, and even the still unfinished railway will not undermine Russia's position. The line, in the first place, runs not from important business in the north to the ports in the south, but from Hamadan in the direction of Bagdad to Astrabad in the direction of Khorosan and the Afghan province of Herat. It avoids harbours like Resht and Pakhlevi (Enzeli), which are used by Soviet trade, and prefers Astrabad which has no port and no commercial hinterland. The new Persian railway, therefore, may facilitate the transport of troops from Iraq to India but cannot sever Soviet-North Persian economic ties. Yet even a direct railway from the

South Persian oilfields to Resht would not enable the Anglo-Persian to compete with Baku oil. And as far as Turkey is concerned, it need scarcely be stated that direct water transportation encourages business.

Geographical propinquity and topographical conditions make for commercial ententes between the Soviet Union and its Asiatic neighbours. But why are China proper and Japan excluded from the favoured treatment?

The Bolsheviks declare that Persia, Afghanistan, Asiatic Turkey, Chinese Turkestan and Mongolia live in a stage of trade capitalism, as distinguished from the West which has advanced to financial and industrial capitalism. In the six Eastern countries, any but petty, home industry is unknown. Soviet factories have nothing to fear from them. On the contrary, they form the natural markets for Russian machine products. Japan and China are different. If the door were opened to either of these, domestic or foreign capital would pour goods into Russia just as Europe or America.

When, in the negotiations with Moscow in 1924–5, Germany demanded the same most-favoured-nation treatment as granted to Asiatic nations, she was demanding, in effect, the abolition of the monopoly of foreign trade. In the end the Germans had to reconcile themselves to the Soviets' special trade regulations in the East and, in their trade agreement of October 12, 1925, corrected the omission inadvertently made in the Rapallo Treaty.

¶ GERMANS URGE DIRECT BUSINESS CONTACTS

The German negotiators, who were led by Privy Councillor Paul von Koerner but guided by Count Brockdorff-Rantzau, nevertheless requested the right of direct contacts between representatives of German concerns and factories, trusts, and other institutions in the Soviet Union. They urged an arrangement, normal in most countries, under which salesmen of German producers might come to Moscow, Kharkov, or Odessa, for instance, approach directors of Soviet plants and trading organizations with their goods and arguments, and close deals with them. Hanetzky, the head of the Soviet delegation, would not hear of it. The Bolsheviks conduct their buying and selling abroad. They object to

foreign salesmanship at home. This is the essence of their trade monopoly. In the Soviet-German trade treaty negotiations, the Germans bitterly resented this attitude, and in September, 1925, just a month before the treaty was signed, they even weighed the desirability of discontinuing the conference on this issue.

¶ A POOR TREATY

Nor did the Bolsheviks give the Germans unlimited transit privileges to Persia, despite the fact that Germany attached special importance to them. It was only agreed that the Russ- transit, a mixed company with concession rights, would conduct transit business between Germany and Persia. And not before October, 1928, did Moscow publish a decree permitting unhindered commercial transit through the Soviet Union from and to countries in trade treaty relations with Russia.

The Soviet-German commercial negotiations of 1924–5, accordingly, did not give Germany transit rights. They did not weaken or undermine the monopoly of foreign trade. They did not give Germany contingents. They did not grant Germans direct commercial contacts with business units in the Soviet Union. They even limited the most-favoured-nation treatment of the Rapallo Treaty.

To be sure, innumerable minor matters of considerable importance were regulated: consular relations, rights of settlers, shipping, the extra-territoriality of Soviet trade headquarters in Germany, taxation, trade arbitration, railway connections, and many, many others. But major problems either remained unsolved or their solution afforded the Germans little gratification.

Nevertheless, during this period the Germans gave the Soviet Government a 100,000,000-mark credit. The goods the Germans sold under this arrangement would aid the Soviets in grain collection at home but were to be paid for in gold after five months. The credit was granted by the Deutsche Bank which, however, had been made aware of the German Government's interest in the matter.

At the same time, preliminary negotiations commenced between Stomonyakov and Schlesinger, economic advisers of the Soviet and German Governments respectively, which, in

1926, led to the German State-guaranteed credit of 300,000,000 marks.

Although the commercial treaty displeased the Germans they granted credits to Moscow. And although the treaty was unsatisfactory, the Germans duly signed it on October 12, 1925.[1] Here economics and politics are closely intertwined.

On July 19 Paul Scheffer had reported from Moscow to the *Berliner Tageblatt* that the treaty would be signed in a few days. But it remained unconcluded for three months. In July, as a matter of fact, the trade treaty became the subject of diplomatic discussions, and we find Chicherin and Hanetzky engaging in lengthy conversations with Count Rantzau in Moscow and Stresemann with Litvinov in Berlin. On the 1st of October, Luther, the German Chancellor, dined with Chicherin in Berlin. Within forty-eight hours, the German Government announced its intention of subscribing the Soviet-German trade agreement. 'It is no accident,' wrote the Berlin *Vorwaerts* of October 3, 'that the German Government announced its approval at the moment when the German delegation took the train to Locarno.' The Moscow *Economic Life* of the following day likewise related Germany's acceptance of the trade treaty to her position *vis-à-vis* the Locarno Powers. The Bolsheviks opposed the Locarno treaties. The German-Soviet commercial treaty, although it facilitated business between the two countries, testified, in the main, to a desire on the part of Germany to mollify the Soviet Government.

[1] *Vertrag zwischen der Union der Sozialistischen Sowiet-Republiken und dem Deutscheb Reich vom 12. Oktober 1925.* Official Soviet Publication.

CHAPTER XIX

LOCARNO OR RAPALLO?

'At Locarno Russia . . . takes no part. But Russia is more likely to influence the ultimate result, if not the actual conditions, of a Pact than more than one of the Governments represented at the Conference.' – Robert Crozier Long in *The Fortnightly Review*, November, 1925.

Beginning with the World War Armistice, Germany felt that in foreign affairs she must depend on England's aid against the designs of France. The Wilhelmstrasse oriented itself on England. The Rapallo Treaty represented only the dawn of a change, yet when Lloyd George raised his storm against it, Walther Rathenau asked the Bolsheviks to let the treaty fall. Wirth and Rantzau, on the other hand, regarded a purely Western orientation, and that on Great Britain alone, as unhealthy. Yet the fear of England remained, and when, early in 1923, Chicherin explained to Chancellor Cuno, Foreign Minister Rosenberg, and Maltzan at a luncheon in Berlin that it might be to Germany's advantage to co-operate with Russia in Turkey, Persia, and Afghanistan, Maltzan broke in with 'Yes, but not against England.' Even Maltzan, therefore, felt the necessity of first considering London's sensibilities.

The invasion of the Ruhr opened a new page. Curzon had not been able to prevent the French occupation. Certain circles at Berlin even suspected that Downing Street did not wish to ruffle Poincaré for the sake of German good will. But apart from all this, it became most clear that German foreign policy could neither neglect the possibilities of better relations with France nor regard France as the immutably hostile Power. Stresemann's strategy was the eternal triangle: Germany, England, France.

The MacDonald regime in 1924 granted the Wilhelmstrasse further independence from Downing Street, and when the Conservatives returned to power in November, 1924, they saw the wisdom of retrenchment. Germany must meet France only through the mediation of England. London will be the arbiter of Franco-German relations. This was the framework of Locarno.

Yet throughout the entire year in which Locarno was under discussion, Berlin moved closer to the Quai d'Orsay.

¶ THE DAWES PLAN AND THE LEAGUE

The Dawes Plan went into effect on September 1, 1924. On September 23, 1924, the German Foreign Office sent identical memoranda to ten governments in which it stated that 'The German Government believes that now, especially after the proceedings and result of the London (Dawes) Conference, the basis exists for fruitful co-operation in the League of Nations.'[1] A definite application for membership was made on December 12, 1924. The Dawes Plan signified the desire of France and England to collect reparations rationally. The effect was a greater readiness on the part of Germany to co-operate with the League and with France.

Late in September, 1924, Germany asked to enter the League. Early in December, Herriot and Chamberlain met in Paris and decided on a 'common front toward Russia' and the co-ordination of policies with respect to Germany.[2] As an outgrowth of this understanding, 'in the early part of 1925 . . . the old discussions for an Anglo-French Treaty of Guarantee which had figured both in 1919 and again in 1922 during the ill-fated Conference at Cannes reappeared.' In the three-power pact proposed, 'Great Britain would guarantee to France and Belgium the inviolability of such territories as had been vested in those countries by the Treaty of Versailles.'[3]

The new pact would reinforce the Treaty of Versailles. Nevertheless, Germany offered to join it.

Germany's offer of February 9, 1925, to join the Guarantee Pact has been styled 'spontaneous,' and yet, according to Professor Alexander, 'Lord D'Abernon was no doubt partly responsible.' Lord D'Abernon, the British ambassador in Berlin, has earned the title of 'The Father of Locarno.' There is indeed every reason to assert that the German suggestion followed a friendly intimation on his part that it would be welcomed in London.

[1] First published by the *Berliner Tageblatt* on September 23, 1925.

[2] See page 578.

[3] *From Paris to Locarno and After*, by F. Alexander. London, 1928. Page 105.

D'Abernon was not only responsible for Germany's original offer. He prompted the German Foreign Office in all subsequent correspondence and conferences. The importance of his rôle in the Locarno pacts, German officials have told the writer, cannot possibly be exaggerated. He found valiant support in Herr von Schubert, Stresemann's Anglophile State-Secretary.

The Bolsheviks believed that the Locarno Pacts were directed against the Soviet Union. 'The entire guarantee pact policy of England,' Chicherin stated in an interview with M. Mueller-Jabusch of the *Berliner Tageblatt* on October 2, 1925 – on the eve of Locarno – 'is an integral part of her basic anti-Soviet activity. For this reason we note with increasing concern how Germany more and more enters the wake of British plans.' Great Britain, he said, looks on Germany as a 'chess-piece in her diplomatic game' against the Soviet Union.

¶ BRITISH REBUFFS TO THE BOLSHEVIKS

'Not once but many times,' Chicherin declared in the same interview, 'we proposed to England to examine our points of dispute diplomatically or at a conference. England refused . . .'

The Baldwin-Chamberlain Government, helped into office by the 'Zinoviev' letter, scrapped the Anglo-Soviet treaty signed by MacDonald and Rakovsky, and rejected any suggestion to modify it or renew negotiations or to appoint an ambassador to Moscow.

Speaking on March 4, 1925, in Tiflis at a session of the Central Executive Committee of the Soviet Union, Chicherin announced that he was ready for negotiations with England. A reference to this speech during the Parliamentary question hour on March 11, 1925, found the Ministerial bench consistently unconciliatory. In fact, Cabinet members were indulging in attacks on Russia. Sir William Joynson-Hicks, for instance, stated in an address on March 9 that 'Bolshevism had laid Russia in ruins, and declared endless war on the rest of the world.'[1] If the Home Secretary thus revealed the quality of the Government's anti-Soviet policy, he was in fact offending a State with which His Majesty maintained friendly relations. But the Tories no longer felt bound by accepted

[1] *Morning Post*, March 10, 1925.

diplomatic etiquette. Winston S. Churchill, Chancellor of the Exchequer, confirmed this suspicion on November 28, 1925. In a speech, he referred to the 'dark power of Moscow' where 'we had what we had never had before, a band of cosmopolitan conspirators gathered from the underworlds of the great cities of Europe and America.'[1] Or as Lord Birkenhead had put it on June 20, 'a junta of assassins and plunderers.'[2]

Towards the middle of 1925 British official circles commenced to be distressed by the Chinese revolutionary situation, and accusations against Soviet activity multiplied. In the House of Commons veiled hints were heard of the possibility of serious developments in Anglo-Soviet relations.

The Soviet Commissar for Foreign Affairs had made a proposal to renew discussions. Mr. Trevelyan asked Austen Chamberlain in Parliament on July 6 'whether he intends to take advantage of M. Tchitcherin's[3] offer.' Chamberlain's answer was in the negative. At a time when the Conservative Government was engaged in impressing European states with the menace of the Soviet Union it could not well open pourparlers with it.

¶ THE PACT 'BECAUSE OF RUSSIA'

While the discussions leading to the system of Locarno were in progress, the *Chicago Tribune* published what purported to be a secret memorandum setting forth His Majesty's Government's views on European security. A few months later, May 10, 1925, the New York *World* reprinted the document. The next day Ramsay MacDonald questioned Austen Chamberlain about it. The Foreign Secretary did not deny its authenticity. He merely stated that it had not been circulated by *his* department, but it was 100 per cent clear from his careful statement that the memorandum was official. The *Survey of International Affairs* for 1925, published by the Royal Institute of International Affairs – a very authoritative and well-connected British body – likewise reviews the contents of the paper without, however, making a direct refer-

[1] *Morning Post*, November 30, 1925.

[2] *Ibid.*, June 22, 1925.

[3] Chicherin spells his name 'Chicherin' in English, 'Tchitcherine' in French, and 'Tschitscherin' in German.

ence to it.[1] Although Chamberlain assured Stresemann and Briand at Locarno in October, 1925, that he knew nothing about the memorandum, the chancellories of Europe regarded and still regard the document as bona fide.

The British Government memorandum began with Russia.

'Europe,' it read, 'to-day is divided into three main elements, namely, the victors, the vanquished, and Russia.

'The Russian problem, that incessant though shapeless menace, can be stated only as a problem; it is impossible to foresee what effect the development of Russia will have on the future stability of Europe. . . . Russia is not, therefore, in a sense, a factor of stability; she is, indeed, the most menacing of our uncertainties, and it must be in spite of Russia, perhaps even because of Russia, that a policy of security must be framed.'

It is not without significance that 'Augur,' a name that veils M. Poliakov, an anti-Bolshevik Russian who was considered by many a mouthpiece of the British Foreign Office, wrote in almost similar style in the *Fortnightly Review* of May, 1925. 'European security,' he declared, 'must be found without Russia and perhaps against her.' Chamberlain made it 'because of Russia'; 'Augur' – 'against her.' In his *Germany in Europe* (London, June, 1927, page 12) Augur quotes verbatim from the British Memorandum without using quotation marks.

¶ THE POSITION OF FRANCE

France, unlike England, did not always wish to exclude Russia from her political combinations. Herriot had recognized the Soviet Union in October, 1924. He and de Monzie, and after he resigned on April 10, 1925, Premier Painlevé and Foreign Minister Briand likewise attempted a political *rapprochement* with Moscow. French statesmen hinted to Rakovsky on several occasions that their interest in Poland was as an ally against Germany but not against Russia. In this respect, France had executed a *volte face* after 1921. Until then she did not believe in the permanence of the Soviet regime. Her early attitude in the Bessarabian dispute is only one of many indications of that position.

[1] *Op. cit.*, pages 7–8.

But after the defeat of Poincaré's Ruhr policy and the gradual evolution of England's policy of better relations with Germany which culminated in the Dawes Plan and Locarno, France looked for new friends on the Continent.

Poincaré was opposed to Locarno. It would, he believed, make England the arbiter between Germany and France and strengthen Germany while hampering French freedom of action. The parlous state of the French Treasury showed the Quai d'Orsay the wisdom of an agreement with Germany but not on British terms. Briand knew and in private conversation made no secret of his view that Locarno was an instrument of British foreign policy, while Caillaux, in office and as an outsider, inclined to the idea of a continental *bloc* between France, Germany and the Soviet Union.

The German pact proposal, British in inspiration and philosophy, won sharp disapproval in France. For the pact promised to secure France's eastern frontier against aggression, but not Poland's western frontier. France, says the *Survey of International Affairs*, 1925, 'was ready to reject the German offer altogether, unless Great Britain consented to extend her proferred guarantee to the East.' Chamberlain did not consent, while Germany would agree to the Versailles frontier in the Rhineland, but as to Poland she offered only to submit to arbitration all questions of dispute. She would not go to war to modify her boundary with Poland, yet she did not despair of changing them by peaceful means.[1]

On the West, Germany bowed to superior force. France, Germany knew, would never relinquish Alsace and Lorraine. Lorraine, moreover, was extremely important to Rhenish industry and economic co-operation required a preliminary burying of political swords.

Eastern problems, on the other hand, aroused stronger feelings. The corridor cut off East Prussia completely from the Fatherland. Danzig, the Germans argued, was a German city. Upper Silesia had been divided unfairly and in defiance of the plebiscite. All Germany vehemently opposed any solution involving permanent renunciation of these territories.

[1] For the complete text of the Locarno Treaties see *Survey of International Affairs*, 1925, by C. A. Macartney and others. London, 1928. Vol. II, Appendix 1.

For this very reason, France endeavoured all the more to obtain a German guarantee for Poland. Poland constituted part of the French system of continental defence. France could defend herself with facility against a disarmed and weakened Germany without British assistance. But even the small Reichswehr might prove a worthy foe of the Polish army – especially with Russia an unknown quantity.

¶ GERMANY'S DIFFICULT SITUATION

For the purpose of rushing to Poland's side in the event of aggression, France required the right of troop-transit through Germany. But Germany objected strenuously to such an arrangement. If she joined the League, Germany argued in her December 12 note to the League, and accepted without reservations Article 16 of the Covenant, then 'in the majority of conceivable cases, Germany will be so to speak predestined to be the scene of European wars.' Being partially disarmed, 'Germany, unlike other members of the League, will not be in a position to take part in any coercive measure' or sanctions under Article 16. The Wilhelmstrasse therefore urged that 'should international conflicts arise, Germany ought to be at liberty to determine how far she will take an active part in them.'

On the ground of these reservations, and owing largely to the opposition of France, the League Council in March, 1925, rejected Germany's application for entrance into the League of Nations.

German public opinion resented the offence. It aggravated an already tense situation. On January 10, 1925, the Allies, if they wished to remain loyal to the Treaty of Versailles and fulfil its conditions, should have evacuated the Cologne zone. But France 'was in any case determined that Cologne should not be evacuated before another and not less real guarantee for her security had been found.'[1] The country which insisted most on obedience to the letter of the Peace treaties, the Germans commented, violated it when it suited her purpose. The French explanation, which

[1] *Survey of International Affairs*, 1925, by C. A. Macartney and others. London, 1928. Vol. II, page 32.

Germany rejected, was Germany's failure to comply with all the Allied disarmament requirements.

After this bitter disappointment in January came the slight of non-admission into the League in March. The election on April 26 of Field-Marshal von Hindenburg as President of the Reich encouraged anti-German sentiments in France, Poland, and Czecho-Slovakia, and gave heart, for a time, to the German Nationalists who opposed Stresemann's policy of treaty and reparations fulfilment.

The continuation of the Cologne occupation and the slamming of the League Council door in Germany's face supplied the German political Right with welcome arguments. These circumstances, it submitted, did not seem to herald that era of good will and friendship to which security pact advocates perpetually referred.

On the other hand, Stresemann hoped that his pact policy would achieve the belated evacuation of the Cologne zone, and prevent another Ruhr invasion. League membership, even if won at a sacrifice of larger national interests, would give Germany security against arbitrary punitive measures by the Allies. It would enable German statesmen to participate in the private discussions that habitually accompany the open diplomacy of League sessions and also give them an opportunity of making propaganda for their colonial aspirations, disarmament principles, etc.

But it was the Dawes Plan which brought the evacuation of the Ruhr. It was the Dawes experts who insisted on the territorial integrity and inviolability of Germany. In subsequent years, France and other Powers, when they respected German sovereignty, did so because any other course would have upset reparations payments, antagonized America, and thrown the whole international financial system out of gear. It was the Dawes Plan, likewise, which assured Germany of foreign credits and loans. The authors of the Plan knew as an elemental truth that it was unworkable unless Germany received outside financial assistance, and in fact this assistance began to come immediately after September 1, 1924 – and before Locarno.

The Dawes Plan was Germany's security pact, not Locarno. The Germans believed that Locarno would place them in a

position of equality in international political affairs. But Germany could have entered the League of Nations without Locarno. The League needed Germany as much as Germany the League. If Chamberlain and Briand urged Soviet Russia to join without Locarno and without preliminary conditions they would have been at least as anxious to have bourgeois Germany. And as to equality – foreign military occupations and reparations make it impossible. No nation paying a war indemnity can be the equal of those who collect it. For thirty or forty or fifty years the Dawes Plan, or the Young Plan, must be the badge of political inferiority – barring wars or other factors.

¶ BOLSHEVIK EFFORTS AGAINST LOCARNO

Germany was exposed to British pressure to accept guarantee pacts and to Bolshevik pressure to reject them. Moscow made it a question of 'Rapallo or Locarno.' If Stresemann signed at Locarno he would overthrow the policy inaugurated in Rapallo. Since the pact was a British product, necessary to Chamberlain 'perhaps even because of Russia,' Germany's adherence to them, the Soviets declared, threatened the cordial character of Russo-German relations.

The Bolshevik view found whole-hearted support in Count Brockdorff-Rantzau, the German ambassador to Moscow. Despite annoying incidents in the relations between the two countries – the trial of the three German students in 1925, for instance – Rantzau remained loyal to his pro-Russian policy. An unusual situation thus arose in which the Soviet Union and the German envoy accredited to it stood united against the German Government. When the documents will be published, the world will know how long and fiercely Rantzau fought Stresemann's pro-Pact and pro-League policy. As a mark of protest, in fact, he even tendered his resignation. Having regard to Rantzau's personality and political record and his political support at home, such an eventuality might have produced a serious crisis in Germany. Strong pressure was brought to bear on the ambassador and the matter was guarded in deep secret. Finally, President Hindenburg succeeded in persuading Rantzau to withdraw his resignation.

The Bolsheviks realized that Germany's adhesion to the League

was inevitable. In fact, some saw the advantages of Germany's entrance. Germany would prevent unanimity at Geneva, they maintained, if the Powers should intrigue against Russia. Other Soviet statesmen did not go so far, but none of them believed it possible to prevent Berlin from going to Geneva. Moscow, however, did object strenuously to Article 16 of the League Covenant which granted League Powers the right of troop transit over German territory. If Germany entered the League unconditionally – that is, without reservations as to Articles 16 and 17 of the Covenant, Chicherin said in Warsaw,[1] it will be a very serious matter.

In Berlin a few days later, the commissar explained that these articles 'are the means by which Germany could be forced to participate in a coalition against Russia.'[2] The entrance of Germany into the League would open the geographical and political door to an attack on the Soviet Union.

In Berlin Stresemann tried to reassure Chicherin – and approved the Soviet-German trade treaty. On October 5, the day the Pact pourparlers commenced, the German Foreign Ministers denied to press representatives in Locarno that his country had adopted a Western orientation. Germany, he declared, desired friendly relations with Russia as well as with Western Powers. For her, neither an all-Western or all-Eastern orientation was feasible.[3]

Herr Stresemann undoubtedly spoke the truth. Given her geographical position, and her financial, political and military dependence on the Allies, an orientation on the West to the exclusion of Russia would be suicide for Germany.

¶ GERMANY'S STAKE IN RUSSIA

Germany could not in 1925 forgo the advantage of friendly relations with Soviet Russia. The influence of Brockdorff-Rantzau, of the Nationalists, of the East Prussians, and of the East-oriented Democrats, Centrists and Industrialists, did not permit it. But considerations of sober politics likewise made a purely western orientation extremely dangerous. Germans recalled the Ruhr situation in which the Bolshevik attitude kept Poland from taking Danzig and German Upper Silesia. By the Locarno treaties the

[1] *Berliner Tageblatt*, September 29, 1925. [2] *Ibid.*, October 2, 1925.
[3] *Ibid.*, October 5, 1925.

Polish-German frontier was not guaranteed. Germany still aimed at a revision of the Corridor and Upper Silesia decisions. And in case of hostilities, Germany would be caught between two fires, for nobody doubted that in such an event France would advance from the Rhineland. Only Russia could then be of assistance. For it is not clear from the text of the Locarno agreements whether they require Great Britain, as the guarantor of the Franco-German frontier, to march to the aid of Germany if France, in conformity with her alliance with Warsaw, violated German territory to reach Poland. Such an eventuality, to say the least, would embarrass England – and a decision might long be postponed.

Moreover, antagonism between Germany and the Soviet Union would be the mortar of a *rapprochement* between Russia and Poland, and thus make Germany's political and military position quite precarious. Similarly, an estrangement between Berlin and Moscow must open the way to an attempt at a Franco-Soviet settlement – as it did after Locarno.

Germany, likewise, could ill afford the loss of Soviet business. This, especially since America has become a serious competitor for Russian trade, prevents Germany from cutting her ties with Moscow.

In 1925, another important factor operated to keep the two countries together. Moscow and Berlin had entered into an arrangement for the exchange of military experience, army experts, and munitions. Germany lived under Allied military control. In Russia she could do what she was not then permitted to do at home.

The Social Democrats of Germany opposed this undertaking. As the most Anglophile and Russophobe party in German politics, they wished to have as few bonds as possible with the Soviet Union. The arrangement lapsed not long after Locarno; it ceased to be necessary with the relaxation of Allied vigilance in Germany.[1]

Perhaps the most decisive consideration against the alienation of the Bolsheviks was an appreciation of the favourable repercussion of Rapallo on the Allied attitude towards Berlin. Locarno was another illustration in point. Chicherin's statements and

[1] Responsible Bolshevik statesmen have denied to the writer the existence of any such arrangement or co-operation.

activities in Warsaw and Berlin strengthened the hand of Stresemann in Locarno. Exposed to the pressure of Bolshevik diplomacy, Germany could appeal for greater concessions from the Entente. If Germany did not keep alive the passive threat that hostility from the West would throw her into the arms of Russia, the West would scarcely accord Germany friendly treatment. For fundamentally, as the Anglo-French naval compromise of 1928 showed, England is still Germany's great commercial rival and France has no warm sentiments for the German. The fear of a Russo-German *bloc* helps to determine French and British policies towards the Wilhelmstrasse. That this is undeniable in the case of England even the political schoolboy understands, and a noted Russian once said to me: 'The chief reason why Herbette [the French ambassador] remains in Moscow is to watch Soviet-German relations.' If Germany were to sever her relations with Russia she would be at the mercy of changes in Allied policy. To antagonize Russia would be almost as fatal a mistake for Germany as the failure to win her before the World War.

Bismarck, in his efforts to preserve the strength of the Reich and the peace of Europe, worked untiringly to retain the friendship of Russia, and succeeded even in bringing Austro-Hungary and Russia into the League of Three Emperors despite their natural rivalry in the Balkans. When the Kaiser and Bismarck's pre-war successors discarded his policy they were writing the Treaty of Versailles of 1919. When his present-day successors remain unmindful of his wisdom they do not necessarily serve the best interests of Germany.

¶ ARTICLE SIXTEEN

Germany of course appreciated the importance of maintaining intact their good relations with the Soviet Union. But Locarno was predicated on Germany's entrance into the League, and League members, under Article 16, are obliged to 'take the necessary steps to afford passage through their territory to the forces of any of the Members of the League which are co-operating to protect the Covenant of the League.' If Poland attacked the Bolsheviks, France might wish to aid her as she did in 1920 and might – for aggression and defence may easily be confused – mobilize the

League in Poland's behalf. In 1920, writes Professor A. Mendelssohn-Bartholdi,[1] France offered to hasten Germany's entrance into the League if Berlin opened her border to a French army *en route* to Poland. Germany refused, but as a League member – and unless she made reservations to Article 16 – she would be pledged to permit the passage of French troops or British or Belgian troops. Germany herself objected to the article because she was disarmed and would be helpless with a foreign army on her soil. But she fought it for an additional reason: if she gave transit to soldiers designated to fight against the Bolsheviks she would gain the undying enmity of the Russians and provoke the resistance of pro-Soviet workers at home.

The hottest battle at Locarno centred around Article 16. In the early phase of the conference it was the chief subject of discussion, and several times during the first six days the pourparlers appeared to be on the verge of a break. On two celebrated and stormy occasions Briand and Stresemann engaged in brilliant word battles. France insisted that Germany enter the League unconditionally. But Germany was adamant. At the last session, during the much-advertised trip of the 'Orange Blossom' over the waters of the Lago Maggiore, Stresemann categorically declared that Germany rejected the troop transit right inherent in Article 16. Vandervelde then spoke against it. Chamberlain, assuming the rôle of impartial arbiter, thereupon stated that the transit right did not exist. Briand remained silent. Finally a settlement was reached. This was the agreement which made the Locarno pacts possible.

The Powers, in accordance with this settlement, signed a collective note stating their understanding of Article 16 – an understanding which has itself become the subject of conflicting interpretations.

'Each state member of the League,' read the note, 'is bound to co-operate loyally and effectively in support of the Covenant and in resistance to any act of aggression to an extent which is compatible with its military situation and takes its geographical position into account.'

It is obvious that no French or British general will march an

[1] *Europaeische Gespraeche.* Berlin monthly. June, 1928. Page 15.

army through Germany without her consent. Such a lengthening of the line in hostile territory would probably be fatal to the purpose of the expedition. The decision, undoubtedly, lies with Germany.

But can Germany withhold her approval? Stresemann several times officially assured Chicherin that Germany had never accepted any obligation under the League Covenant to grant troop-transit rights. But in a given situation, the Versailles Powers might conceivably allow Germany to increase her army and military equipment so that foreign force in transit would not become a domestic danger. Such permission to arm would win loud acclaim in certain German circles and might persuade the government to visa the passage of an army engaged in League sanctions. Or the Allies would make financial concessions to Germany. Or, Germany would be subjected to irresistible moral pressure. Assume, that Russia and Poland are at war. The war would be advertised as a struggle for European civilization against the onslaughts of Bolshevism and Asia. Poland would be made out the last bulwark against World Revolution. If England and France wanted Germany to participate in such a conflict, Germany could scarcely resist even though it involved support to Poland, the occupant of pre-war German soil. Germany could scarcely afford the odium of sabotaging the interests of the capitalist world.

This danger to Soviet Russia remains, all interpretations of Article 16 notwithstanding. Yet Germany sincerely desired to emasculate the article, and Chicherin states that 'Article 16 was really emasculated.'

¶ THE BERLIN TREATY

The Berlin Treaty between Germany and the Soviet Union published on April 24, 1926, was a further reply to Article 16. The initiative belonged to the Bolsheviks and the earliest conversations took place in December, 1924, immediately after Germany informed Moscow of her application for League membership. Yet even this initiative had a preliminary history. Kopp of the Commissariat of Foreign Affairs saw Baron von Maltzan in Berlin during the summer of 1924 and apparently threw out some vague hints which were misinterpreted and led to German soundings on

the question of Poland. Moscow, however, declined an understanding on this narrow basis and proposed a general treaty concerning the most important problems of Soviet-German relations. The Bolsheviks would have preferred an anti-League of Nations treaty similar in design if not in text to the treaty with Turkey signed in December, 1925. That agreement pledged each party 'not to participate in any union or agreement of a political nature with one or several third parties directed against the other contracting party . . . and not to participate in any hostile act on the part of one or several Powers directed against the other contracting party.'

'Political nature,' said a separate protocol, included all possible financial and economic agreements.[1]

This was the full Russian reply to the threat of League sanctions under Article 16. The Soviet-Turkish Treaty practically barred Turkey's entry into the Geneva body.

Since Stresemann had already made application for entrance into the League and was bent on gaining admission, a treaty containing any such clause was unacceptable. Nevertheless, a less far-reaching accord to reassure the Bolsheviks of Germany's continued cordiality met with no serious objection in Berlin. The Right, moreover, fought Locarno and supported the idea of a new agreement with Moscow. The negotiations for this treaty proceeded parallel with the Locarno discussions, and at times occupied Wilhelmstrasse as much as or more than the preliminary pact pourparlers.

A mere platitudinous expression of friendship satisfied neither Rantzau nor Chicherin nor Litvinov. When, in March, 1925, the League of Nations rejected Germany's application, Moscow regarded the time opportune and struck while the iron of German national resentment was hot. Stresemann sent a long telegram to Rantzau in the middle of March outlining his views. But despite the rebuff administered by the Powers at Geneva, there was still no inclination in Berlin to accept the Russian suggestion of an anti-League convention. In May, therefore, Rantzau arrived in Berlin. Herr Gaus, the legal expert of the German Foreign Office,

[1] London *Times*, December 23, 1925.

now drafted a treaty which embodied Stresemann's policy but made few concessions to the Easterners' wishes.

It was at this juncture that Rantzau submitted his resignation. He felt that he and his policy – the policy of Rapallo – had been disavowed, and that he would serve his country best by demonstratively quitting his post as a protest against what he considered a dangerous re-orientation of Germany's foreign relations.

After almost two months of heated battles in closed council chambers, Rantzau, acting largely at Hindenburg's urgent wish, withdrew his resignation, and on June 25 left Berlin for Moscow in the company of Dr. Herbert von Dirksen, later his successor as ambassador to Russia. They took with them a modified draft treaty of which Rantzau disapproved. Dirksen presented it to Chicherin in the presence of Krestinsky and Rantzau, and discussed the problem on several occasions with the commissar, but six weeks in Moscow gave him a confirmed impression of Bolshevik displeasure with Berlin's proposal.

Although Dirksen, during his stay, arranged the basis of the 100,000,000-mark bank credit to Russia, and helped to give the trade treaty negotiations that political turn which assured their ultimate success, the Soviet Government remained unalterably resentful of Germany's Locarno venture and opposed to her efforts to enter the League.

Chicherin's visit to Berlin early in October marks the next phase of the treaty discussions. During these few eventful days, Stresemann and Chicherin had some tense moments together – usually deep into the night. They conferred until an hour before the German delegation's train left for Locarno. The Foreign Minister was drowned in work preparatory to the Locarno conferences. The Foreign Commissar argued and argued.

Germany could not yield to Russia's demands, but the underlying thoughts of the Berlin Treaty as it saw the light in April, 1926, were finally agreed upon in those nocturnal meetings. And, although the version is incorrect that the text was then initialled – there is no doubt that Stresemann gave a definite undertaking to Chicherin not to accept Locarno or enter the League without previous modification of Article 16.

Berlin wanted no repetition of the Rapallo scandal. The pub-

lication of an agreement with Moscow on the eve of the German delegation's departure for Locarno to sign pacts with the Allies would not have been improper but it was sure to raise a storm of Western protest. Throughout 1926 the Germans tried to postpone the final conclusion of a treaty with the Bolsheviks. They wished to wait until Germany entered the League.

The Guarantee Pacts were accepted in Locarno in the middle of October. Immediately Count Rantzau handed in his resignation a second time, and again to President Hindenburg for, by virtue of the special circumstances of his appointment, he considered himself directly responsible not to the Foreign Office but to the chief officer of the Reich. But to let Rantzau go at this juncture would have been tantamount to a public announcement that Germany's attitude towards the Soviet Government had indeed cooled. This would have weakened Berlin's position *vis-à-vis* the West, strengthened the Right opposition at home, and antagonized Moscow – which was not in Germany's interest. Again the struggle commenced along a wide front to persuade Rantzau to remain, and while the conversations proceeded more and more concessions were naturally made to Moscow's and Rantzau's point of view on the Berlin Treaty.

Finally, through the repeated intervention of Hindenburg, Rantzau again withdrew his resignation, yet Stresemann insisted on negotiations in Berlin rather than Moscow because Rantzau could not well press an accord not of his liking, and because Berlin wished to determine the date of signature.

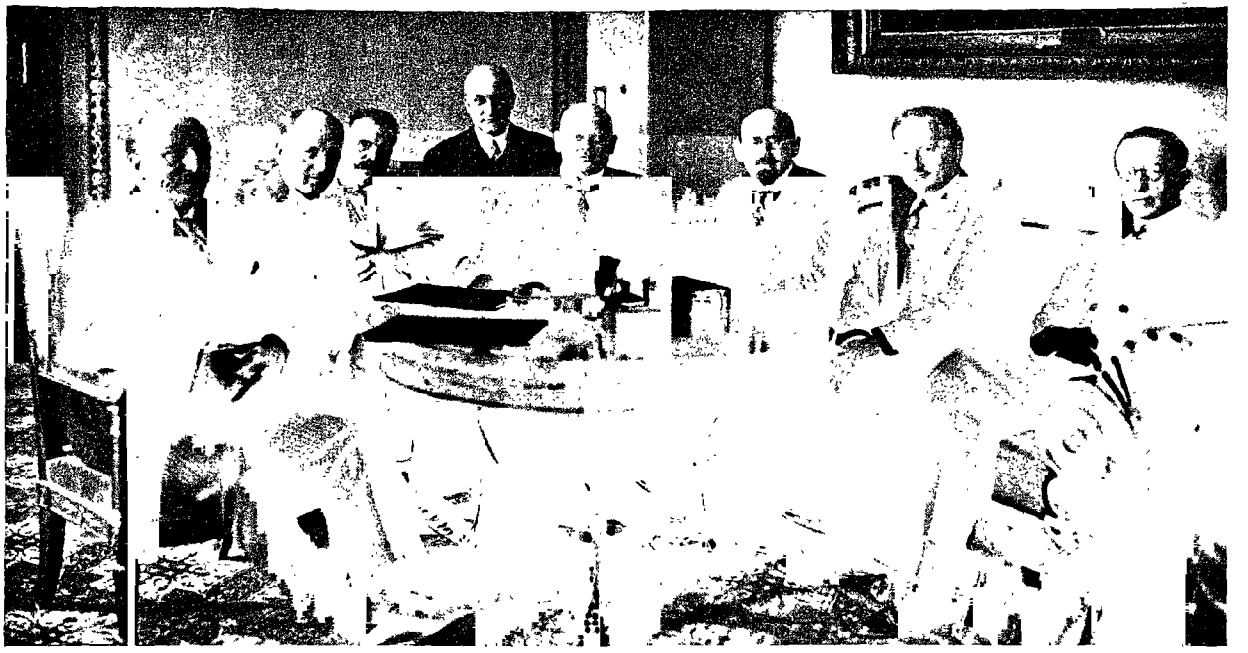
The time element was important. Locarno did not become effective until Germany entered the League. Yet despite initialling of the pacts in October and their signature amidst many affirmations of brotherly love in London on December 1st, the League Council once again shut its doors in Germany's face at its March 1926 session. Some argue that France wished to weaken the significance of Germany's acceptance into the League Council by simultaneously winning a permanent seat for Poland. Others may say that France attempted to organize a Latin *bloc* and with the aid of its members, Spain and Brazil, and of Poland, keep Germany out of the Council and therefore the League. That France and Sir Austen Chamberlain encouraged Poland's claims is not open to

the slightest doubt. But whatever the cause, Germany's second rebuff at Geneva – this time a personal rebuff too, for Berlin's delegates had arrived in the League town on the unquestioned assumption that admission was a mere formality – aroused bitter resentment in Germany. Rantzau regarded it an indirect vindication of his policy.

At this juncture, and acting under the impression of League rejection, the German Foreign Office discontinued its procrastinating tactics towards the Berlin Treaty and quickly concluded it. The question of neutrality occupied special attention. In November, 1925, Chancellor Luther had assured Chicherin that Germany's adherence to the League would never force her out of her position of neutrality. Luther, even more than Stresemann, favoured unconditional neutrality. But the legal experts raised objections, on the ground that such a stand was incompatible with the League Covenant. The Russians, on the other hand, endeavoured to widen the conception of neutrality to include not only cases of unprovoked attack but any attack, for the question of 'provocation' introduced the danger of formalistic interpretations and delays. If the Soviet Union were attacked, it was necessary that German neutrality follow immediately and automatically, otherwise the tedious investigation, at a moment of crisis, of the issue of 'provoked or not provoked' might result in an embarrassing lack of clarity and encourage the enemies of Russia to court German support. The treaty however provided that the second party remains neutral only if the first should be attacked 'in spite of its peaceful attitude.' Yet the accompanying Stresemann note stated unequivocally that Germany and not the League would decide whether Russia had been peaceful or whether she was the aggressor.

The treaty and the appended protocols were submitted to London and Paris early in April in the expectation that in the natural course of diplomatic events they would leak out into the press and thus justify publication before Germany's admission to the League. On April 14 the London *Times* duly published the first news regarding the Soviet-German agreement and on April 24, accordingly, the Berlin Treaty was officially signed by Stresemann and Krestinsky.[1]

[1] Text, London *Times*, April 27, 1926.



THE SIGNING OF THE BERLIN TREATY IN THE SOVIET EMBASSY
From left to right: State Secretary Von Schubert, Herr Gaus, Herr Mallrot, Dr. Von Dirksen, Foreign Minister Stresemann, N. Krestinsky, the Soviet Ambassador, M. Brodovsky, and M. Yahubovich

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THE BERLIN TREATY

The Berlin Treaty was intended as a German assurance to Moscow that Locarno did not signify a purely Western orientation on the part of Germany. The Paris *Temps*, therefore, considered it a victory for Soviet diplomacy, and wondered why Stresemann and Luther had not waited a few months longer, after having waited half a year, till Germany entered the League. The English Press was more restrained but no less displeased, and Downing Street asked the Wilhelmstrasse for more information. In general, France objected with greater firmness than England, and of course secret clauses were suspected in many quarters. The final publication of the Treaty and appended papers laid the storm.

The Soviet-German Re-Assurance Treaty of April 24, 1926, reaffirmed the Rapallo Treaty as the basis of the two countries' mutual relations, and enjoined them to neutrality in case of attack by a third Power or Powers. Each nation undertook not to adhere to hostile coalitions or economic or financial boycotts organized against the other in time of war or peace.

This would have been rather satisfactory. But the accompanying Stresemann note, while declaring that Germany would resist within the League any measures directed wholly against the Soviet Union, nevertheless stated that her relations to Russia could not suffer from her loyal fulfilment of her duties as League member, including even the sanctions foreseen by Articles 16 and 17. Only Germany, it said, would decide whether Russia was the aggressor in a given military situation, and the decision of the League to undertake sanctions would not necessarily bind Germany. It was subsequently intimated to Moscow that even if Germany regarded the Bolsheviks as aggressors she might still plead neutrality on the ground of her geographical and economic positions.

But the danger lies in the circumstance that Germany admits the possibility of her participation in warlike measures against the Soviet Union when she is not attacked, when she does not wish to attack, and on an issue which does not in the least affect her own national interests. In a crisis, therefore, everything will hinge on the atmosphere at Geneva, the views of the Great Powers, and Germany's political situation and needs at the moment, all or one of which may tilt the balance against Moscow.

Germany's position in the League is unique in that she has

made reservations to the sanctions articles of its covenant. She did this to demonstrate her cordiality towards Moscow. But these reservations and the Berlin Treaty into which they were written may become a scrap of paper, like so many other well-intentioned documents before it.

¶ THE PERMANENT VALUE OF LOCARNO

Germany's orientation after Locarno was not completely Western, but it was more Western than it had been. Objective circumstances demanded such a shifting of emphasis. Nevertheless, the price Germany paid for Locarno was exorbitant. Wilhelmstrasse made the mistake of under-estimating American influence in Europe. Luther and Stresemann felt that the Dawes Plan and German economic stabilization required credits, peace, and the elimination of friction with the Allies. Proper collaboration with the United States would have guaranteed Germany these desiderata without alienating Russia and without tieing Germany to the political apron strings of Great Britain. It would also have insured Germany against violations of her territorial integrity.

Germany's leaders realized this truth a few years later – after the publication of the Anglo-French naval compromise in the summer of 1928. Locarno had brought them no real friendship with France or England, nor the evacuation of the Rhineland, nor alleviation of reparations burden, nor mandates, nor colonies, nor equality in the secret councils of the Great Powers. It would have been better to play the game with America, and, to the extent that America's aloofness prevented her concrete aid to Germany in the solution of many immediate problems, to play the game with France too. By Locarno, Germany appointed England arbiter between herself and France. A year later, after Thoiry, England used that position to obstruct a *rapprochement* with France which Germany desired.

A more Western orientation after the Dawes Plan was a necessity for Germany. But Germany need not have entered the British orbit. She realized the error only too soon. In 1925: Locarno. In 1926: Thoiry, that is, an attempt at a Franco-German *rapprochement*. If France wished to evacuate the Rhineland, England could

not prevent it. If France did not wish to evacuate the Rhineland, England could not force it. Reparations too depend more on France than on England. Berlin chose England and Locarno, but they have given her no practical results. The war indemnity is still being rigorously collected.

At the time, Locarno was hailed as the inauguration of a new era. General Smuts, that brilliant South African, raised a dissenting voice. The pacts, he said, were a 'new Holy Alliance between the Spectres of Europe.'[1] The Italian ex-Premier Nitti warned that 'the question of the Pact of Guarantee is one of the worst instances of mistaken effort, and may develop into a very dangerous one.'[2] The official Soviet report of the Soviet Government's activities in 1924–5 called Locarno 'a new edition of Versailles.' Hugh F. Spender, writing to the British *Fortnightly Review* from Locarno,[3] emphasized that, the Security Pact notwithstanding, 'we must not forget that without disarmament there will be no permanent security in Europe.'

Locarno plus disarmament might have been an achievement. Locarno without disarmament was a political manœuvre.

[1] London *Times*, July 13, 1925. [2] *Manchester Guardian*, May 12, 1924.
[3] *Fortnightly Review*, December, 1925.

CHAPTER XX

ANTI-LOCARNO

Locarno limited the sphere of activity of Soviet foreign diplomacy. It left Russia an approach only to Turkey, Lithuania – and, in part, to France. By narrowing the possibilities in the West, it put a premium on Bolshevik efforts in Asia.

Turkey offered the best opportunity of an anti-Locarno demonstration. Soviet-Turkish friendship, born in the period of close military collaboration against the Greeks, and tempered in the crucible of Turkey's revolutionary resurgence, remains undiminished as years pass. Petty incidents and the unavoidable friction of international affairs have not weakened it.

Britain is Turkey's great enemy. Here Turk and Tartar meet on common ground.

Two months after Locarno, Europe's statesmen again met in Geneva where the League of Nations, on December 15, yielded to British insistence and granted Mosul to Iraq. Before the ink of the decision had yet dried, Chicherin and Tewfik Rushdi Bey, the Angoran Minister of Foreign Affairs, signed a treaty of friendship and neutrality in Paris. The time of its conclusion, and the feelings which animated the contracting parties are more significant than its text. 'The treaty signed in Paris,' said the *Izvestia* on December 24, 1925, 'is an anti-Locarno act in the sense that it is concluded for peace and not for war.'

Turkey was completely isolated. The League Council rendered the Mosul decision on December 15, 1925. On December 17, Chicherin and Tewfik Rushdi Bey affixed their signatures to a treaty of friendship and neutrality. It was concluded for a period of three years but was renewable thereafter,[1] and consisted of only two short paragraphs: one enjoining neutrality, the other pledging each party not to attack the other and not to enter into *blocs* or coalitions, or agreements, or financial or economic combinations with third Powers aimed against the other.

By implication, since the League of Nations could, in the event of sanctions, become a hostile coalition, Turkey and the Soviet

[1] It was renewed by Karakhan in Angora on December 17, 1929.

Union hereby undertook not to seek membership in the League. Bolshevik opposition to the Geneva body needed no such strengthening. Turkey, however, had been and has since then been subjected to considerable foreign influence to join the League of Nations. Throughout 1926, for instance, English politicians constantly brought home to Angora the urgency of applying for membership. It would, they submitted, guarantee Turkey against Italian aggression and against Greek designs. Financial measures which amounted to an economic boycott were likewise calculated to impress the Kemalists with the desirability of shifting the centre of attention of their foreign policy from Moscow to London. These efforts required a counter-manœuvre, and, late in 1926, a Turkish squadron brought Tewfik Rushdi Bey to Odessa where he conferred with Chicherin. Fresh from this meeting, the commissar came to Berlin where, on December 4, he told the writer that 'Odessa was a demonstration.' It reaffirmed the positions taken by the two governments in Paris just a year before and permitted the statesmen to exchange opinions on the common sources of political dangers which threatened their interests. Chicherin and Rushdi Bey discussed the whole field of politics, but devoted special attention to three subjects: a commercial treaty, the League of Nations, and most important, Italy. Before they parted the commissar was able to present for Kemal Pasha's perusal a written statement assuring him that Moscow would do nothing calculated to damage Turkish interests in the Balkans. Subsequently Angora stated officially that it would not enter the League unless given a permanent seat on the League Council. Since this demand cannot possibly be met, insistence on it is tantamount to a refusal to accept League membership.

Soviet economic progress during those years served as an object lesson to Turkey that self-help was the best help, and Bolshevik revolutionary methods found emulation in Anatolia. Turkey, Kemal said, 'must cease to be a land of sheiks and dervishes.' He would abolish the fez. He would make Nationalist Turkey in Asia more European than the Sultan's Turkey in Europe.

More than treaty bonds, it has been the parallelism of their revolutionary social tasks and the similarity of Western hostility towards them that have kept Russia and Turkey in unbroken friendship throughout the trying years since Locarno.

CHAPTER XXI

BRIGHT RAYS IN FRANCE

George Chicherin went from Warsaw late in September, 1925, to Berlin on the eve of the German delegation's departure for Locarno, to Paris where he met Briand after his return from Locarno.

The French Foreign Minister was neither enamoured of nor filled with the 'spirit of Locarno.' He regarded it a defeat and so did Poincaré and enough French politicians to endanger for a moment his tenure of office. Briand therefore felt constrained to paint Locarno a great moral triumph of world diplomacy, and by defending it and clothing it in the fiery flame of his oratory, to fortify his own position. Yet the new situation in Europe required French retrenchment in international politics. Chicherin would not have visited Paris had he thought this not the case.

In November, 1925, Rakovsky was transferred from London to Paris. France would become the centre of Soviet diplomatic activity. Some British circles viewed the new situation with concern. 'There is apparently a good deal more behind Mr. Rakovsky's appointment as Soviet ambassador to Paris than is generally believed,' wrote the diplomatic correspondent of the London *Daily Telegraph* on November 3. This journalist, frequently regarded as the mouthpiece of the Foreign Office, suspected that Rakovsky would

'pursue the policy of rapprochement with both France and Poland recently inaugurated by Mr. Chicherin. The hidden purpose of this policy is directed rather against the British Empire than against Germany. . . . It is to prevent Anglo-French solidarity on the Rhine from ever leading to the establishment of any similar understanding in Asia and North Africa.'

In this last sentence, which discussed Rakovsky's policy, the correspondent revealed the aim of British policy.

Rakovsky was the perfect diplomat and perfect gentleman, and he knew France. He had studied there and practised medicine in Provence. In England he had won the sympathy and assist-

ance of wide Labour circles, of Liberals and even of forward-looking Conservatives. In France he soon found a welcome in influential society and with numerous officials and journalists who subsequently helped him in difficult moments.

One problem that had worried Rakovsky in Britain caused him no concern in France: propaganda. Phillipe Berthelot, the Political Director of the Quai d'Orsay, once said to Rakovsky that France need fear revolution only in case of hunger or defeat in war. She was threatened by neither. Nor is Bolshevik Russia contiguous at any point with the French colonial empire or with French spheres of influence.

¶ THE BOLSHEVIKS AND THE LEAGUE

In the first meeting between the new ambassador and Briand, the latter began by discussing relations with the United States and then urged the Soviet Union to seek admission to the League of Nations. All France, Poincaré who was a power to be reckoned with in or out of office, and even Briand were violently anti-American at the time on account of the debt question. Paris toyed with the idea of European solidarity in Inter-Allied debt problems. Briand believed in the League. He saw possibilities of making it a continental instrument against the United States and England. It seemed inevitable, moreover, that Germany would win a seat in the League Council and that Poland would not. Briand therefore wanted Moscow to straighten the balance. He reverted to this subject on more than one occasion.

Understanding of Bolshevik psychology was a rare thing in the Europe of 1926. French statesmen believed that the revolutionary character of Soviet foreign policy would gradually evaporate and that a few years in the League would 'tame' the boisterous extremists and make them see the practical advantages of international combinations, diplomatic gives and takes, etc. Except on this assumption, Russian membership in the League Council, whose decisions must be unanimous, would have ruined or at least paralysed the League. This is one of the reasons why Italy has always favoured Soviet adherence to the Geneva body. But Briand, who wishes the League to prosper, could only have conceived of it as a reformatory for Soviet statesmen and a school in

practical politics. Even Austen Chamberlain once urged the Soviet Union to join the League, and Germany, until she saw the case was hopeless, sounded Moscow on the matter times without number. Even now certain Baltic States continue to suggest League membership to the Bolsheviks.

The Bolsheviks remain unalterably anti-League. In 1924 Rakovsky stated during the Anglo-Russian conference that Moscow would be prepared to send an observer to Geneva 'but this step must not be understood as the first step towards membership of the League of Nations.' Russia even selected its representative for this post, Alexandra Kollontai, and had the first MacDonald Cabinet not fallen she might have undertaken her duties. Yet the negative hostile attitude of the Soviet Union towards the League was left unshaken. Time may bring a change of which there are as yet no signs, but at present Russia persists in her cynical attitude to the League and in her mockery of its impotence.

The Soviet Union suspects, like the United States, that it would be isolated in the Council chambers of the League and subjected to pressure to accept decisions against its interests. Once it accepts membership, a policy of uninterrupted obstruction ceases to be feasible or politic. Russia would again become an object of Western bargaining and offers. But she has every desire to avoid entangling alliances, coalitions, *blocs*, etc. Professor Fay in his brilliant work on the *Origins of the World War* proves conclusively how ententes and alliances make for greater armaments and these for universal war.[1] But the Bolsheviks expect to remain passive in the next Armageddon and to reap the economic and revolutionary benefits of neutrality. They will negotiate with all Powers and offer advantages to some, but their broadest policy is aloofness. This, to be sure, is in part a product of the antagonism of the Powers who do not particularly want Russia within their innermost circle. But even in 1926, when that was not altogether the case, Moscow held back from diplomatic combinations with the capitalist world.

Further, one of Moscow's chief objections to League adher-

[1] *The Origins of the World War*, by Sidney B. Fay. New York, 1929. See especially Vol. I, 'Before Sarajevo. The Underlying Causes of the War.'

ence is the necessity of its members to admit commissions seeking to investigate schools, national minorities, etc. Nor do the Bolsheviks feel they can join a body which assumes the inferiority of colonial peoples and the duty of educating them for sovereignty by means of the mandate system.

In 1926 Briand realized that Germany would take her seat in the League Council under the ægis of Britain. French control in the League seemed to be threatened. Locarno had somewhat disturbed the French political system on the continent. The Quai d'Orsay, and particularly Briand, accordingly investigated possibilities of winning new friends in Europe. Germany could be lured from the side of England and Russia might be ranged by the side of France. The debt negotiations with Moscow in 1926, and the Franco-German economic *rapprochement* of the same year over which Stresemann and Briand sought unsuccessfully to build a political roof at Thoiry, fall within this pattern.

The French Exchequer, moreover, was empty and the franc fell steadily to catastrophic depths. Political and economic considerations prejudiced the situation in favour of a debt settlement with Russia.

¶ FRANCO-SOVIET DEBT CONFERENCE

The Franco-Soviet Conference opened on February 25, 1926, with a speech of welcome by Premier Briand, and after a number of sessions in which general principles arose for discussion, the Bolsheviks of course presenting their formula connecting the granting of credits with the payment of pre-war debts, Rakovsky, on April 14, laid a definite Soviet proposal before the conference. The Soviet Government would pay 62 annuities averaging 40,000,000 gold francs each, the assumption being that the total debt was reduced 25 per cent to correspond with the post-war reduction of Russian territory, that the credit problem would be satisfactorily solved, and that a partial moratorium would be granted so that full payments commenced only at the end of the third year.

The French delegation accepted the 25 per cent debt reduction and was not in principle opposed to the Soviet offer of payments, but it refused to relate credits to debts. At the very session, however, at which de Monzie raised this objection – June 7 – the

Soviet delegation submitted a memorandum in which it presented the case for a credit of $225,000,000 to be paid in three years; two-thirds to be used for the purchase of French goods; $75,000,000 would be received in cash.

Shortly afterwards, on June 15, the Briand-Peret Cabinet fell, and on the 23rd a new Ministry emerged with Briand as Premier and Foreign Minister and Caillaux as Finance Minister.

¶ BRIAND, CAILLAUX, AND RAKOVSKY AT LUNCH

Rakovsky first made the acquaintance of Caillaux at the official stand during the parade of July 14. The next day they and Briand met for a long luncheon in which they discussed all current Franco-Soviet problems. They dealt, in this connection, with the Bizerta fleet.

When the Germans occupied the Ukraine and the Crimea after Brest Litovsk, the Russian fleet in the Black Sea was in danger of capture. Raskolnikov therefore hastened to Novorossisk to carry out the scuttling of the giant dreadnoughts, destroyers, etc., docked there. He succeeded only partially, and his exploit may later have suggested 'Scapa Flow' to the Germans, but a large flotilla escaped under its Czarist commanders and surrendered to the Germans in the Crimea.

When Wrangel entrenched himself in the Crimea in 1920, this fleet fell into his hands. After his defeat by the Red Army, he took these vessels – over one hundred in number – to Constantinople and other ports, and ultimately, he delivered them to the French Government which interned them in Bizerta, Tunis.

Herriot had promised to return the fleet when he saw Rakovsky in London in June, 1924. On March 4, 1925, Austen Chamberlain stated in the House of Commons that 'Before recognizing the Soviet Government, the French Government informed His Majesty's Government that recognition would entail the handing over of these vessels.' But, he explained, 'the ships are still at Bizerta.'

At the Briand-Caillaux-Rakovsky luncheon this issue was touched upon and Briand again promised to return the fleet to the Bolsheviks. Subsequently, in response of Roumanian protes-

tations, France urged Moscow to move only part of the ships to the Black Sea and the rest to the Baltic. But although Russia agreed, the fleet remains at Bizerta to this day.

The statesmen devoted most of their after-luncheon talk to financial matters. The war debt played only a minor rôle in the negotiations with France. The French were calling the Americans 'Shylocks' for insisting on the funding of loans which had been spent to defeat a common enemy. They could not well demand of the Bolsheviks that they repay loans contracted by the Czar in the struggle against Germany. Rakovsky told Caillaux frankly that Russia would not pay war debts. If the Bolsheviks had claimed Russia's recognized share in German reparations instead of renouncing them, he declared, France would have lost more than through the Soviet debt repudiation.

Eugene Lautier, editor of *L'Homme Libre,* once asked in the Quai d'Orsay how much French independence was worth. 'What,' came the indignant answer, 'it cannot be bought.' Well, he said, had Russia not thrown her army masses into the fight during 1914 and 1915, Paris would surely have been taken. The billions France gave Russia in that way, he submitted, saved France from slavery.

Pre-war debts, however, constituted another category, and, for reasons of expediency, the Bolsheviks consented to partial repayment on certain conditions. Rakovsky knew the perilous state of French finances. He proposed therefore to organize a bank with a basic capital of approximately 100,000,000 francs which would enjoy the support of both governments. The French had in their possession $8,000,000 in gold paid by the Soviets to Germany under the Brest Treaty and transferred by Germany to the Allies pending a settlement with Russia. Rakovsky agreed to postpone the question of the ownership of the gold and permit its use for the founding of the bank. The idea appealed to Caillaux. As Rakovsky developed his plan, Caillaux asked whether they might not reach an understanding regarding oil. The problem of a state petroleum monopoly was then an acute French political issue. Moscow could sign a long-term contract to supply France with oil. The proceeds from the sale would be collected by the bank and serve to repay French credits to Russia.

¶ THE HISTORY OF A DEBT AGREEMENT[1]

Rakovsky went from lunch to the Soviet Embassy, where, with de Monzie, and in de Monzie's almost illegible handwriting, a preliminary debt agreement was drafted. A 'financial institution' or bank would collect Russia's debt payments and be the channel through which French credits would be granted to the Soviets. It would likewise function as a clearing house for transactions growing out of Franco-Soviet commercial relationships.

By the terms of the draft agreement 'The French delegation accepted the figure proposed by the Soviet delegation,' that is 62 annuities of 60,000,000 gold francs each, and while rejecting the Soviet thesis of the organic connection between debt payments and credits, undertook to examine sympathetically the Russian demand for credits totalling $225,000,000.

But opposition developed within the French delegation against its chairman's draft proposal, and a modified 'final protocol' was therefore drawn up on the next day, July 16, and accepted by de Monzie at 5 p.m. It, as well as a counter-draft worked out by the French on the 17th, stated that the Soviet offer of payment had been approved. Neither protocol altered anything with regard to the bank or credit. 'The French delegation,' read a paragraph in both drafts, 'accepts the figure proposed by the Soviet delegation considering that it guarantees the 25 per cent of the debt which was the basis of its [the French delegation's. – L. F.] original demand for 75 millions.' On the afternoon of the 16th, however, Berthelot, the Political Director of the Quai d'Orsay, telephoned to say that, despite amendments, Briand objected to the text of the agreement and insisted that the return of the Bizerta fleet must be made dependent on a settlement of all the questions discussed at the luncheon of the 15th. Rakovsky gained the impression that Berthelot acted as much on behalf of Poincaré as of Briand. In fact, Berthelot subsequently told Rakovsky that Poincaré had obstructed a settlement. Generally speaking, the Russian problem had now probably become an object of bargaining in the highly complicated larger political situation.

On July 17 Herriot, President of the Chamber of Deputies,

[1] The writer has seen all the pertinent archive documents.

stepped down from the presidential tribune to attack the Briand-Caillaux Cabinet. His success was greater than he may have wished, for the Ministry fell and the Mayor of Lyon once more received a commission to form a government.

Meanwhile, Rakovsky, faced with a rejection of de Monzie's draft agreement, flew to Moscow to attend an important plenary meeting of the Communist Party's Central Committee – the one during which Dzerzhinsky died. At the aerodrome a telegram was handed to him. I am now Minister of Finance in a new Herriot Cabinet, de Monzie wired in effect. Come back and I will push through our draft. When de Monzie became minister, he looked into the French Treasury and found only 60,000,000 francs. His public announcement of the circumstance produced a financial and political crisis. If the Bolsheviks would immediately pay him a few millions – and they were not disinclined to do so – the situation might be saved.

Rakovsky rushed back to Paris in answer to de Monzie's summons, but on the day of his arrival, on August 2, Herriot's two-day Cabinet had been overthrown. Two days later Poincaré's 'Cabinet of Premiers' came into office.

¶ POINCARÉ'S OPPOSITION

For Poincaré, the Russian debt solution as an aid to French official solvency had no attraction. His several predecessors in the Finance Ministry did not wish to increase taxation or had no time to undertake radical cures of the franc and the budget. He intended thorough going and rudimental reforms.

With the advent of Poincaré, the de Monzie-Rakovsky draft agreement lost its validity. Even previously to his formation of the government, Poincaré had thrown the not inconsiderable weight of his influence against de Monzie. And the new Premier wished to take the discussions out of the hands of the delegation and transfer them to the Finance Ministry under his immediate supervision.

Briand, Poincaré's Foreign Minister, was pledged to a Russian settlement and to the return of the Bizerta fleet. To avoid an embarrassing situation, therefore, he gave Rakovsky the presumably friendly advice to see Poincaré often. But Poincaré

remained indisposed to deal conclusively with the Soviet debt problem.

Poincaré's policy with respect to the Soviet debt had always demanded international solidarity, that is, parallel procedure with Great Britain. But Anglo-Soviet negotiations had not been resumed after the defeat of MacDonald. Indeed, Anglo-Soviet relations grew alarmingly critical in the summer of 1926, and Poincaré was very sensible to such a situation across the Channel.

As soon as Poincaré took office in August, 1926, the French official vacation set in. Pourparlers with the Bolshevik delegation were accordingly interrupted – not to be resumed for many months after the summer recess. Poincaré never showed any desire to reach an agreement on financial matters with Moscow. He could have had an agreement with the Bolsheviks on debts which was satisfactory to the thousands of petty bondholders. But Moscow was not as prepared to meet the wishes of the big former owners of nationalized property who had the ear of Poincaré. And Poincaré naturally dominated French political life completely. A new phase in Franco-Soviet relations now commenced in which even the warmest protagonists of a *rapprochement* with Russia gradually identified themselves with the traditional French policy of parallel action and united front *vis-à-vis* the Bolsheviks. After a semester of bright prospects – from December, 1925, to July, 1926 – Franco-Soviet relations returned to their normal level of coldness and distance.

CHAPTER XXII

DARK CLOUDS OVER LONDON

Litvinov and Rakovsky paid a visit to Lord D'Abernon in Berlin during the latter half of 1925 and reassured him of Moscow's extreme readiness to enter into negotiations and more friendly relations with England. They received no encouragement. Downing Street never informed the Soviet Government why it rejected the MacDonald-Rakovsky treaties, how it wished them amended, or what fresh proposals it had to make. The situation was merely allowed to drift.

When Chicherin came to Paris in November, 1925, an attempt was made to elicit an invitation for him from London. But Chamberlain refused to invite the commissar directly. He only 'authorized M. Briand to let M. Chicherin know that if he desired an interview, I should not refuse it.'[1] In fact, however, Briand never spoke to Chicherin of the matter. Chicherin saw Briand twice during this period, once before and once after the signing of the Locarno Pacts in London. On the first occasion, the Russian remarked on the difficulty of their relations with England. He had the impression, he said, that Chamberlain wanted no agreement. Briand thought this too pessimistic. But his short stay in England convinced him of the accuracy of the commissar's judgment.

Again and again, the British Foreign Office gave evidence of its disinclination to open parleys with the Soviets. Litvinov addressed the Central Executive Committee in Moscow on April 25, 1926, and declared his Government's willingness to renew negotiations with Great Britain 'with a view to finding a way out of the present deadlock.' But when Ponsonby called the Baldwin Cabinet's attention to this assertion, the House of Commons merely heard the oft-repeated formula that if Moscow made proposals 'we are prepared to consider them.' Since ministers of the Crown, however, indulged in vitriolic phillipics against the Soviet

[1] British Blue Book. *Russia, No.* 3 (1927). London, 1927. Cmd. 2895. Page 43.

Government, it appeared to the Bolsheviks that the humiliation of taking the initiative when the initiative clearly lay with the other party would not be justified by results.

Winston Churchill, Lord Birkenhead, Mr. Amery (the Secretary of State for Colonies), and Sir William Joynson-Hicks left no stone unturned to achieve a rupture of relations with Russia in 1926. Prime Minister Baldwin and Austen Chamberlain occupied a more moderate position and attempted, with only temporary success, to check the extremist Die-Hards. 'My relations with foreign Powers continue to be friendly,' read the King's address to Parliament early in 1926. To make this statement 'absolutely truthful,' Mr. Clynes proposed that they add: 'But . . . in respect to Russia some of my Ministers pursue Russian representatives with the most malignant abuse.'[1]

Though Chamberlain's endeavour was to restrain the Die-Hards, he felt their pressure and admitted in a letter to his chargé-d'affaires in Moscow dated November 5, 1925, that 'It was of course true that I had not encouraged M. Rakovsky to enter into new negotiations with me.'[2] The ground was propaganda. Chamberlain discouraged Rakovsky in 1925 when the Soviet representative came to him with new suggestions. He likewise discouraged other Soviet agents in 1926.

Nevertheless, Chamberlain never left out of account the situation on the Continent where, in the first half of 1926, Soviet statesmen registered progress in negotiations with both Germany and France. In Parliament on February 10, 1926, in fact, Chamberlain expressed the hope that the Paris pourparlers 'may be of such a nature as to facilitate the renewal of negotiations with His Majesty's Government.' He would have used the success of the Franco-Soviet conference as a club over the heads of his Die-Hard colleagues.

¶ THE BRITISH STRIKE

While Anglo-Soviet relations remained in their delicate and dangerous state, the General Strike and the miners' strike broke out in Great Britain in May, 1926.

[1] *Official Reports. Parliamentary Debates. House of Commons. February 2, 1926.* Vol. 191. No. 1.

[2] British Blue Book. Cmd. 2895.

The General Strike surprised and then thrilled the Bolsheviks. If it lasted long enough, they thought, capitalist government in Britain would be doomed. Some Communists in Russia saw the imminent coming of a Soviet revolution in England, and even when the General Strike collapsed, the struggle of the miners impressed them with its heroic and serious aspects.

The Soviet Press and the Soviet public always pay more than usual attention to strikes and labour conflicts throughout the world. If it be a walk-out of several thousand in Gastonia, North Carolina, or a lock-out in Chile, or a seamen's contest in Australia, the news is featured in Communist dailies. Not that every miniature strike opens the prospect of immediate revolution. But labour discontent is a phase of the class war, the Bolsheviks declare. The internal contradictions of capitalism and its increasing weakness prevent the employer from satisfying his workers. The same cause, raised to a higher degree, creates a favourable introduction to the overthrow of the owning class. Strikes are the barometer of a gathering storm and at the same time part of that storm. Even if defeated, the experience gathered and the resentment generated are a profitable investment for a future day of reckoning. Strikes interest the Bolsheviks less as a means of adding two shillings to the hire of a labourer than as a method of organizing the proletariat and of baptizing it in the spirit of the class war. If this is true of even small stoppages, how much more must it have applied to a strike which involved over a million British miners.

Bolshevik enthusiasm and help are not confined to the strikers of any single country. They overleap boundaries and take no notice of race, colour, or profession. Here the Bolsheviks give their best and most irrefutable demonstration of international class solidarity. The worker in the Donetz coal basin feels a kinship with the miner in South Wales, and the Moscow spinner with the Ruhr blaster. They participate spiritually and mentally in the affairs of the foreign proletariat. They welcome foreign labour delegations as they would their own people. And the working-man visitor from abroad is accepted as a comrade.

In respect to the British labour movement, the feeling of intimacy on the part of the Russian trade unions was especially strong because it had been nurtured by close co-operation in inter-

national questions which even took organization form in the Anglo-Russian Trade Union Committee. The English trade unions and British Labourites had helped Rakovsky in his negotiations with MacDonald and had, during the Civil War and thereafter, lent themselves to pro-Soviet demonstrations. Within the conservative Amsterdam Trade Union International they usually defended the Soviet Union against the bitter attacks of Mensheviks and other anti-Communists. A sort of Anglo-Soviet labour entente had sprung up between the organized proletariat of the two countries which immediately aroused an action of sympathy and assistance when masses of British workers needed help.

When the General Strike shook a startled world, the Soviet Union hung on the telegraph wire waiting with tense impatience for every tiny item of news. And when, having been betrayed by *British Labour leaders, as the Bolsheviks put it, the miners decided* to carry on the struggle and did so for many long, hungry months, all of Russia felt stirred. Millions of roubles began to pour into the trade union treasury for transmission to the miners' organization, not only to feed the needy but to finance the struggle. Those who were in Russia at the time – even cynical bourgeois journalists – testified in their letters and dispatches to the spontaneity with which contributions to the British miners' fund were made in every city and hamlet throughout the Soviet Union. To be sure, agitation accompanied the collection campaign, but the liberal response was due to a genuine interest and to a keen understanding of the situation whipped up and fed by detailed newspaper messages.

In May, the Presidium of the Council of Trade Unions sent from its treasury 250,000 roubles and again 2,000,000 roubles. Local trade unions made contributions in the form of one day's wages of each worker or, as the strike progressed, 0·5 per cent of their wages per month. Collections were also made in theatres, concerts, and other public gatherings. Between May 22 and June 17, according to Sir W. Joynson-Hicks's statement in Parliament on June 17, the All-Russian Central Council of Trade Unions forwarded to the strikers four remittances totalling 380,128 pounds sterling. At the same time, contributions of much smaller dimensions arrived from other parts of the world, notably America and Germany.

Before these sums could be transferred in foreign currency by

the Russian trade unions to England, the special permission of the Soviet Government was necessary. The Government granted the permission. The British Foreign Office protested on June 12 in a note to M. Rosengolz, the Soviet chargé-d'affaires, against this act. Rosengolz replied on the 16th that his Government 'could not prohibit the trade unions, comprising millions of workers of Soviet Russia, from sending money abroad in aid of trade unions of another country.'

Herewith the diplomatic correspondence ceased. The Bolsheviks argued that as far as the Soviet Government was concerned, it merely granted the formal permission for the transfer in view of the fact that no foreign currency could be exported without official sanction. Technically, the Soviet Government's position remained impregnable.

But Conservative circles now began to hint that the Soviet Government itself had given of its funds to the striking miners. This Mr. Rosengolz denied emphatically in an interview to the British Press of June 17,[1] and even Joynson-Hicks, who discussed the subject on that same day in Parliament, did not affirm unequivocally that the Soviet Government had contributed. He merely tried to identify the Russian trade unions with the Soviet Government. The charge that the Soviet Government or any of its branches gave money to help the strike was never officially levelled. On the other hand, British Labour leaders, among them Robert Williams and Mr. Citrine, pointed out that the transmission of funds by the workers of one country to the strikers of another was a time-honoured practice in which the British trade unions had engaged on previous occasions without interference from their Government or any other government. Robert Williams accordingly asked 'why Russia has been singled out for attack.' He suspected that 'there are forces more anxious to make political capital out of the incident of the dispatch of trade union money than anything else.'[2] The 'forces' he referred to were the Die-Hards led by Churchill and Lord Birkenhead.

[1] See, for instance, *Manchester Guardian.*

[2] *Some Documents concerning the Campaign against the Help Rendered by the Russian Workers to the British Strikers.* Pamphlet published by the Anglo-Russian Parliamentary Committee. London, 1926.

¶ DIE-HARD ATTEMPTS TO PROVOKE A RUPTURE

It cannot be denied that the General Strike released considerable capitalist animosity against the Bolsheviks. Russia had offered the British workers a bad example, and now she offered them money. Few cared to distinguish between the Russian trade unions and the Soviet Government. In spirit, principle and intention, the bourgeoisie contended, they were one. The Government, the trade unions, the Comintern – all regarded the strikes as milestones on the road to the English revolution.

The Die-Hards quickly exploited these widespread sentiments and sought, by a concerted plan, to precipitate a rupture of diplomatic and commercial relations with the Soviet Union. Churchill and Birkenhead both made violent anti-Soviet speeches on June 19.

Birkenhead declared that the money to the miners had come from the Soviet Government and hinted at the possibility of dismissing the Soviet chargé-d'affaires while maintaining commercial relations intact.[1]

Churchill was even more explicit. 'I have always thought the United States policy towards Bolshevik Russia a right one,' he admitted. That is: do business without diplomatic relations and without a trade agreement. The Russian Bolsheviks, declared the Chancellor of the Exchequer, were 'miscreants.' Russia, he affirmed, was 'an ignorant slave State.' The Bolsheviks believed that 'the same sort of stuff with which they bamboozled their own mujhiks would suit Britain.' This undignified language offended even the Conservative *Daily Express*, which asserted on June 21, that it 'was such as would draw a protest from any other foreign Government in the world.'

Churchill went further and made a definite suggestion. 'Personally,' he said, 'I hope to see the day when either there will be civilized Government in Russia, or we shall have ended the present pretence of friendly relations with men who are seeking our overthrow.'[2]

As part of the Die-Hard manœuvre for a rupture of relations,

[1] *Daily Mail*, June 21, 1926. [2] *Daily Telegraph* and *Times*, June 21, 1926.

Sir W. Joynson-Hicks presented to the House of Commons a 'Red' Blue Book three days after the Birkenhead-Churchill speeches. These *Communist Papers*[1] were seized during the arrest of British Communist leaders and a search of their headquarters in October, 1925. Now, nine months later, this purely internal matter of minor significance was brought out of the files to serve foreign political purposes.

But Lloyd George laughed it out of court.

'Well, now,' Lloyd George said, 'I thought really that at last the Home Secretary had dug something out. He has been very active. He evidently came to the conclusions before he got his evidence. That happens sometimes in politics. I will read some of this document. I think it is a very remarkable document, but it is a document that, if anything, vindicates the Labour Party. What is it? Here is the correspondence which is supposed by some of my hon. friends here to justify the breaking off of diplomatic relations with this great country on the ground that that country is spending unlimited gold to overthrow our institutions. In the first place the complaint throughout is that the gold is very limited. Here are letters from the Communist Party getting unlimited gold to say that they are running into debt because they owe £14. . . . Another of these gentlemen who is receiving this stream of gold complains that he has not got a stenographer. He says that he has to turn the office boy on to copying his letters. He says the arrears of his correspondence are so great that he cannot go out to address meetings. So he applies for a typist. He does not ask for poison gas, machine guns, rifles – only one poor typist. And this is the Russian gold that is pouring into the coffers of the Communist Party. . . . Here is another great phrase: "We must adopt merciless measures." What to do? To overthrow the Government, to overthrow the British Empire? No. "We must adopt merciless measures to fight the Labour Party." Here is a long list of the activities for which the Russian gold is to be used. First in the list is:

' "Sharp criticism in principle of the conduct of the MacDonald Government."

[1] British Blue Book. *Communist Papers*. London, 1926. Cmd. 2682.

'"A bitter fight should be carried on against MacDonald's policy. . . ."

'"Active agitation should be conducted against . . ." What?

'"The I.L.P." [Independent Labour Party.]

'Was there ever a more ridiculous Blue Book? And this is the basis? We have had a description of what they are going to do. They are going to subvert the whole of British society; the bourgeoisie is to disappear – not merely the capitalists but the *petit bourgeoisie*; the British Empire is to be wiped out – by funds that cannot provide one stenographer! Trade which runs into millions – £34,000,000 last year, and it will be more when we take what we want in the way of timber and other essential commodities from Russia – trade which is growing year by year, is to be thrown away for this miserable abortion of a book!'[1]

The Home Secretary presented a pitiable spectacle after the former Prime Minister's biting irony. Perhaps this bit of poor tactics prevented the break at that juncture. More likely, however, the Cabinet was split on the question. Austen Chamberlain told Rakovsky in November, 1925, that 'though we had ample ground on which to base a rupture of relations with the Soviet Government . . . I desired, if possible, to avoid rupture.'[2] He repeated these same words at Rosengolz on July 13, 1926, except that the 'if possible' seemed to him in greater doubt.[3] Yet despite the resentment among non-working-class elements in England aroused by Russian aid to the miners, relations were not broken off. The resistance of business circles interested in trade with the Soviet Union only partially explains the British Government's policy of postponement. Political considerations probably played a great rôle: in April, 1926, Russia and Germany had signed the Berlin Treaty. London was at first stunned, and then anxious to wait and see what real practical significance that agreement would have. Moreover, in June and July, the very months in which the Baldwin Cabinet weighed the possibility of a rupture and some

[1] Official Reports. Parliamentary Debates: House of Commons. June 25, 1926. Vol. 197, No. 90.

[2] British Blue Book, Cmd. 2895. London, 1927. Page 40.

[3] *Ibid.*, page 45.

ministers tried to hasten it, the Franco-Soviet debt negotiations appeared to be on the eve of a successful conclusion. Under the circumstances, Chamberlain and the more moderate politicians felt that to throw the Bolsheviks over might help them and Continental Powers to establish a closer community of interests. In some Conservative quarters it was still hoped that the Bolsheviks might reform, or that they could be restrained in their revolution activity in China by the existence of diplomatic relations with Great Britain. Only when Chinese revolutionary developments proved the vanity of this hope did the Die-Hards succeed in overcoming the last resistance to a break with Moscow.

CHAPTER XXIII

MOSCOW AND THE CHINESE REVOLUTION

Dr. Sun Yat-sen, the father and leader of the Chinese Nationalist Revolution, made his last public utterance on November 28, 1924, at the Tokio Pan-Asiatic Congress. Speaking of the Soviet Union, he said:

'Russia believes in benevolence and righteousness, not in force and utilitarianism. She is an exponent of justice, and does not believe in the principle that a minority should oppress a majority. Naturally, Russia comes to link hands with the Asiatics and breaks her family ties with the West. The Europeans, fearing that the Russians may succeed in carrying out these new principles, heap condemnations upon her as a rebel against the civilized world.'

These words reflect that sympathy for and trust in the Bolsheviks which characterized the early, creative period of the Nationalist (Kuomintang) movement.

The Bolsheviks had successfully launched a revolution in Russia. They had won a three-years' civil war in which the forces of a world were pitted against them. Theirs too had been a struggle against Imperialism. It was an example the Chinese wished to emulate. China's revolutionaries accordingly looked to Moscow for guidance.

Conservative Kuomintang members regularly assert that before applying for help to Russia, Dr. Sun asked assistance from America, England, Italy, etc. This is a misstatement of the facts. Dr. Sun wished the Western nations to participate not in the Chinese revolution but in the 'International Development of China' on capitalist lines. But even in this they did not take him seriously. While the Versailles Peace Conference was in session, Dr. Sun prepared a long memorandum[1] on the productive pos-

[1] *The International Development of China*, by Dr. Sun Yat-sen. New York, 1922. The replies Dr. Sun received to his memorandum are printed in the appendices.

sibilities of his country and on the desirability of foreign co-operation in their exploitation. Mr. Paul P. Reinsch, the United States minister in Peking, replied on March 17, 1919, in a platonic letter which made no promise; Secretary of Commerce Redfield wrote on May 12, 1919, from Washington to indicate that the American Government would not participate; General Caviglia, of the Italian Ministry of War, merely sent Dr. Sun a polite acknowledgment. The reception his plan received, and the disillusionment in China that followed the Peace Conference and the Washington Disarmament Conference, convinced Dr. Sun and his followers that dependence on the capitalist countries of the West was barren.

The position was simple. The Chinese believed that no imperialists would join them in the war against imperialism. Therefore they sought comfort in Moscow. Americans once asked Sun Yat-sen what was Borodin's real name. 'His name is Lafayette,' he replied. 'You did not help us,' the doctor continued. 'But Russia was the first country to aid us in the national struggle.'

'The Russian policy of the Kuomintang,' writes T. C. Woo, formerly of the Hankow Foreign Office, 'is one of the three cardinal policies laid down by Dr. Sun as the sure means of realizing the Nationalist Revolution.'[1] The Chinese people, he says, 'see in the success of the Russian Revolution perhaps a way out for their own problem.'

Conditions in China and Russia prevented collaboration immediately after 1917, but in January, 1923, Dr. Sun and Adolf A. Joffe met in Shanghai and, before issuing a joint communiqué, discussed the basis of revolutionary co-operation.

In August, 1923, Dr. Sun sent General Chiang Kai-shek, his Chief-of-Staff and confidential agent, to Moscow with letters of introduction to Lenin, Trotzky, and Chicherin. He was dispatched to discuss 'ways and means whereby our friends there can assist in my work in this country.' Chiang had received authorization to plead for military assistance from the Soviets.

[1] *The Kuomintang and the Future of the Chinese Revolution*, by T. C. Woo. London, 1928. Page 120. On this question see also *China and the Nations*, by Wong Ching-wai. London. 1927. Pages 124 *et seq.*

When Karakhan succeeded Joffe in Peking, he immediately took up the thread with Canton, and on September 8, 1923, wrote to Dr. Sun explaining the anti-imperialist character of his mission. 'I count on your support, Dr. Sun, old friend of new Russia, in my responsible task of establishing close contact between our two peoples.'

Later in the month of September, Michael M. Borodin, a veteran member of the Russian Communist Party, received his appointment to the Canton Kuomintang Government.

The Bolsheviks came to China by the invitation of a Chinese Government. China is not a British colony. Formally and technically, Great Britain therefore had no ground on which to protest. But the success of a Chinese revolution might threaten the foundations of the British Empire. India would seek to emulate the example, and the repercussion would be felt throughout the Orient. Asia is far more of a unit than the West wishes to realize. Deep in Afghanistan there is a live interest for Japan, and Turkey thrilled to Chinese events. 'Asia for the Asiatics,' 'The Asiatic League of Nations' may be impracticable slogans; yet they testify to a solidarity and community of sentiment. Revolution generally is contagious, and revolution in Asia more than elsewhere. When England resented Russia's rôle in that struggle, she was defending India, Iraq, and Egypt. She may not have been justified in making a diplomatic issue of the situation. But she was justified in using every ounce of energy to defeat the Kuomintang's purposes especially since the Kuomintang had become as clay in the hands of the Red potter.

Japan and America were also affected and offended, but the spear-head of the revolution and of Russia's aid to that revolution was directed neither against England, nor Nippon, nor the United States. It was directed against the unequal, dominating, privileged positions of those countries in China. They had reduced China to semi-colonial status. China wished to throw off the incubus, and Russia wished to help.

The writer once asked a prominent Soviet citizen whether 'you would do it again.' 'Of course,' he replied, 'only we would try to make fewer mistakes.' He did not reveal a secret. A political party motivated by exclusively national interests would refrain

from such activities unless they were harmless. To the Bolsheviks, expense is a consideration of secondary importance.

¶ SOVIET POLICY TOWARDS THE KUOMINTANG

On the basis of material made available to the writer, it is easy to trace Moscow's policy towards the Chinese nationalist movement at this stage of Chinese events.

Chicherin wrote in English to Dr. Sun Yat-sen on December 4, 1923, after several conversations with the Chiang Kai-shek delegation.

'We think that the fundamental aim of the Kuomintang Party,' declared the commissar, 'is to build up a great powerful movement of the Chinese people and that therefore propaganda and organization on the biggest scale are its first necessities. Our example was significant: our military activities were successful because a long series of years had elapsed during which we organized and organized and instructed our followers, building up in this way a great organized party throughout the whole land, a party capable of vanquishing all its adversaries. The whole Chinese nation must see the difference between the Kuomintang, a popular organized mass party, and the military dictators of the various parts of China.'

Obviously the Russian feared precipitate action by Canton. He therefore stressed the advisability of slow, painful organizational activity among civilians, and held out the example of the Bolsheviks, whose military victory only followed a 'long series of years' of party preparation. Nor did Chicherin believe that military aid supplied by Russia through Mongolia would solve the problems of Chinese nationalism. He suggested that they 'must continue our exchange of ideas and discuss the matter further. When we reach a full agreement, everything will go on much better.' Moscow was in no hurry.

Karakhan wrote to Sun Yat-sen in the same vein on January 7, 1924. 'To make millions of Chinese people your followers,' he said. . . . 'Therein lies the main task before your party.' He also attached 'paramount importance to your decision to carry out the

land decree,' and called it 'your main lever' of mobilizing popular support. 'Literally and allegorically speaking, the ground will be taken from under your enemies' feet . . . but for this very reason the Kuomintang will feel itself on firm ground.' If a certain section of the Kuomintang objects, cast them out, Karakhan advised. The Bolsheviks too expelled their faint-hearted. Untiringly, the Russians gave Canton the benefit of their own experience. Above all, Karakhan emphasized, strengthen the Kuomintang. 'The army may be defeated; not the party.'

¶ BORODIN IN CANTON

Borodin arrived in Canton in September, 1923. The situation into which he had been thrown was not a heartening one. An army of 200,000 paid allegiance to a large number of self-seeking militarists whose sympathies were not with the Kuomintang. The workers were divided, the peasants asleep, and the Kuomintang Party a little-frequented office. The Canton Government's monthly revenue from the entire rich province of Kwantung amounted to no more than $300,000 Mexican. Dr. Sun sat on the island of Honam in the Canton harbour, a sick and broken man. Asked about his prospects, Sun Yat-sen would reply that they must carry out the Northern Expedition to 'punish Wu Pei-fu.' This was his chief slogan.

Before long Borodin became the 'instructor and re-organizer' of the Kuomintang. In effect, this meant that he had been placed in supreme command.

¶ BORODIN'S PROGRAMME

He first turned his attention to the party, the army, the anti-imperialist struggle, and to the organization of workers and peasants.

In November, 1923, soon after Borodin's arrival, Chen Chiung-ming threatened to take Canton from the Kuomintang. Borodin gave his interpretation of this development to the Kuomintang executive committee on November 13. The party had given no land to the peasants and satisfied none of its demands. Therefore the peasantry refused to feed the revolutionary demands. The party had paid no attention to the legitimate grievances of the

proletariat. Therefore the workers refused to go to or stay at the front. What were they fighting for? Kuomintang deeds must answer the question, Borodin said in effect. He accordingly proposed the immediate promulgation of two decrees and one manifesto. They must allow peasant communities to confiscate landlords' holdings with or without compensation, and to collect land rent and distribute it according to their own discretion. The second document must grant labour the eight-hour day, a minimum wage, and other minimum rights. In a manifesto to the *petit bourgeoisie*, moreover, these gains for the working masses would be explained as its own gains too. The higher the living standard of the producing population, the better trade.

The three measures, Borodin declared, would make the Kuomintang a popular, nationalist party capable of pretending at least to being the socialist party which it called itself.

Chen Chiung-ming's army stood outside the city. Deserters from the Kuomintang front filled Canton. The executive committee was in somewhat of a panic and adopted all Borodin's suggestions unanimously. Forthwith, a tremendous propaganda apparatus was set into motion to acquaint the workers and peasants with the new decisions. The effect on the front was immediate and revolutionary. But when the menace had been removed, Kuomintang leaders began to waver. Some of the very men who had voted for the decrees went to Dr. Sun to sabotage their enactment into law.

On this subject, Borodin had what was probably his most interesting conversation in China. He went to see Dr. Sun on the island of Honam on November 16 to discuss the decrees. The doctor began by explaining his interest in Russo-Japanese relations. It was his way of saying that he did not wish Moscow to be offended by Kuomintang lapses. But what of the three measures? He had no objection against the manifesto to the *petit bourgeoisie*, nor to labour reforms. But strong opposition had asserted itself in Kuomintang circles against the land measures.

Borodin cautioned the old leader of the unfortunate impression of the Kuomintang's failure to redeem its promise. Men had gone to the front inspired by that pledge. They would feel themselves deceived. What would all China, the labour world, what would

Moscow think? Some pointed though polite sentences were exchanged. Dr. Sun may have suspected that Borodin wished to leave. Borodin, he knew, was more than a person. He represented an idea, an inspiring force, a great revolutionary policy.

Dr. Sun bargained with Borodin. Finally they struck a compromise – the best under the circumstances. Two land decrees would be promulgated: one reducing land rent 25 per cent, the other providing for the establishment of peasant unions. The first was never put into practice. But to the second Borodin attached supreme importance. It opened the way to the organization of the peasantry on radical lines.

This episode threw a bright light on the politics of the Kuomintang leaders and on their hesitation in the face of revolutionary innovations of far-reaching economic importance. The Kuomintang was enmeshed in feudal influences; its roots were in the bourgeoisie. Obviously, no Soviet or socialist revolution could be attempted. No one thought of it.

The first Kuomintang congress took place in January, 1924. Borodin wrote the programme which, with few corrections, that initial congress adopted – and he permitted it to guide his activities through several years. The party had been reorganized, and a strict system of discipline introduced striving to make every member conscious, active, and responsible. Borodin now gave it its declaration of principles: a national, democratic, liberal, modern, forward-looking programme which was neither Communism nor Socialism.

The programme shows concern for the merchants, intellectuals, industrialists, workers and peasants. But, 'although one cannot be opposed to a merchant government as such, our demand is that the masses of the people will organize the government themselves, to represent the interests of the whole people, and not confined to those of the merchant class.' Class suffrage based on property qualifications must be abolished but universal suffrage was not approved. Only those 'who are really loyal to anti-imperialism' will enjoy all rights and privileges. There would be indirect and direct popular authority – that is, elections, plus the initiative, referendum and recall. Such a system would 'supplement the shortcomings' of representative government and 'rectify the evils

of a purely elective system.' Freedom of association, speech, publication, domicile, and belief were guaranteed.

Borodin entertained no illusions as to the disciplinary perfection and ideological homogeneity which a multi-class party like the Kuomintang could achieve. Nevertheless, he desired the axis of the whole governmental system to be the party – as in Soviet Russia. 'The party must be the central organ of control of the political power,' he wrote.

In the realm of economics, Borodin interpreted Sun Yat-sen's third principle as requiring 'the equalization of land' and 'the control of capital.' But not wholesale nationalization of land, and not nationalization without compensation as in Russia. Borodin here made a concession to Dr. Sun's single-tax philosophy and wrote into it, as a compromise, this plank: 'Private landowners shall declare its [the land's] value to the Government, which shall tax it according to the value so declared with the option of buying it at that price in case of necessity.' This was an astute device for obtaining honest declarations. If the landowners stated a high land value he could be taxed heavily; if he gave a low estimate he would cheat himself when it came to selling his farm. Landless peasants must receive grants from the State and government credits from rural banks.

The essence of control of industry demands that 'private industries, whether of the Chinese or of the foreign nationals, which are either of a monopolistic nature or are beyond the capacity of private individuals to develop, such as banking, railways, and navigation, shall be undertaken by the State' – but not a word about expropriation. The 'likin' would be abolished.

The State must provide remedies for unemployment, and introduce a labour code to improve the status of workers. The support of the aged, the training and education of the young, the care of the sick and disabled likewise fell within the compass of Dr. Sun's principle of 'People's livelihood.' Sun Yat-sen himself sometimes called it socialism.

Special interest was shown in the lot of the peasants and labourers. They must be drawn into the Kuomintang; they must become the backbone of the anti-militarist, anti-imperialist movement, and of the national revolution.

Borodin's programme outlined a vigorous foreign policy. Unequal treaties, foreign concessions, extra-territoriality, foreign control of customs 'should be cancelled.' Other treaties, disadvantageous to China, 'shall be revised.' Foreign loans of China would be 'guaranteed and paid' but in such a manner as shall not cause political and industrial damages to the country.

The Committee appointed by the Congress to draft this programme consisted of Wong Ching-wei, Hu Han-min, Tai Chi-tao, Lao Chun-kai, and Borodin. Hu Han-min opposed Borodin's views, Tai Chi-tao occupied a central position, but Dr. Sun supported the Russian. The programme was clearly a victory of the Left. It was based on three principles accepted by Sun Yat-sen: (1) Co-operation with Soviet Russia and the Chinese Communist Party, (2) Anti-Imperialism, and (3) A Workers' and Peasants' programme. Around this formula Borodin wrote the entire declaration.

Borodin thus grafted Bolshevik determination on Chinese indifference, and the Soviet civilian method on time-honoured Chinese military tendencies. Without Russian influence, without Moscow's doctrine of 'the party first,' Canton might well have become only another centre of militaristic activity. Canton's army victories would have been mere territorial conquests devoid of revolutionary significance. This, indeed, has been and is China's chief problem: to deprive the generals of supreme power and subject them to civilian, democratic control.

This does not mean that Borodin and his other Russian collaborators under-estimated the value of a good fighting force. On the contrary, they strove to lay foundation of an army with an ideology. One of Borodin's great services to the cause of the Chinese revolution was the organization, early in 1924, of the military training academy at Whampoa in the Canton harbour. It became the cadre of the army which later conquered half of China. Russian officers assisted in the task, and the Soviet Government advanced 3,000,000 roubles for its organization and early running expenses.

During the first year of his stay in the province of Kwantung, Borodin's energies were engaged in two directions: to prevent the northern drive on which so many leaders insisted – ('Punish Wu

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Pei-fu') – and to establish a strong government in Canton. The Kuomintang had no power even in the city. Its authority was contested first by the compradores, and then by a large army from the southern province of Yunnan, which had marched through Kwangsi and made itself at home in Kwantung. The compradores, those peculiar products of a peculiar Chinese situation, are the go-betweens for foreign firms. They act as agents and informants. Through their mouths, foreign business learns of Chinese conditions. Their livelihood and position depend on foreign traders. In Canton, they represented the British colony on the island of Hongkong. From Hongkong came their political ideas and their class sympathies. They naturally opposed the Kuomintang. In October, 1924, they rebelled against Sun Yat-sen and threatened to become a government within a government. At Borodin's suggestion a special council was set up to combat the compradores; Dr. Sun named Chiang Kai-shek, Borodin, and Wong Ching-wei among its members. An assault was arranged on the richest section of the city, the stronghold of the compradores. Artillery was brought into play. Fires broke out. Bloody street fighting proved necessary. In the end the compradore volunteers were defeated and disarmed; their leaders fled to Hongkong.

The Kuomintang undertook no repressive measures against the compradores. Instead, a conciliatory manifesto promised milder taxation to the bourgeoisie, which had heretofore feared Bolshevism in the Kuomintang. This triumph over the compradore section of the bourgeoisie proved to the other larger sections of that class that the success of the Kuomintang would not endanger their position. Yet parallel with this development, trade unions were organized among labourers, and peasant organizations sprang up which demanded land.

Dr. Sun, smitten with a fatal illness, left for Peking at the end of 1924. But the Kuomintang still maintained headquarters on Honam island. In June, 1925, however, the Cantonese forces crushed, decimated, and expelled the Yunnan army in Canton. And as the Kuomintang leaders approached the city in a barge, the Russians felt that in two years the national revolution would reach Peking.

¶ THE GREAT STRIKE

With the victory over the Yunnanese troops and the destruction of the political power of the Canton compradores, the Kwantung bourgeoisie began to look to the Kuomintang for leadership and protection. Its allies were the old nationalist leaders of the type of Hu Han-min and those Cantonese militarists whose first concern was not the revolution but their own control of the rich Kwantung province.

Against this Right *bloc* stood the Left Kuomintang or People's Socialists and the Chinese Communists who worked together within the Kuomintang to carry out the Kuomintang's programme of January, 1924. They organized trade and peasant unions and conducted vigorous revolutionary propaganda throughout the province and in the army. Those departments of the Kuomintang Party and the Canton Government which dealt with labour or rural economic problems were usually placed under the charge of Chinese Communists.

General Chiang Kai-shek, Commander of the Whampoa Military Academy, sided with the Left Kuomintang and countenanced, somewhat reluctantly, the gradual weeding-out of conservative Kuomintang leaders during 1924 and 1925.

The struggle between Right and Left had commenced. But although it was fated to split the Kuomintang and paralyse revolutionary effort for a period of years, the chasm in 1925 was neither wide nor deep enough to prevent both factions from collaboration in the same organization.

Events in 1925, especially the Hongkong strike, strengthened the revolutionary tendency. On May 30, 1925, Chinese students and other demonstrators in the Shanghai International Settlement were fired on by European police. Twelve Chinese were killed; seventeen wounded.[1] This 'bloody baptism' galvanized the forces of revolution. The shots rang through the length and breadth of the vast country. Nation-wide protest demonstrations took place and in Shanghai a tremendous general strike was called. British and Japanese goods suffered from a disastrous, watertight boycott.

[1] *Survey of International Affairs, 1925*, by C. A. Macartney and Others. London, 1928. Vol. II, page 382.

The shooting in Shanghai occurred before the capture of Canton by the Kuomintang and the expulsion of the Yunnanese mercenaries. But just eight days after this victory, when anti-British feeling ran highest, a three days' strike was proclaimed in Canton as a protest against the Shanghai incident. On the third day, a demonstration of many thousands passed the British and French concessions on the island of Shameen. The Chinese did not enter the concessions. The marchers, with very few exceptions, had gone beyond the island and had their back to it when British and French forces in Shameen poured several heavy volleys into the receding demonstration killing thirty-seven and wounding several hundred. The British officially claim that they fired in reply to a shot from the rear of the procession. The Chinese dispute the fact.

The 'Massacre of Shameen' fanned Cantonese anger to a white heat. A spontaneous strike broke out against the British colony of Hongkong. One hundred thousand workers withdrew from Hongkong to Canton, leaving the export warehouses, industries and foreign inhabitants completely without Chinese labourers and servants. Pickets prevented all British vessels or all vessels that had touched Hongkong from entering the Pearl River to come up to Canton. Hongkong, the British 'Pearl of the East,' lay moribund. British trade suffered. For sixteen whole months the vigilance of the pickets and the strikers continued without relaxations.

The Hongkong strike, says Borodin,

'was really not an economic strike. It was the quintessence of the anti-imperialist movement and the most militant expression of that movement. That it concentrated on Great Britain was not a matter of specific policy but resulted from the fact that Hongkong was its immediate object. Had it been Formosa or the Philippines it would have been directed against Japan or America. It was a political strike pure and simple.'

The strike grew out of political resentment against England. Its direct organizers were the Sailors' Union and the Chinese Communist Party (C.C.P.). But even the bourgeoisie helped. The Central Kuomintang bank in Canton made financial contributions to the picket funds. Rich Chinese in Singapore, the United

States and other foreign countries sent enormous sums, and T. V. Soong, the Kwantung Minister of Finance, paid out $15,000 silver daily for the maintenance of the strikers.

Canton, in fact all of Kwantung, Swatow, the southern part of Hunan, and at least a part of Kwangsi gravitate economically towards Hongkong. It is their point of contact with the outside world – and with foreign imperialism. 'You have no idea,' Borodin once said to me, 'to what extent Hongkong has permeated every nook and corner of South China. Hongkong is like a tremendous spider with its tentacles spread out to all parts of Kwantung, Kwangsi, etc.'

Thousands of Chinese who do business in Canton live under British protection in Hongkong. They keep their money in Hongkong – and Hongkong, Borodin explains, even maintains its own bandit organization in Canton to persuade Kwantungese to deposit their earnings in the British banks of the colony. Canton is on the Pearl River but has no port. Its quality rice, silk, fruit, etc., goes abroad through Hongkong; it imports through the same city. Kwantung and bordering provinces are the economic thralls of the little British island metropolis.

The compradores thrive in this situation, but the *petit bourgeoisie* suffers from it; its growth is hampered by it. Therefore the Canton *petit bourgeoisie* aided the anti-Hongkong strike.

Hongkong was being ruined. The fabulously rich British colony languished. Its enterprises locked their doors. Its docks lay empty. Its workers had deserted. The Hongkong proletariat was organized and class-conscious. 'They came over *en masse* to Canton,' Borodin says, 'and did wonders. Brave, disciplined fellows, they forced even their yellow leaders into the fight.'

But although Hongkong faced ruin, Canton suffered too. The first effect of the strike was to transfer much trade to Canton. The city and the province prospered. The Kuomintang treasury, empty before the boycott, bulged with wealth during the first period. Kwantung won respect for its own currency – and for its determination and might.

Soon, however, the dislocation of business began to exert its deleterious effect on Canton. Moreover, the struggle was unequal. The struggle, according to Borodin, was between the

British Empire and Canton. But the base of the anti-imperialist conflict was too narrow and the base of the imperialists too broad.

'Imperialism,' he declares, 'either had to capitulate to China – for those 100,000 strikers represented the best interests of China – or China acknowledge defeat. Since, however, defeat could not be countenanced, it became necessary to terminate the battle in this corner in order to start out with greater vigour to fight imperialism throughout China – on the wider base.'

This view of the Hongkong strike helped Borodin to decide in favour of the Northern Kuomintang Expedition to the Yangtse River. He had previously opposed it.

The Northern Expedition commenced in June, 1926. The strike continued till October 10, 1926.

¶ LEFT *v.* RIGHT

The presence of 100,000 Hongkong workers in Canton constituted a drain on the Kuomintang treasury and at the same time an influence for radicalism. Fifty thousand were sent to rural centres where they became nuclei of revolutionary propaganda. The other 50,000 remained in Canton and divided their time between picketing and regular courses in what the Russians call 'Politgramota' – political theory and revolutionary tactics.

The bourgeoisie, however, did not look with complacency on the fortification of Left Kuomintang-Communist influence in Kwantung. The Hongkong strike was two months old when Lao Chun-hai, Dr. Sun's trusted friend, chief of the Workers' and Peasants' Section of the Kuomintang Party, and Political Commissar of the Whampoa Academy, was murdered – on August 20, 1925.

'This murder,' Borodin contends, 'signified that the Cantonese generals who had helped to drive out the Yunnanese mercenaries intended to contest the victory with the Kuomintang, that the bourgeoisie and the landlords wished to contest the supremacy of the Left tendency, and that Hongkong had taken action to undermine the strike.'

All these elements lay behind this political murder, he believes, and Hu Han-min, of the reactionary Kuomintang wing, was directly implicated in it. Chiang Kai-shek, an intimate friend of Lao Chun-kai, was convinced of Hu's guilt.

Apprehension lest anti-revolutionary forces would act quickly convinced Borodin of the necessity of decisive measures. He therefore proposed that the Central Committee of the Kuomintang appoint a committee of three with dictatorial powers. Hu Han-min, the chairman of the highest Political Bureau of the party, signed the order creating the body, but he himself was left out. And shortly afterwards Canton exiled him to Moscow.

The dictatorial triumvirate consisted of Chiang Kai-shek, the commander of the Whampoa school, Wong Ching-wei, who succeeded Lao as its political commissar, and Su Sun-chi, commander of the Cantonese army, whose chief desire centred on dominating Kwantung rather than on the national revolution.

The business of the triumvirate, as Borodin conceived it, would be to defeat this Cantonese army. Su Sun-chi's rôle as one of the triumvirs disguised the manœuvre and signified that the entire Canton army would not, as yet, suffer demolition.

The triumvirate's first move was to attack Canton units lying in the town. Su Sun-chi offered counsels of peace, but he could not help himself. He knew the next move would be directed against him. At a given signal, loyal Whampoa troops took the offensive. For a day and night, Canton echoed to rifle and machine-gun firing and the explosion of grenades. Chiang Kai-shek had military equipment from the Norwegian steamer *Hav* (whose cargo, originally ordered by the Cantonese compradores and merchants volunteers, was seized by the Kuomintang), and also from Soviet sources. After a day's fighting, the 15,000 Whampoa cadets succeeded in disarming 12,000 Cantonese soldiers. Hongkong workers assisted in the task.

Thereafter, until it reached the Yangtse, the Kuomintang Party, and the Chinese Nationalist movement, operated under radical control. Indeed, at the second party congress in January, 1926, the Canton Chamber of Commerce, stronghold of the merchant middle class, submitted a long declaration which closed with the words: 'Long Live the World Revolution.'

Chinese Communists and Soviet military advisers occupied pivotal positions in the Whampoa school and in the reorganized Kuomintang army, while Left influences dominated the Government's policy.

Nevertheless, no radical reforms were introduced in South China. The Kuomintang was incapable of carrying through an agrarian revolution. That would have been tantamount to its resignation in favour of the Communists. Nor could the Kuomintang, in view of its mixed class composition, undertake the confiscation of private property.

The more radical and pro-Communist the political control in Canton became the greater became the resistance which the bourgeoisie offered to the Left programme, and the clearer it became to Borodin that Kwantung was too limited a sphere in which to carry out a national revolution.

Borodin has been accused by the Trotzky opposition in the Soviet Union of obstructing the sovietization of South China. But these Trotzkyists, he replies, who insist that Socialism cannot be built in one country – in Russia – how can they argue that Communism is possible in only one part of one country, and especially when that country, China, is more backward than Russia? Canton itself boasts only of a weak organized proletariat, and its more advanced workers, the mechanics, are the aristocrats of labour and anti-revolutionary. Moreover, says Borodin, 'no theory of revolution had developed in China as in Russia. Theory is the prime requisite of revolution. China had not a single pamphlet on the agrarian question. The character of Chinese economy was neither known nor understood.'

'We could have seized power in Canton,' Borodin thinks, 'but we could not have held it. We would have gone down in a sea of blood. We would have tried it if we had had a 25 per cent chance of existing for one year.'

The Left held control in Kwantung, but it was powerless to effect a social revolution. The Right watched jealously for an opportunity to assert itself. It tolerated radical domination as long as nothing fundamentally radical was undertaken, and meanwhile it gathered strength.

¶ BORODIN DECIDED FOR THE NORTHERN EXPEDITION

As long as Borodin felt that a social revolution would be attempted in South China he opposed the Northern Expedition. It had always been in the mind of Kuomintang leaders. Dr. Sun always wanted to 'punish Wu Pei-fu.' That appeared to him the outstanding goal. Chiang Kai-shek too had to be held in check.

Three factors ultimately combined to persuade Borodin of the wisdom of a Northern Expedition. In the first place, Wu Pei-fu made steady progress southward and commenced to threaten territory bordering on the Kuomintang's sphere of control. But this was a minor consideration; Wu might have been beaten back in a war of defence. The second influence was the obvious impossibility of defeating imperialism by such weapons as the Hongkong strike. 'The base of the anti-imperialist fight must be widened,' Borodin told his followers in Canton. Finally, Borodin felt that if they remained much longer in Kwantung, an armed struggle would ensue between the Left consisting of the radical Kuomintang and the C.C.P., and, on the other hand, the Right or bourgeosie. In that struggle, he knew, both would be defeated and only the Canton militarists would gain.

In March, 1926, the Trotzky opposition in Moscow began to demand a more revolutionary and purely Communist policy in Canton. 'An open struggle with the [Chinese] bourgeoisie, not an alliance with it,' one of its secret circulars insisted. The Stalin majority resisted this effort, but the Russian opposition was not without friends in the C.C.P., especially in the Shanghai headquarters. A Northern Expedition would prevent precipitate action.

Convinced of the necessity of a Northern Expedition of the Nationalist forces, Borodin went immediately to Peking to confer with Feng Yu-hsiang, the so-called 'Christian general.' Chiang Kai-shek had been apprised of the purpose of Borodin's trip and gave the Russian a bodyguard of six Whampoa cadets. They travelled in secret from Canton to Tientsin by boat, and incognito from Tientsin to Peking, through an area bristling with foreign armed forces.

¶ BORODIN AND FENG YU-HSIANG

Borodin had met Feng once before. Towards the end of 1924, the Russian came to Peking with Dr. Sun and Wong Ching-wei. Feng held Peking and lived in the Western Hills outside the city. Wong then wrote a letter to the general suggesting a meeting with Borodin; Dr. Sun wished Kuomintang influence brought to Feng and sent a Russian Bolshevik. But Feng wrote back that they were having rather windy weather in the hills – which was Chinese for saying that Borodin might wait.

Within a few weeks, however, Feng's position grew markedly worse. The diplomatic corps in Peking distrusted him, and he retired to Kalgan, where Borodin came to see him.

Feng held the North-West and his back was to Outer Mongolia and Soviet territory. Borodin told him that though his army was the best in China it would not stand its ground in a battle with a nationalist force. Feng was filling his men with love of God and other abstract feelings which killed nationalism. The Bible and Sun Yat-senism conflicted, Borodin preached.

Feng offered resistance. The Canton generals, he declared, robbed the people – and Borodin could make no denial; whereas he, Feng, helped the population, put up baths for his soldiers, was building a modern city at Kalgan, fought opium, and introduced reforms. He explained the 'miracle' by which he had come to believe in God, and the manner in which missionaries worked on his sentiments.

Feng was a difficult quarry. He evaded the hunter, argued deftly, talked for hours about himself, his past, his thoughts. But this was philanthropy, Borodin explained. He might, by such methods, benefit one province or one army, but all China needed salvation. That could be achieved only with a national ideal and a national programme calling for the unification of China. Feng listened. His imagination, and perhaps ambition, were stirred.

Feng and Borodin warmed to their subject. The general ordered food – at first the lean food of the Christian hermit, but as he began to think in unison with Borodin, meat and other substantial viands, which both big men enjoyed better, were served. They had spent twenty-four hours together now. They went to

bed in the same room, and then Feng summoned his generals. Borodin talked to them at length, all the time combating missionary influence and missionary ideas. Twenty more hours passed.

In the end, Feng did not join the Kuomintang, but he agreed to permit Kuomintang propagandists to enter his army and agitate for the new nationalism. Back in Canton, Borodin took special pains to train these agitators in the right spirit and to furnish them with the necessary arguments and tact. Thereafter, during 1925, officers, propagandists, and messengers went regularly from Canton to Feng's headquarters.

Early in 1926, Borodin came north once more to win Feng for the Northern Expedition. Borodin's goal was now a more definite one. He wanted Feng to declare himself in favour of the Northern Expedition, to announce himself leader of its northern section, and to join the Kuomintang. Feng must enter politics, Borodin demanded, overthrow the Peking Government of foreign puppets which he had tolerated, and establish a Kuomintang Cabinet. Then, supported by the moral forces thus released, he could hold on till the Cantonese reached Peking.

Feng hesitated; his generals opposed. They were faced with an Allied ultimatum to give up the Taku forts near Tientsin. The answer, Borodin urged, must be his identification with the Kuomintang. But Feng accepted the ultimatum on March 18 and on the same day, forty students who participated in a demonstration against the surrender were shot in the capital.

Feng now adopted a typically Chinese attitude of indecision and 'waiting till the clouds blow over.' He retired, unaccompanied, to Urga. From there he went to Moscow to sue for more military and financial assistance. He had received it from the Bolsheviks since his Peking coup in October, 1924.

¶ CHIANG KAI-SHEK'S COUPS

While Borodin was absent in the North, Chiang Kai-shek executed his famous 'coup against the Russians' in Canton, on March 20, 1926.

Chiang had watched with increasing concern the aggrandizement of power by the Left-Kuomintang-Communist *bloc*. The

Kwantung bourgeoisie was subdued, and accepted the radical leadership meekly, but it protested inwardly against the situation and bided its time in the expectation of a better day. Until the second Kuomintang congress in January, 1926, the bourgeoisie and Chiang Kai-shek tolerated their position and, without arousing the ire of the Lefts, sought to fortify it. But the undisguised near-Communist coloration of the second congress and the advancing Communization of the Canton Government made the Right somewhat panicky. If they did not act soon, if the Hongkong strike continued to weaken the Canton bourgeoisie while buttressing the control, morale, and self-confidence of the workers, if, moreover, the Northern Expedition set out under such auspices, the Right would be reduced to impotence and Chiang Kai-shek to a subordinate rôle.

Chiang was hampered by the civilian political commissar at the Whampoa Academy, who, following the Russian pattern, checked the work of the military chief. At one time, every order of the commander required the counter-signature of the commissar. Lao Chun-kai, the first Whampoa Political Commissar, was murdered in August, 1925. Chiang's coup on March 20, 1926, was designed to overthrow Wong Ching-wei, Lao's successor, who led the Left Kuomintang and championed close co-operation with the C.C.P. and the Russians.

On the day of the coup Chiang's troops surrounded the premises occupied by the Kuomintang's Russian military advisers and of the Hongkong strike committee, arrested Chinese communists, detained radical Kuomintang members, and undertook more subtle measures to ensure his control of the Government. Canton immediately proposed to Hongkong to terminate the strike.

But Chiang, whose distinguishing characteristic was not courage, apparently had been frightened by his own action and its success, and sent his secretary, Shao Li-tsi, post-haste to Peking with a humble letter begging Borodin to return south without delay.

Meanwhile, Feng had lost Tientsin and Peking, and when Borodin and his bodyguard tried to steal through from the capital to Tientsin they were shot at and forced to turn back. Borodin now hastened to Urga where he once again met Feng in sulking

retirement. The Russian then proceeded via Siberia to Vladivostok, and thence, by ship, to Canton.

The entire Kuomintang Navy – such as it was – greeted him as his vessel approached Hongkong. Chiang Kai-shek, who took part in this welcome, overflowed with apologies and explanations. He complained that the C.C.P. had gained too much control. He did not object to co-operation with Soviet Russia. But the C.C.P. attempted to dominate him and the Kuomintang. Wong Ching-wei had rejected all his proposals. The immediate cause of the coup, he affirmed, was a Communist plot to kidnap him.

Chiang was becoming a militarist like all the other Chinese tuchuns, Borodin charged. If that were indeed the case, he retorted, he would retire and go to Moscow to learn and absorb the proper spirit. What, he asked of Borodin, must he do?

'Prepare for the Northern Expedition,' Borodin replied. A slight push, he stated, would smash the North.

Before the final decision to march north was taken, however, Borodin wished to repair some of the damage done by the coup of March 20. Chiang Kai-shek, therefore, engineered a second coup on April 25, this time against the Right. Extreme reactionary Kuomintangists were arrested, exiled, or removed from positions of trust. Others, like C. C. Wu, later Chinese minister in Washington, escaped and went into temporary hiding.

Why, having made his first coup against the Russians, did Chiang Kai-shek summon back Borodin? Why was he so contrite in Borodin's presence? Because he knew he faced defeat if he would undertake to eliminate Left influence completely. He helped to make the second coup of April 25 because he wished to refrain from provoking a rupture at that moment. He was on the defensive.

But why did not Borodin, the Left Kuomintang and the C.C.P. eliminate Chiang Kai-shek? Because they were too weak. They could turn back the clock slightly in their coup of April 25. They had wide mass sympathy. But in Canton they wielded insufficient forces to overcome Chiang and the bourgeoisie which supported him. Chiang would have made his base in Hongkong and blockaded Canton. Under these circumstances, a Red regime would have held out longer than in December, 1927, but it was doomed nevertheless.

Both sides knew that the struggle between them was inevitable. But rather than engage now in blood-letting from which only the Cantonese militarists could gain, they tacitly agreed to postpone the issue until they reached the Yangtse. The resolution to commence the Northern Expedition was adopted by the Kuomintang Central Committee on May 15. At that meeting the unexpressed sentiments of each faction amounted to this: 'Gentlemen, we know we must fight one another. But we need a wider area. Let us delay the day of reckoning and meanwhile go forward to a common goal.'

Karakhan, observing in Peking, counselled against a break with Chiang in Canton. Wait till you get to Peking, his advice ran. The Left Kuomintang and C.C.P. wished to reach Shanghai, Hankow, Hunan, and the Yangtse where they would find reinforcement in the proletariat and the poorer peasantry. The Right yearned to establish contact with the rich bourgeoisie of Shanghai and with the foreign Powers which nested there.

¶ THE SOCIAL FORCES IN KWANTUNG

Five elements in South China supported the Northern Expedition:

(1) The Federalists,
(2) The militaristic armies,
(3) The bourgeoisie,
(4) The workers and peasants,
(5) The Left Kuomintang or People's Socialists.

Each of these groups had its own peculiar reason for favouring and participating in the Northern Expedition.

¶ CHINESE FEDERALISM

Potent economic, political, and geographical factors militate against Chinese unity. China is really a continent divided into countries each gravitating in a different direction and generally towards a centre ruled by a foreign Power. This condition makes for Federalism; Federalism for foreign spheres of influences. Federalism, therefore, is the root of the anti-imperialist struggle in China. There is Kwantung, Kwangsi, Fukien, Kiangsi, the

southern part of Hunan – in fact most of South China and its 80,000,000 inhabitants – dependent for an economic outlet on Hongkong and influenced therefore by British imperialist policy. Large classes of Chinese in this district find their interests identical with those of the British, and consequently oppose centripetal nationalist tendencies. 'Canton for the Cantonese' is their motto; and they draw strength from Chinese clannishness and provincialism. The absence of railway connections between South China and the Yangtse Basin naturally strengthens the economic tie between it and Hongkong, and the absence of a port at Canton makes that tie a chain.

In like manner, Yunnan gravitates towards French Indo-China. Its army is modelled after the French, its arms are mostly French. It exports its opium through Indo-China. Yet on occasions the Yunnanese look east instead of south. The rich province of Kwantung attracts them as a market for opium, and weak Kwangsi whets the appetites of their militarists. Nothing, however, fosters their interests in a national centre.

Manchuria is another separatistic group. Mukden is a Japanese city and at least in South Manchuria an inferior Chinese economy bows to superior Japanese economic pressure. Manchurian war lords may advance below the Great Wall and covet Tientsin and Peking, but no one can expect that they give more than paper allegiance to Shanghai or Nanking. Whenever the Manchurian (Fengtien) troops venture far south they are beaten, but Kuo Sung-ling's defeat and death in December, 1925, were sufficient notice that Japan would not tolerate advances into Manchuria from the south. Yet in Manchuria, as in Yunnan, two outside forces are at work; one, in the south, produces a Japanese orientation, the other, in the north, creates an economic bond with the Soviet Union.

In Central China, two groups likewise fight for power; those in control of the basin of the Yangtse and those whose strength is on the Yellow River. The master of the Yangtse provinces, in recent years Chiang Kai-shek, can expect to collect taxes in Chekiang and Anhwei and exercise some measure of control over Hupeh and Hunan. Chiang's position, therefore, is very similar to that of Sun Chuan-fang whom he defeated and succeeded as

ruler of the 'Five Provinces' of the Yangtse. His orientation is of course on Shanghai and on imperialist and economic forces concentrated there. By moving an army north into this region from Kwantung he loses hold of Kwantung. His authority is not respected in Szechuan further up the Yangtse. And when he seeks to move on Peking, Japanese influence in Shantung as well as the fear of rear and flank attacks from other Chinese federalists act as retarding influences.

The Yellow River Basin, especially Shensi and Honan, and sometimes the Moslem province of Kansu, in recent years the hunting ground of Feng Yu-hsiang, hates and resents the domination of Shanghai. It has developed its own bourgeoisie, which wants freedom from the super-bourgeoisie of Shanghai. And the peasantry in Feng's domain entertains the usual antipathy to the great city on the sea. It wants its own outlet to the sea through Shantung where, however, it comes into conflict with Japan and with the Shanghai group of provinces. Or it tries to move down to the Yangtse, where it comes into conflict with British elements on the river and with the Nanking-Shanghai Chinese faction. Or it may extend its authority in the direction of Peking. Here, unless it reaches an agreement with the ruler of Shansi, in recent years Yen Shi-shan the 'peace lord,' its rear and flank become exposed, but if, by means of an accord with Shansi, it captures Peking and Tientsin, it arouses the jealousy of the Manchurians and the suspicion of the foreign Powers. Wherever it can find air and revenue it also finds imperialist lines of defence. These either take it into tow and bend it to their will or they destroy it. The same happens with a federalist group when it occupies the Yangtse provinces, with a Kwantung tuchun who remains in Canton, and with a Mukden war lord who holds Manchuria or seeks to possess himself of Peking.

This Chinese federalism is the basis of the division of China into foreign spheres of influence. The entrenchment of the several Powers in the treaty ports creates a prejudice in favour of disunity and a class of Chinese compradores whose livelihood depends on the unequal treaties. Each treaty port, or colony in the case of Hongkong, holds under its economic, and frequently political hegemony, a tremendous *hinterland*. And even when the ports or

colonies belong to the same Power their territories compete with one another, fight with one another, and refuse to unite.

For this grave reason, the Russians in China, and with them the Kuomintang until its split, insisted that the country could not be united until treaty ports, unequal treaties and extra-territoriality were abolished.

Such a measure has another compelling reason too often left out of account: unusual privileges on the Chinese seaboard make the interior an economic vacuum. China to-day is not an open country. But the cancellation of extra-territoriality and the abolition of the treaty ports would release the entire country to foreign capital and foreign exploitation and do away with the concentration on the sea-coast which encourages federalism and makes for disunity. American policy to-day tends in this direction, but Great Britain and Japan continue to oppose any radical change in the present situation.

Foreign influence and local conditions create a perfect hearth for civil war. Centrifugal energies check centripetal forces, and centripetal momentum is overcome by centrifugal inertia thus making for perpetual fighting.

Powers interested in certain spheres of influence in China must oppose Chinese unity and adopt policies conducive to federalism. A nation like the United States, which has no well-defined sphere of influence in China and disposes of excess capital to invest in the natural wealth of the interior, or a country like the Soviet Union, which has no sphere of influence in China and wants none, can afford to advocate Chinese unity, the abolition of unequal treaties, and the suppression of militarism, the tuchuns, federalists, etc. But Japan and England must oppose unification.

The federalists in Kwantung favoured the Northern Expedition even though its aim was Chinese unification because they desired the Kuomintang to get out of their province. They were sceptical about the success of the Northern Expedition, but apart from that, they felt the financial burden of supporting a government which pretended to represent the nation and which involved them in a bitter struggle with England. Li Tin-sin, the chief tuchun of Canton, was therefore one of the most active organizers of the Northern Expedition. He knew that the moment the Kuo-

mintang forces moved he would be free to rule and he knew that they could not control him from the Yangtse. Those very people who shouted loudest 'Kwantung for the Kwantungese' gave loans and soldiers to the Kuomintang Army, for they remembered that Dr. Sun had always opposed Canton autonomy.

A mixed, incomplete, Cantonese Government in Canton was more revolutionary in Canton than elsewhere. Tang Yen-kai in Canton, for instance, countenanced the organizations of peasant unions, but in his own province of Hunan he suppressed them. Contrariwise, Cantonese in Hankow showed little concern over rural revolts in Hunan, but Tang Shen-chi did. He was Hunanese. The Cantonese federalists accordingly tried to remove these revolutionaries-away-from-home as soon as possible.

¶ EMIGRANT ARMIES

The Cantonese viewed the Northern Expedition with favour because it would also rid them of emigrant armies. Throughout China, but particularly in the lower half, military tuchuns defeated at home made a practice of seeking refuge in Kwantung. The province is extremely rich, and has plenty of food. The militarists, moreover, though miles removed from revolution and Kuomintang, nevertheless harboured a deep respect for Sun Yat-sen. As soon as they reached the borders of Kwantung, these armed exiles would hoist the Kuomintang and announce that they had come not, God forbid, to live off the fat of the land, but to aid the Doctor in achieving his goal. By joining the Northern Expedition they would get nearer home or even reconquer their home. At any rate, they would obtain arms and an occupation.

¶ THE NATIONAL BOURGEOISIE

'Japan and Great Britain,' the Russians now say, 'must oppose any force, be it communism, nationalism, or American imperialism, which aspires to unite China. Their influence is threatened by each. But so long as British, Japanese, and American interests clash, and until the last can crush the others, the United States, acting through the Chinese national bourgeoisie, must fail to achieve Chinese unification.' Japan and England will use every weapon at their command – marauding generals, or federalist

tuchuns, or diplomatic pressure, or, if the danger becomes acute, an anti-American war to prevent the fortification of American influence in China. For this reason, the Bolsheviks submit, the Americanization or Kemmerarization of China is impossible, and without America, Chiang Kai-shek or his successor, remains nothing more than an incident in Chinese social development. Alone, the embryonic Chinese bourgeoisie is too weak to unite China, and the moment it coalesces with the only imperialism – American – whose interest demand unification, it antagonizes America's two great imperialist rivals.

The French Revolution, and the Turkish Nationalist Revolution of 1920, were opposed to feudalism and foreign coalitions and could, therefore, produce their Napoleon and Kemal Pasha. But Chiang can neither disociate himself from his land-owning supporters nor defy all foreign Powers. Without them, he is impotent. With them, he becomes a tool. In theory and intention, the potential unifier of China, Chiang or Nanking, is actually a parallel to Sun Chuang-fang projected into a more advanced stage of the Chinese revolution.

The Chinese nationalist bourgeoisie is concentrated in Shanghai, Hankow, and a few other large cities. It is economically weak. It cannot develop the resources of China alone, but it has graduated from the compradore stage and wishes to invest its own capital in business enterprises outside the limits of the treaty ports. Unlike the *petit bourgeoisie* of most cities, the land owned by the Shanghai bourgeoisie, or by the national bourgeoisie of lesser metropoles, does not necessarily lie immediately outside the city. Its interests cover a wider territory. Because it wishes to extend its influence and economic power to further provinces, it supports a strong central government which can establish order, protect ways of communication, abolish the likin, and collect customs. But since this bourgeoisie with national ambitions is too poor to invest heavily in the exploitation of the country's tremendous wealth, it favours co-operation with imperialistic countries that will not encourage federalism, provincial tuchuns, regional economy, and regional governments. The only country with such a policy is the United States.

In Canton, the national bourgeoisie hailed the Northern

Expedition as its salvation. By moving towards the Yangtse it would come into contact with Shanghai, the great bourgeois centre, and receive reinforcements. At the same time it would be prosecuting the task of evolving a nationalist and bourgeois China.

The bourgeoisie, as yet, is too weak to unite China by destroying the positions of the federalists and of those foreign Powers which support the federalists. On the other hand, it is too full of life and too conscious of its historic mission to accept passively the division of China. China's tragedy is that she can neither be united nor remain peacefully disunited.

The national bourgeoisie, impelled by a half-conscious, half-unconscious urge, supported the Northern Kuomintang Expedition, and the Shanghai and Hankow bourgeoisie sent some of its best sons to participate. But it contributed little money.

¶ THE LEFT KUOMINTANG

The Left Kuomintang is not merely Eugene Chen, Wong Ching-wei, and Mrs. Sun Yat-sen. They and their colleagues represent the large *petit bourgeois* class of local traders, small manufacturers, rich artisans, etc. This group is caught between two fires: if the national bourgeoisie triumphs, the department store and organized modern industry will ruin it; if the workers, peasants and sovietism win, their power will be wiped out.

The Left Kuomintang tolerated Communism, but never accepted it. Intellectually such people as Eugene Chen saw that the future in China smiled on Communism. He had no objection if the next generation went Bolshevik. But many other Left Kuomintangists, tied to Shanghai by a thousand bonds of blood and business, could not whole-heartedly enter the Red ranks.

This *petit bourgeois* group went to Hankow with the Northern Expedition because it hoped the workers and peasants would help them to power without yearning for it themselves. But when peasant uprisings began in Hunan, and when Hubei workers prepared for uprisings, they realized their error and, with some notable exceptions, reverted sharply to a more conservative stand.

The Left Kuomintang feared the big bourgeoisie more than the Communists. It believed that China was not ready for socialism

and that the Chinese would reject the Soviet system. Sovietism would be a violent rejection of the Chinese past, whereas the bourgeoisie with the help of foreign Powers, could easily set up a government. The Left Kuomintang aligned itself with the force whose prospects of complete success were, in its opinion, weakest. For this reason, it welcomed the increase of the workers' and peasants' factor in the nationalist revolution, regarding it as the best bar to the Shanghai bourgeoisie's victory. Yet one must not leave out of account the intellectual bias of the Left Kuomintang's leaders for radicalism and their boundless anti-imperialism which made them the bitter enemies of a bourgeoisie that compromised with foreign influence.

¶ THE PROLETARIAT

There are, roughly, 50,000,000 workers in China, the great majority of them artisans, coolies, and unqualified labourers who live in the interior where it is difficult to organize or propagandize them. The industrial proletariat numbers between one and a half and two and a half million. But in the textile factories most of the employees are women and children who are bound by backward traditions and customs, and generally make poor revolutionary material.

Nevertheless, beginning with 1923, the Bolsheviks in China and the C.C.P. registered considerable progress in labour organization. Communist nuclei, trade unions and peasant unions multiplied throughout the provinces where the Kuomintang held sway.

The C.C.P. took its instructions in larger matters of policy from Comintern headquarters in Moscow. A meeting of the presidium of the Communist International Executive Committee on November 28, 1923, adopted a resolution in favour of C.C.P. cooperation with the Kuomintang, and of nationalization of land, reduction of land taxes, nationalization of foreign firms, industries, and banks, and of railways and waterways.

Three years later, on November 30, 1926, Stalin discussed the 'Prospects of Revolution in China' at a session of the Chinese Commission of the Comintern and there defended against the Trotzky Opposition the thesis of continued collaboration within the Kuo-

mintang. 'The exit of Chinese Communists from the Kuomintang,' he said, 'would be the gravest error.' He likewise denied the wisdom of organizing peasant soviets as governmental organs to dispute the rule of the Kuomintang Government. The C.C.P., he submitted, must work through the apparatus of the new state and form a bridge between that apparatus and the peasant masses with a view to helping the peasantry satisfy its demands either by the confiscation of landed estates, or by the reduction of taxes and rent.

Neither Stalin nor Borodin desired a break with the Kuomintang or any measures calculated to provoke a break. 'The purpose of the Northern Expedition,' Borodin states, 'was not, in my mind, the establishment of a proletarian State, but the creation of conditions which would give an impetus to the mass movement.' Moscow advocated a *bloc* between the workers, the peasants, the *petit bourgeoisie* and the bourgeoisie to prosecute the purposes of the national democratic revolution in China and to conduct the Northern Expedition.

¶ PLANS FOR THE NORTHERN EXPEDITION

As a preparation for the Northern Expedition, Borodin made a deep study of the Taiping Rebellion in 1850–65. The Taipings, he found, fell into the costly error of attacking the Manchus, the imperialists, and the rising bourgeoisie at the same time. Borodin believed that if Canton directed its offensive against Shanghai it would be guilty of a similar mistake. It would antagonize the imperialists, the northern militarists and the bourgeoisie, and suffer defeat. His plan accordingly was to keep away from the east, from Shanghai, Pukow, Shantung, and Tientsin, where they would come into conflict with Japan and England. He did not want to be smashed on the Yangtse. He wanted to reach the Hankow proletariat while preventing the national bourgeoisie in the expedition from uniting with its allies in Shanghai. This decision was based on an over-estimation of the comfort Hankow would offer and an under-estimation of the difficulties to be met there. Nevertheless, it appeared the best of all alternatives, or rather the only alternative acceptable to the Left Kuomintang-C.C.P. *bloc*.

Within this political scheme, the Russian military advisers outlined the details of the offensive into the north. The chief of the Russian war experts was General Galen, otherwise known as Blücher, who had fought in the Soviet civil war on several fronts and was later commander of the Red forces in the Ukraine. With Galen were about fifteen Russian officers who assisted in the drafting of the plan of campaign and the commanding of the army. One hundred thousand troops participated in the Northern Expedition. This army was divided into ten corps, and a Russian held a responsible post in each corps.

Although Chiang Kai-shek acted as commander-in-chief of the Expedition, the plan of campaign was drafted without his intimate participation. His approval followed automatically.

No more than 20,000 men fought directly under Chiang. Borodin weighed the advisability of displacing him before the inception of the expedition, but then the next choice would be a Canton militarist. Moreover, such a step would have been the signal for that battle between the Right and Left which Borodin sought to avoid as long as possible. In Chiang's two corps, Communist influence was extremely strong. Whampoa was really a breeding place for radicals as well as for officers. Chiang might have been ejected, but therewith the break-up of the Northern Expedition would have become inevitable.

The army commanded by Chiang was the national Kuomintang Army built up around the Whampoa Academy. The remaining 80,000 represented re-organized and re-trained troops of the tuchuns of Kwantung, Yunnan, Kwangsi, Hunan, and other provinces who joined the Expedition.

The Kuomintang Army left Kwantung for the Northern Expedition with very little ammunition. On the average, each soldier was supplied with no more than 75 to 100 rounds.

¶ FIGHTING BATTLES WITH PROPAGANDA

The Northern Expedition, however, paid as much attention to its posters as to its rifles. A political department numbering thousands accompanied the army. Originally organized in January, 1924, to train political workers for the army, it became, during the Expedition, a powerful weapon for the organization of

the masses on a radical basis. Dan Yen-da, Wong Ching-wei's successor as Political Commissar of Whampoa, directed this huge propaganda apparatus and infused it with revolutionary ideas. He himself belonged to the Left and was sympathetic to the agrarian revolution, although he wavered when direct action was involved. His aids were Chinese and Russian Communists and Left Kuomintangists. A section of the department marched with each army corps, teaching and preaching. Every company, in fact, had its own agitation squad.

The moment the army occupied a new rural or urban centre, the political department organized the civil population. The capture of a village meant the immediate establishment of a peasant union. In the cities, trade unions sprang up and Kuomintang members enrolled in thousands.

Military advance presented no difficulties in a region where the masses met the invader with ringing welcomes and offered their sons to swell the ranks.

A giant printing-press moved forward with the Expedition printing proclamations, posters, and newspapers. 'The Northern Expedition,' says Borodin, 'was not an ordinary military campaign.' It fought with political weapons after the manner of the Bolsheviks.

In every military and political aspect, the Northern Expedition showed the dominating influence of Soviet citizens and Soviet ideas.

¶ THE BREAK

The Northern Expedition met with little opposition. On July 13 Changsa in Hunan was taken; early in September the twin cities of Hankow and Hanyang fell, and the siege commenced of Wuchang where the Kuomintang troops led by Chang Fa-kwei displayed remarkable heroism scaling mediæval walls and fighting well-entrenched defenders. The fortress held out for a month and then, cut off from the world, hungry, its morale undermined by propaganda within, it too succumbed. Therewith the Kuomintang banner was planted firmly on the Yangtse.

At the same time, another section of the expedition engaged and defeated Sun Chuang-fang's army in the Nanchang district.

On November 5 the Cantonese took Kiukiang. Therewith the Kuomintang had asserted itself throughout South China. But now began those internal difficulties which the experienced observer foresaw before the start of the Expedition.

Borodin remained in Canton till October and then, when the battle grew hot in Hubei province, he moved slowly northward, accompanied by Left Kuomintang leaders, making speeches and organizing unions *en route*.

It had been agreed in Canton that the seat of the new Government would be Hankow. But Chiang Kai-shek felt that he would be in the minority there and far from his social base in Shanghai. He accordingly remained in Nanchang, while Borodin, Eugene Chen, Minister of Foreign Affairs, T. V. Soong, Minister of Finance, Su Chen, Minister of Justice, Mrs. Sun Yat-sen and others proceeded to Hankow.

At that time 65,000 troops were located in the Hankow area. Chiang had 35,000 within his jurisdiction. The Government's army was more reliable, better trained, and more revolutionary.

At Nanchang, Chiang Kai-shek felt the warm, comforting breezes from the bourgeois centre of Shanghai and from its International Settlement. But the Left met disappointment in Hankow. They had gone there to seek support in the industrial proletariat. After tremendous exertions, they reached the goal only to find that it had disappeared. Hankow was an illusion. The capitalists closed down the factories; the bankers suspended operations; the shipping companies withdrew their vessels. Why did not the Kuomintang seize the factories? Because it had no raw materials. Even the supplies for the arsenal at Hanyang were obtained by smuggling or at exorbitant prices. Before the end of its lease of life in Hankow, the Government had to cope with famine and dire distress. The river, which could have been a stream of life, was converted into a death-ditch by the presence in it of innumerable foreign gunboats. To the outside world, Hankow boasted that 'this junkyard won't scare us.' Yet when armoured cruisers lay at anchor 200 metres from Eugene Chen's Foreign Office and from Borodin's headquarters, Hankow's position was far from enviable. Those guns could have bombarded the city. But the Powers were satisfied to see Hankow wither under the effects of their blockade.

They were content with stopping Hankow's rice and coal. They saved their shells for a crisis that never arrived.

Other difficulties aggravated the situation. Generals from up the river at Szechuan threatened to attack. Feng hung over them – an unknown quantity. Chiang Kai-shek had revolted against the party. And Chang So-lin, with a powerful army which he had trained for four years for the supreme struggle with Southern nationalism, was heading towards the Yangtse.

Hankow might have surmounted all these difficulties and proceeded on to Peking. For, despite the dissension, it defeated Chang So-lin. It could have kept Feng in order and forced him to obey. Economic problems would have been solved by a further advance northward and especially eastward. But the internal split interfered.

On January 3 the Kuomintang leaders in Hankow received a telegram from Chiang Kai-shek in Nanchang which demanded that the Central Committee of the party meet in Nanchang, in Chiang's G.H.Q. President Tan Yen-kai, members of the highest Political Bureau and of the Central Committee, the message continued, had stopped in Nanchang on their way up from Canton. Chiang kept them there. He wanted the Hankow leaders to come too, and to submit to the power he exercised in his own camp.

Hankow refused, and returned a decisive 'No.' Acceptance would have shifted the popular base of the Kuomintang from the Yangtse peasantry to the Shanghai bourgeoisie.

Twelve days later Chiang came to Hankow. The rupture was not yet so sharp as to make it dangerous to his person to appear among his opponents. Moreover, he wished to achieve by persuasion what he knew he could not attain by force. But success was so unlikely that he virtually escaped from the city.

During January and February, the Hankow Government conducted an intensive propaganda campaign against Chiang Kai-shek. He was branded as a military dictator who had usurped civilian power. He offended against the great precept of 'the party ueber alles.' He was only another tuchun. He served as the weapon of the imperialists and of the hated Shanghai bourgeoisie. And at the end of this period, the Central Committee, two-thirds of whose members were in Hankow, met in Hankow on March 10

and, in effect, anathematized Chiang. Therewith, the break became complete, official, and, even in Chinese conditions, difficult to heal. Nevertheless, open enmity was not proclaimed. Only in April, after Chiang had given a free hand to the long-sworded executioners who walked through the streets of Shanghai beheading workers and Communists in broad daylight, did Hankow issue an order for the generalissimo's arrest. President Tan Yen-kai, who had come over from Nanchang, wrote and signed the order himself.

Meanwhile, Great Britain, Japan, and other countries continued to pour unprecedentedly large forces into Shanghai, and a large international fleet including aeroplane carriers and numerous cruisers concentrated in nearby waters for the declared purpose of defending the International Settlement. During the same period – February and March, 1927 – the Cantonese force under Chiang Kai-shek pressed northward, and, operating on the basis of military plans drafted by Russians but executed without their help, took Nanking on March 24. Then occurred that famous bombardment at Nanking in which one or two foreigners were killed and which aroused so much diplomatic excitement and provoked the sending of so much additional foreign armament to China. Chiang Kai-shek officially expressed his regrets, attempted to negotiate a truce or an alliance with his chief military enemy, Sun Chuan-fang,[1] and permitted the massacre of trade-union leaders and radical Chinese in Shanghai. He proposed, in this manner, to placate the Powers.

While Northern anti-Kuomintang troops commenced to fill Shanghai in thousands, the workers, though poorly organized for such purposes, actually possessed themselves of the Chinese sections of the city. Nevertheless, they were powerless against the battalions of Chiang Kai-shek, who soon obtained *de facto* control of the great metropolis and, to reinforce that control, closed workers' organizations, suppressed strikes, and proscribed Communist activity.

In Peking, likewise, reaction reared its head high. Chang So-lin had proclaimed a crusade against Communists – which to him

[1] *Chronology of Events in China. 1911–17.* With a Foreword by Sir Frederick Whyte. London, 1927. Page 35.

covered a multitude of sins and particularly all his enemies. One of his measures doubtless conceived to gladden the hearts of native and foreign anti-Soviet elements, was the arrest and incarceration under unusually gruesome conditions of Mrs. Borodin and a number of other Russians from the Soviet steamer *Pamiat Lenina*.[1] Another move of the same character, for the same purpose, and probably under the same inspiration, was his raid of the Soviet Embassy in Peking on April 6.

¶ HANKOW'S ALTERNATIVE

Meanwhile Chang's son, Chang Sueh-lyan, pushed south towards Hankow with a powerful, excellently equipped and foreign trained army.

Hankow faced a difficult choice. It had now acquired a reputation for 'redness' which seemed to offer numerous generals, among them Feng Yu-hsiang, a pretext for hostility. But the victorious army of the Left Kuomintang still remained intact, and the big arsenal continued to pour out valuable munitions. Despite all economic hardships and internal bickering, the Left leaders in Hankow felt confident that they could defeat their enemies in turn. In what turn? That constituted the chief problem.

Should they first destroy Chiang Kai-shek? Or should they stop Chang So-lin? Chiang Kai-shek had only a small army. He still faced Northern militarist opposition. In the territory he held, strikes and workers' antagonism prevented stabilization. In fact, his position in March and April was almost wholly untenable. People in his immediate entourage expected his downfall daily. Chiang's own wife supplied Hankow with information, and the generalissimo himself contemplated suicide. Hankow therefore decided to march against Chang So-lin.

But this is the outer shell of the problem. The world thought Hankow 'Communist.' But the Left Kuomintang ruled, and the Left Kuomintang was neither Bolshevik nor Socialist, and the generals who shared their condominium in Hankow certainly opposed everything Communist. All hostility and personal accounts notwithstanding, and despite the actual break, some ties with Chiang Kai-shek remained intact. He represented the

[1] *In the Dungeons of the Chinese Satraps*, by F. S. Borodina. Moscow, 1928.

national bourgeoisie; they the *petit bourgeoisie*. Chang So-lin, on the other hand, was the great feudal lord from a distant province. The Left Kuomintang had expected that Hankow would give them power. Instead they found that peasant uprisings and workers' revolts threatened on all sides. Some of them therefore wavered. Perhaps, if they first annihilated the Manchurian force which seemed to constitute an immediate physical menace, they could come to terms with Chiang Kai-shek. As victors, they would dictate better conditions of peace. Much divided Hankow from Nanking. But something drew them together. Consciously or unconsciously, this motive weighed heavily when Hankow made its decision to give battle first to the Manchurian Army in Honan. The plan was to defeat Chang So-lin, then turn right towards Nanking while permitting Feng to come out of the desert and occupy Peking. Feng would be Hankow's new ally.

The decisive struggle took place near Chumatien, 125 miles north-west of Hankow. Those observers who imagined Chinese warfare a series of friendly picnics in which the participants paid more attention to their umbrellas than to their guns, received a rude and enlightening shock. The affray lasted three days. Hankow lost 14,000 men. Its army fought heroically, taking tanks with rifles. In the end, Chang So-lin suffered defeat and retreated rapidly northward. But Hankow left the flower of its army, most of them Communists, on the field of battle. A victorious army was forced to retire to its base around Hankow.

Now Feng, however, instead of emerging from his famine-stricken provinces to take up the pursuit of Chang's army in the direction of Peking, occupied Loyang, highly strategic from a political and military standpoint, established contact with Nanking, and immediately began to play Chang Kai-shek against Hankow. Feng thus become the arbiter of the situation on the Yangtse. His victory, as usual, was not of his own doing. He merely benefited from Hankow's very serious error.

¶ FENG DICTATES

Exhausted by the blood-letting of the battle with Chang So-lin, weakened by economic troubles and the hostility of its own provincial generals, Hankow was in no position to clip Feng's

wings. On the contrary, he expected that it do his bidding. But the exact relationship between Feng and Hankow remained unclear. He wanted Hankow. He wished to treat with Nanking. The Right elements in Hankow, on the other hand, may have seen in him a natural ally against the Communists and other Left influences at home, while both Right and Left wished to have him as an ally against Chang Kai-shek and Chang So-lin.

The situation required clarification. Feng, after all, was a member of the Kuomintang. He had received material aid from Moscow, and during the Northern Expedition the Kuomintang Treasury made regular money transmissions to him. Then, however, his power was limited to the poor districts of Inner Mongolia. Now he had become a decisive force. Would there be an alliance between Feng and Hankow, or a war? And if an alliance, with which Hankow would he conclude it – with the red, pink, or black Hankow?

To settle some of these questions, a conference convened on Feng's territory, in Chengchow. Thither came Chang Fa-kwei, the commander of the Kuomintang 'Iron Army' which had taken Wuchang, Tang Shen-chi of the Hunan army, and a host of minor generals. Politicians too put in their appearance: Su Chen, Hankow's Minister of Justice and leader of the Left Kuomintang, Sun Fo, a son of Sun Yat-sen, Tan Yen-kai, the President of the Hankow Government, Wong Ching-wei, and others. General Galen was there too. Feng arrived last so that all the dignitaries might do him the honour of meeting him at the railway station. Borodin remained away, sick with fever and nursing a broken arm. Borodin, however, might have proceeded to Chengchow a few days later. But the Left Kuomintang objected; they feared that he would dominate the gathering and prevent them from winning Feng's support for a more moderate anti-mass policy. For the same reason, they forced Galen into the background of the conference.

The generals at the conference registered unanimity on one question: that the workers' and peasants' movement must be stemmed. The Northern Expedition had accomplished just what Borodin and Moscow expected of it – it opened wide the door to mass agitation, it galvanized mass disaffection, it led to peasants'

organizations and increased trade-union activity. In January, the population of Hankow took the British concession, and at the same time, the Chinese of Kiukiang occupied the British concession of that town. The peasants were becoming dangerously active. They had seized the premises of officers at the Front; they arrested or even killed recruiting agents sent from the front; they cut off women's hair; they organized militant unions. In the armies too the soldiers began to assert themselves. Being predominantly peasant, the rank and file sympathized with the confiscation of land and the reduction of land rent. They sympathized with the Changsa peasant revolt in Hunan. But the military clique was feudal. The army officers were landlords or sons of landlords. They demanded that this peasant movement be stopped. They demanded that the workers be checked. Otherwise tuchunism, military control, and conservative policies would be doomed.

With this Feng Yu-hsiang agreed. His 'Bolshevism' ran as deep as his 'Christianity' of a former day. He, but specially his generals, disliked all those 'Red Spear' movements that had sprung up in his own territory. The peasants were pushing up too rapidly and had begun to threaten the inviolable paradise of the generals.

Whatever the outward circumstances which made the Chengchow conference necessary, its real *raison d'être* was the danger of a rising mass movement. Under this sign, the Hankow generals could unite with Feng.

The Left Kuomintang leaders had proceeded to Chengchow to persuade Feng of the necessity of pursuing Chang So-lin and of beating Chiang Kai-shek. They told him of conditions in Hankow: no money, no arms, unemployment, generals displeased, peasants disaffected. They complained of the mass movement. Then of what good to Feng could Hankow be? He wanted funds and munitions from it. But it had none to give.

The civilian Kuomintang leaders at Chengchow did not share the generals' view that the radical movement had to be suppressed, immediately and mercilessly. They stood in the middle of the road. They wished to win Feng as a balance against the Hankow military and then, with him, pursue a milder strategy than the Chinese Communists proposed.

The conference told Hankow's generals and Hankow's politi-

cians that Feng would not co-operate with them against Chiang Kai-shek. If it suited his purposes he might march on Peking. But Peking in his hands would not mean a Kuomintang victory or even a Hankow victory.

Hankow, in other words, had nothing to give Feng. Feng would give nothing to Hankow, except his moral disapproval of the workers' and peasants' movement. The conference adjourned amid hilarious protestations of union which masked dismal failure. It left Feng in his pivotal position of Yangtse arbiter with the whip over Hankow, but otherwise its military and political achievements were nil.

A week after the conference dispersed, Feng held a similar meeting with Chiang Kai-shek at Suchow. He was playing Hankow against Chiang, and Chiang against Hankow. Such tactics gave him authority without fighting – to Feng always the highest desideratum.

¶ THE TROTZKY OPPOSITION

Meanwhile, sharp differences of opinion had developed in Moscow on the correct revolutionary strategy to be pursued in China. The writer several times discussed the question with Karl Radek at the time, and subsequently published his notes on these conversations.[1] The Trotzky Opposition, to which Radek adhered especially as far as Chinese politics was concerned, demanded an out-and-out Communist policy in Hankow. The Stalin majority argued that to adopt a purely Bolshevik policy for China would be to fight Hankow, to throw over the Kuomintang, and to destroy the only element capable of defeating Chiang Kai-shek. 'Hankow is a fiction,' the Opposition replied. 'Organize Soviets in its territory,' they urged, 'even if those Soviets defy the Hankow Central Government. Raise a Red Army. Arm the Workers.' To the Trotzky Opposition, Hankow, though the seat of the Left Kuomintang, signified nothing more than the stronghold of reactionary generals. The Lefts were tolerated, but real power lay in the hands of the Hunan military and of Feng Yu-hsiang. 'Undermine Hankow' therefore became their slogan. They entertained little hope of immediate success, but Trotzky, Zinoviev,

[1] New York *Nation*, November 30, 1927.

Radek, and their comrades were convinced that the next wave of the Chinese revolution would be exclusively proletarian and peasant in character. The preparations, they believed, ought to commence immediately.

The Opposition's analysis of the Chinese situation contained many elements of deep wisdom. But its programme was all right only on paper and in Moscow, not in South China.

In Hankow 10,000 workers might have been armed. Against these, the generals controlled 75,000 troops. After splitting with Chiang, to split with the Left Kuomintang would have meant ruin. The Russians in Hankow considered the advisability of distributing arms among the proletariat so as to make it an independent support of a radical policy. But the Hanyang arsenal, the second largest in China, was held by Tang Shen-chi with a force of three army corps. Various generals claimed the arsenal's monthly output of 6,000 rifles and quarrelled about its distribution. To organize a Red Army would have meant to antagonize the generals, and to equip it would have been impossible. Hankow was cut off from Shanghai, while Feng separated it from Mongolia, the only other possible source of munitions.

Moreover, Borodin considered Hankow a part-way station in Peking. To provoke a war with the generals, who were extremely suspicious of radical measures, would have meant to end the Northern Expedition on the Yangtse, while the Left Kuomintang still hoped to destroy Chang So-lin and Chiang Kai-shek. To organize Soviets would have meant to provoke a rupture with the Left Kuomintang or *petit bourgeoisie*, but in April, 1927, when the Opposition raised its slogan of 'Soviets for China' the possibilities of collaboration with the Left Kuomintang had not yet been completely exhausted. Borodin's chief concern was to prolong the mass movement's lease of life. If he could succeed, soviets would come of themselves. In June, 1927, they would have been premature.

Borodin did the only thing possible under the circumstances; he increased the Communist nucleus of Chang Fa-kwei's 'Iron Army.' Borodin wished to make it the bulwark of the Left policy in Hankow and a balance against the military strength of the independent generals who had declared their allegiance to the

Kuomintang in Canton and participated in the Northern Expedition, but whose fundamental aims were anti-Kuomintang, federalistic, and anti-proletarian.

The Hankow generals opposed Chiang Kai-shek because he was their territorial rival. The Left Kuomintang sought Chiang's scalp for another reason. Similarity of goal kept them together; divergence of essential purpose produced friction between them. The tuchun-generals appreciated the propelling abilities of nationalism. It inspired troops, enthused armies, and conquered provinces with little loss of ammunition or men. But when these same principles assumed a different mould and began to express themselves in peasant disaffection, peasant aggression against landowners, and a demand for soldiers' rights in the armies, the generals preferred a *bloc* with Feng.

This struggle proceeded within the frame of economic privation, imperialist antagonism, and Nanking hostility.

Such circumstances, the Russians in Hankow held, did not warrant the adoption of Trotzkyist proposals for a sharp turn to the left. A Communist coup, they contended, would weld together all the forces ideologically and actually opposed to radical reforms. It would have required fighting against large, well-armed, and strategically placed armies now united in a practical coalition with the Left Kuomintang. Not even the whole Left Kuomintang could be expected to support an attempt at the enthronement of Sovietism. Borodin therefore resisted the suggestions of the Trotzky Opposition.

But the Trotzky Opposition, though numerically weak in the Russian Communist Party, was not without influence in Moscow and in the headquarters of the Communist Party of China. In Chinese affairs, Radek enjoyed the advantages of tremendous knowledge and special concentration.

¶ BORODIN'S DEPARTURE FROM CHINA

Nationalism had carried the Kuomintang banner victoriously from the banks of the Pearl River to the banks of the Yangtse. There, however, it became entangled in militaristic intrigue and mass unrest.

Foreign hostility and Chinese politics held the Expedition fast on the Yangtse. But Borodin, far from despairing, felt that the situation was pregnant with several possibilities promising success. He felt so till the very end of his stay in China.

There were three alternatives. (1) To overthrow Tang Shen-chi and the reactionary Hankow generals by a *coup d'état*. From the military point of view the undertaking was not impossible, but it required long preparations and great expense. Feng could be neutralized in various ways. He probably would not have marched south to aid Tang Shen-chi. But even if he had chosen to act in this un-Fengesque style, he would represent no serious danger to Borodin's larger ends, for differences of opinion would have arisen between Feng and Tang, and numerous contributory circumstances would have made for a political situation in which the mass movement – the Communist chief concern – might flourish. But Galen had no enthusiasm for the task. Moreover, the Left Kuomintang, faced with a Communist coup, would have listed very sharply towards the generals. A coup would just mean a rupture with both Tang Shen-chi and Wong Ching-wei, and Borodin's plan consisted in holding on to both or, at worst, to break only with the generals.

(2) The second alternative followed this same idea of maintaining temporarily the *bloc* with both Hankow forces. Tang Shen-chi and Chang Fa-kwei, whose army was partly Left Kuomintang and largely Communist, were to march on Nanking. That they could defeat Chiang Kai-shek was not subject to the slightest doubt. Chiang himself subsequently admitted that his fate hung on a hair.

The Russians in Hankow entertained no illusions as to what would happen once Nanking had been taken. A wild conflict would ensue. The generals would try to loot in Shanghai, fight for customs control, and curry favour with the bourgeoisie and the imperialists. But whereas Chiang Kai-shek had come home when he took Nanking and its territory, Tang Shen-chi would be considered an intruder. Forces would rise up to demolish him. Thus two reactionary elements – Chiang and Tang – would be weakened, and the mass movement would be correspondingly strengthened. Simultaneously, the workers' and peasants' urge in the Hankow region would be relieved from crushing pressure.

(3) The third alternative contemplated a return to Canton together with the entire Left Kuomintang or the more radical section of it, and there, in Kwantung, recommence the revolutionary struggle. Dan Yen-da, Mrs. Sun Yat-sen, Eugene Chen, and many less prominent though equally important Left Kuomintang leaders would certainly have joined Borodin and the C.C.P. in returning to Canton. But Wong Ching-wei too would have had no better choice. At the Chengchow conference, Wong was ready to combine with Feng against the C.C.P. He wished, however, to remain on friendly terms with Soviet Russia and to retain the services of Borodin. But when it had become manifest that Feng would not ally with the Left Kuomintang, Wong somewhat modified his policy and moved towards closer collaboration with Borodin and the C.C.P. He could not work with Tang Shen-chi and the other Hankow militarists. This being the case, and if the C.C.P. and the extreme wing of the Left Kuomintang went to Canton, Wong would have stood practically alone. Together with the C.C.P., he could play a rôle at Hankow and compete for control of the mass movement. Against its will, he could neither aspire to control nor check that movement, nor present himself to the generals as a real power. If, therefore, Borodin had decided on the Canton alternative, Wong and with him the solid centre of the Left Kuomintang could only have joined – or fled from Hankow and politics. In fact, Wong left Hankow, and with T. V. Soong, Chang Fa-kwei and Li Chai-sum, formed a government at Canton in November, 1927. But against the C.C.P. and without them, he could not remain, and accordingly sailed to Germany in December.

In June, 1927, accordingly, the Russians in Hankow and their Chinese friends decided to march on Nanking with Tang Shen-chi and Chang Fa-kwei. At the same time, they kept in mind the third alternative, and Chang Fa-kwei's troops were actually so placed that they could easily have moved south to Canton. Everybody concerned in this on-to-Nanking venture preferred its success to the necessity of turning their backs on the Yangtse and Kwantung. But the Bolsheviks in Hankow did not regard the prospect of a new stay in Canton as disastrous or permanently injurious to their cause.

Chang Fa-kwei's 'Iron Army' therefore advanced eastward in the direction of Nanchang-Nanking, while the troops of Tang Shen-chi followed close behind.

Until this time, Borodin's control over events had neither been relaxed nor diminished. Feng Yu-hsiang and Chiang Kai-shek had demanded that he leave China, but their wishes and their statements in this regard had very little to do with his final departure. He left the country largely because ultra-Lefts from Russia, acting under the inspiration of the Trotzky Opposition and in collaboration with Chinese Communists, took the situation out of his hands. He felt disavowed not by Hankow but by Moscow, and therefore relinquished his duties. Otherwise, no desire of Feng's or Chiang's could have prevented him from going to Canton or from fighting against Nanking.

Early in 1927 Borodin went to the mountain resort of Kuling. He desired to recuperate and to be near Nanchang, the centre of Chang Fa-kwei's forces. At Kuling Borodin was the object of much Shanghai-newspaper and Chinese curiosity. What were his plans? Nobody thought of him as a leader about to quit and no one treated him as such. He was still 'the great Bao Ti-sing,' his prestige with the masses undiminished, his faith in ultimate victory unshattered. But in the third week of July he returned suddenly to Hankow and on the 20th he retired from political activity.

Thereafter in Hankow he lived in T. V. Soong's house. Every day Chinese leaders urged him to reverse his decision. On the 25th a meeting took place in Borodin's apartment where Left Kuomintang statesmen attempted for hours to persuade him to stay. On the 27th they accompanied him to the railway station at Hankow and again begged him to remain. Were they sincere? Doubtless. For without Borodin, that is, without the spirit of revolution and its highest Chinese expression – the C.C.P. – the Left Kuomintang was doomed to extinction. It actually became a nonentity shortly after Borodin's departure. It cannot play any rôle in Chinese affairs while cut off from all that Borodin stood for and all that Borodin was. To-day its leaders are either in exile or inactive or they have compromised with reaction. They may have had an unconscious premonition of their inevitable fate when they tried to dissuade Borodin from leaving. Or they

may have seen clearly how hopeless Chinese revolution must become without the support of the ideological representatives of the only great anti-imperialist and socialist nation.

Borodin, however, refused to be swayed. Several ways were open to him. He chose the route through Feng Yu-hsiang's territory because he had no fear of Feng. The adventure of that memorable trip through the Gobi Desert to Mongolia has been dramatically detailed by Anna Louise Strong.[1]

¶ THE BLOODY AFTERMATH

On August 1, a few days after Borodin's departure for Moscow, a Communist revolt broke out in the 'Iron Army' at Nanchang. Its spiritual leaders were ultra-Lefts from Moscow; its immediate organizers Chinese Communists. Borodin would have opposed such a development. The insurrection was directed against Chang Fa-kwei, and its instigators arrested that general a day before its outbreak, but on the morrow they put him at liberty and thus enabled him to organize opposition against the Communists. Fifteen thousand troops went with the C.C.P.; 10,000 with Chang Fa-kwei.

The directors of the coup now discarded both Borodin's alternatives: they did not proceed to Nanking. That had become impossible. They did not turn towards Canton where they might have mobilized some mass support. No military opposition could have prevented them from reaching that goal. Indeed, they defeated all the generals sent from Kwantung to retard their progress. Yet instead of marching on Canton, they directed their steps to Swatow right into the mouths of the imperialists. The coup antagonized Chang Fa-kwei and alienated Wong Ching-wei. It split the Left Kuomintang, or more correctly, it dispersed the Left Kuomintang – some, Mrs. Sun Yat-sen and Eugene Chen, going to Moscow, others to Paris, others into the camp of Chiang Kai-shek. This may have been what the ultra-Lefts desired. It was exactly what Borodin wished to avoid.

This change of direction marked the end of the Kuomintang phase of the Chinese revolution. Thereafter, the rôles were divided between Chiang Kai-shek, Feng Yu-hsiang, and other

[1] *China's Millions*, by Anna Louise Strong. New York, 1928.

provincial generals who made their peace with England, Japan, and America, or attempted to do so. The Kuomintang Party became subservient to a group of generals.

In the south, the Communist remnants of Chang Fa-kwei's army erred about achieving indifferent military success, but never establishing a real social base. Finally, in December, 1927, the ultra-Lefts responsible for the Nanchang coup precipitated a Communist coup in the city of Canton. Ill-prepared and poorly thought out, the attempt proved abortive and ended in the slaughter of some 2,000 Communists.

To be sure, the mass movement of workers and peasants did not die with the culmination of the adventure which opened on the Yangtse when the Communist struck against Chang Fa-kwei. It continued to grow in extent despite all repressions, and to-day plays at least a passive part in Chinese affairs. The Russians place great hopes in its potentialities, and believe that when the next wave of Chinese revolution breaks it will assume proletarian and Communist forms.

¶ MOSCOW'S RÔLE

When the ultra-Lefts from Moscow tried to force the tempo of the Chinese revolution, to break the Communist *bloc* with the bourgeoisie, and to establish Bolshevism, failure, and massacre overtook them. A revolution operates on natural laws. No person or party can create a situation which makes revolution possible. Michael Borodin and General Galen were the servants of the Chinese revolution, not its masters. Moscow may aid, encourage and stimulate revolutionary movements, but only deep economic, political and social conditions, however, can produce them. A palace *coup d'état* may be the work of a group of ambitious individuals. The Bolsheviks do not care what persons rule, but what class rules. And no class can be raised into power by the whim of an individual or the intrigues of a clique, and least of all by assassination or bribery.

The ultra-Left diversion against Chang Fa-kwei and the Left Kuomintang could not be successful because the mass movement was not yet ripe and strong enough to seize power. A dozen Borodins and fifty times more Russian money could not have

guaranteed its triumph. Because objective circumstances make revolutions.

Borodin and his friends in Moscow had, on analysis, come to the conclusion that China was ready for a nationalist democratic anti-imperialist revolution, but for nothing more. They helped that revolution. But Borodin would not go further to the left, since at the time conditions did not warrant greater radicalism. Stalin discussed this very point in a long article in the Moscow *Izvestia* of July 28, 1927, and drawing a parallel between the China of that day with the Russia of 1917, showed how Lenin had vehemently opposed the slogan of 'all power to the Soviets' in April, 1917, only to become its firmest advocate in September, 1917. Time is a decisive factor in revolutionary analyses. The Bolsheviks did not wish to stimulate artificially the pace of the Chinese revolution no more than they will abet revolutionary attempts in countries whose internal state does not demand them and make them inevitable. Revolution is not an article of export or import. It develops when it has struck deep roots in national soil.

CHAPTER XXIV

THE BRITISH RUPTURE WITH RUSSIA

Diplomatic relations between Great Britain and the Soviet Union came within a hair of complete rupture in the summer of 1926. At that time, Lord Balfour threw the tremendous weight of his influence and wisdom against such a move. Chamberlain too, felt that a break with Moscow would militate against British political interests on the continent and release the Bolsheviks from any restraint they might have exercised in China in order to keep intact their relations with Downing Street. There was one question, furthermore, which the advocates of a rupture could not answer: What will be its benefits?

The person most active in urging a rupture of English diplomatic relations with Moscow was Commander Oliver Locker-Lampson, M.P. He advocated the measure in Parliament and in the press. But being a man of action and having fought with Denikin in the Russian Civil War, he attached little importance to the mere severance of diplomatic relations. This was only a stepping-stone to a greater goal – a war against the Bolsheviks. His collaborators were Sir Henri Deterding, the President of the Royal Dutch-Shell Oil Company, and the German General von Hoffmann of Brest Litovsk fame.

Deterding bought oil from the Bolsheviks from 1922 to 1926, and again in 1929. But between 1926 and 1929, Soviet oil was to him 'stolen' oil, and his magazines and newspapers conducted a virulent campaign against it and the Bolshevik regime. He used the Association of British Creditors as a weapon in this fight, and suspicion made him the financer and instigator of the Menshevik insurrection in Soviet Georgia in the fall of 1924. If he did not shrink from such action during MacDonald's term of office, the anti-Soviet bias of the Baldwin-Chamberlain Cabinet must certainly have encouraged him to redouble his machinations against Moscow.

Georgians in some way linked up with Deterding were charged in Germany with counterfeiting Soviet currency to finance anti-

Bolshevik measures. General Hoffmann saw in Bolshevism 'a danger to the orderly development of Europe,' his wife wrote à propos of their trial.[1] He tried repeatedly to win English and French political personalities for his scheme of uprooting the Soviet regime. In 1925, his wife states, he discussed it with Deterding in The Hague. In the summer of 1926, Deterding invited him to London where the general laid his plans for military intervention against the Bolsheviks before Commander Locker-Lampson. He wished, Mrs. Hoffmann writes, to interview Austen Chamberlain, but the Foreign Minister probably denied him the opportunity. Nevertheless, Hoffmann was asked, by whom his wife does not disclose, to prepare a memorandum on his plan for the British Foreign Office. He proposed to exploit the ambitions of the Ukrainian *emigrés* to separate Soviet Ukraine from the Soviet Federation and in Paris *en route* to London he conferred with their leaders. 'In these Paris conversations,' Frau Hoffmann declares, 'General Hoffmann told the Ukrainians very frankly that he could co-operate with them only if he won Britain's interest for the whole problem.'

Several months later, Locker-Lampson again asked Hoffmann to London, but the general was growing old, and he despaired of success.

The Locker-Lampson-Hoffmann-Deterding intrigue grew in the hospitable soil of Die-Hard Russian policy and was part and parcel of the parallel British tendency to break with the Bolsheviks. It may safely be affirmed that early in 1927 even the more moderate Conservative wing had been convinced of the inevitability of a rupture. Differences of opinion remained only with respect to the expediency, the opportune moment, and the immediate provocation. In January, 1927, the Chinese seized the English concessions at Hankow and Kiukiang, and the prospect offered little but further radical and anti-British moves. The argument that diplomatic relations with Russia might check revolutionary developments in China therewith lost its cogency. The disastrous decline of British trade with China and the unimpeded success of the Northern Expedition threatened further to undermine British influence in the Orient. It was time to act.

[1] Berlin *Vossische Zeitung*, February 2, 1929.

Chamberlain wished first to prepare the ground in Europe. He may still have entertained some lingering doubts, but if world events and the Die-Hards forced him to precipitate action, he wanted to be ready.

¶ PREPARATIONS FOR THE RUPTURE

The initial preliminary took the form of an official note dated February 23, 1927, sent to Mr. Rosengolz by Sir Austen Chamberlain.[1] The relations between the two governments, it said, 'continue notoriously to be of an unsatisfactory nature.' Despite repeated Soviet pledges to refrain from propaganda, it alleged, the Bolshevik leaders continued to defame, attack and offend the British Empire. The document proceeded to cite proof. Commissar of War Voroshilov was guilty of anti-British declarations. 'Comrade Voroshilov,' Appendix No. 2 quoted a Soviet Press report, 'drew then a picture of the secret negotiations of English imperialism egging on the small States, its faithful hirelings, against the Soviet Union.' Bukharin had indulged in a frank statement of Communist hopes in China, in India, and with respect to the British miners.

'During the great English strike,' the note cited, 'during the great Chinese revolution, our [Bolshevik] party – we can and dare assert this – has shown itself in the forefront. And we here declare that if history shall produce still greater tasks we will throw all our forces into the scale of world revolution and will fight to a victorious finish.'

Chamberlain resented especially a 'mendacious cartoon' of himself in the official *Izvestia* and the same paper's reproductions of numerous revolutionary utterances.

Therefore Chamberlain threatened 'that a continuence of such acts as are here complained of' must sooner or later result in the abrogation of the Trade Agreement 'and even the severance of ordinary diplomatic relations.' This serious threat would not have

[1] British Blue Book. *Russia No.* 3 (1927). *A Selection of Papers dealing with the Relations between His Majesty's Government and the Soviet Government, 1921–7.* London, 1927. Cmd. 2895. Pages 45 *et seq.*

been made if the British Government had not been prepared, in February, 1927, to effect a rupture immediately.

Maxim Litvinov, Assistant Commissar of Foreign Affairs, had his reply ready only three days later.[1] Its essence was contained in one sentence:

'It is impossible, really,' it read, 'to regard as anti-British propaganda an analysis and estimate of the foreign policy of the British Government and of its relation to the Soviet Union, or reasonings based on general principles on the part of [Bolshevik] party workers on the inevitability of the world revolution, on the significance of the national revolutionary movement in the East, much less still the idea expressed by the People's Commissary of Health [to which the British note had taken objection. – L. F.] respecting the significance of physical culture from the point of view of the revolutionary labour movement. . . .'

Litvinov likewise declared that the non-propaganda pledge did not limit the freedom of the Bolsheviks to speak of England and English policy in their own press and meetings in any manner they pleased.

Then Litvinov matched every Chamberlain complaint with one of his own: As against the 'special displeasure of the British Government' with Bolshevik charges respecting 'the anti-Soviet direction of British policy in third countries,' there were the 'obsessions' and constant British references 'to the fancied ubiquity and all-powerfulness of the so-called "Soviet agents" who are represented as to blame for each and every difficulty of the British Empire in pretty well every corner of the globe.' As against accusations of anti-British attacks by leading Bolsheviks, Litvinov quoted the wild onslaughts of Churchill, Birkenhead, Amery, Joynson-Hicks, and others. At least, Litvinov remarked, the British diplomatic representatives in Russia were spared, whereas the Soviet diplomats in London were subjected 'to insults and defamations' by the English Conservative Press. Highly offensive utterances against the Soviet Union, Moscow added, resounded even in the British Parliament.

But Litvinov fell into the error of believing that the Chamber-

[1] *Ibid.*, pages 64 *et seq.*

lain note was intended to persuade him of the sins of his Government. Downing Street did not start out to prove that the non-propaganda pledges of the Soviet Government had been violated. It wished to impress the world with the revolutionary nature of the Soviet Government and with the fact that Moscow supported revolutionary movements. This Litvinov could not and did not wish to deny. He even confirmed the impression. Chamberlain had accomplished his object. His note was addressed to the Commissariat of Foreign Affairs; actually it was for the consumption of European and American politicians.

Litvinov had preferred firmness to mellowness. He met each British argument sharply. He hinted that the Baldwin Cabinet had been lifted into power by the forged 'Zinoviev' letter. He declared that threats to break off relations 'cannot intimidate anyone at all in the Soviet Union.' But if the British Government believes, he continued, that a rupture will benefit the British people or advance the cause of world peace, then 'it, of course, will act accordingly, taking upon itself the full responsibility for the consequences arising therefrom.'

This constituted an open challenge to Chamberlain to carry out his threat of the break. Moscow did not believe he would dare. He did not – at the moment. Chamberlain wished to see what effect his note had produced on Europe, and how matters would develop in China.

¶ A 'RING AROUND RUSSIA'

Within a fortnight after the delivery of his note, Chamberlain attended a League of Nations meeting in Geneva. Before he left, Lord Birkenhead gave him a characteristic send-off. Speaking at Liverpool on February 26, he described the Soviet Government as 'a junta of swollen frogs,'[1] and referred to Russia as 'a place where there was no law, where murders were weekly and daily ordained by a subterranean and revolutionary committee.' Whatever may be said of Soviet statements about England, they dealt seriously with politics and broad problems, and did not sink to Birkenhead's market-women level.

[1] Official Report. Parliamentary Debates. House of Commons, March 3, 1927. Page 534.

Then Chamberlain went to the March session of the League Council. If Chamberlain tried, as the world press said he did, to forge a ring around Russia,[1] he failed to win Germany. Berlin still remained loyal to its policy of friendly relations with Russia, and without Germany no 'ring around Russia' was complete. Nevertheless, the British Foreign Secretary might have reported on his return to London that France, under Poincaré, would negotiate no debt agreement or political *rapprochement* with the Bolsheviks, and that Europe generally would accept with equanimity and, in some quarters, with satisfaction, a severance of England's diplomatic relations with Moscow. If soundings were made in America, and doubtless they were, British diplomats easily convinced themselves of Washington's consistent hostility to the Soviet Government. The United States, indeed, showed a decided understanding at the time for British difficulties in China.

¶ ON THE EVE

Three factors now contributed to fix the date of the break. On April 6 the Peking police raided the Soviet Embassy and found documents respecting Soviet revolutionary activity in China. This material supplied welcome arguments to the Die-Hards and Conservatives, and the apparent success of the search may have suggested a similar measure in more-civilized London. Immediately, rumours of a raid on the Soviet Embassy in London began to circulate, and the writer knows that Soviet officials in England were warned by friendly British business men.

Between May 4 and 27 the International Economic Conference, held under the auspices of the League of Nations, met in Geneva. The Soviet Union, which, through the mediation of Paul Scheffer of the *Berliner Tageblatt*, had satisfactorily settled its dispute with Switzerland arising out of the assassination, on Swiss soil, of Vorovsky, the Soviet envoy, sent a delegation headed by Ossinsky and Sokolnikov. These men established working contacts with the American delegation, and generally made so good an impression that rumours of large credits to the Bolsheviks began to multiply. Such a development, if of sufficient magnitude,

[1] New York *Nation*, March 23, 1927. Article 'A New Ring Around Russia,' by Louis Fischer.

might have been used to defeat the Die-Hard policy of a break with Russia. The Die-Hards accordingly began to object vehemently to further delay.

During the early months of 1927 negotiations proceeded between the Midland Bank in London and Soviet financiers with a view to a large credit. The arrangement was concluded several days before the Arcos Raid, but no final agreement had yet been signed. In the House of Commons on May 26, Sir E. Turton, to whom all speakers deferred for information on the question, stated that 'The arrangement between the Midland Bank and the Russian Trade Delegation contemplated orders being given in this country for machinery and plant by Soviet trading organizations up to the amount of ten million pounds sterling.' This stimulus to Anglo-Soviet commerce would have stimulated greater opposition to a rupture.

These happenings made the month of May, 1927, a fitting season for the Anglo-Soviet rupture. It was necessary to anticipate and prevent a favourable change in the Soviets' foreign political and economic position. In China, moreover, the split between Hankow and Chiang Kai-shek and the generalissimo's alignment with the Shanghai pro-British bourgeoisie indicated that the revolution would be checked and moderated by inner conflicts. The absence of diplomatic relations with Moscow therefore represented less danger to the British position in China.

The Baldwin Cabinet, however, decided not to raid the Soviet Embassy in London. The order was given to raid the Soviet Trade Delegation and Arcos.

¶ THE ARCOS RAID

The facts of the Arcos Raid are clear, and accounts of it in the press of the several British parties, in the Russian papers, and in a Labour publication based on sworn evidence and official documents[1] differ in no important particulars.

On May 12, 1927, at 4.20 p.m., a large force of police and plain-clothes men entered the building of Arcos and the Soviet

[1] *Raid on Arcos Ltd. and the Trade Delegation of the U.S.S.R. Facts and Documents.* Published by the Anglo-Russian Parliamentary Committee. London. May, 1927.

Trade Delegation at 49 Moorgate, London, and proceeded to search the premises and employés. An hour later, in response to persistent requests, they produced their warrant.

The police took possession of the telephone exchange, all exits and corridors, and detained the employés until late in the evening. They remained in supreme control of the building throughout the 12th, 13th, and until the 16th. Pneumatic drill machinery was brought to the premises to pry open strong rooms and steel boxes. The documents were examined on the spot with enviable thoroughness and deliberation, and without haste. This search proceeded in the absence of Arcos and the Trade Delegation officials, and no list of the documents found or taken away was made in their presence. Among the women subjected to personal search were two possessing diplomatic passports which entitled them to immunity: the wife of M. Rosengolz, Soviet Chargé-d'Affaires, and the wife of M. Shannin, the Financial Attaché of the Soviet Embassy.

The next day, the Soviet Embassy handed in an official note of protest. It stressed the illegality of the raid of the Soviet Trade Delegation. Arcos is a British company operating under British laws. Its stockholders are Soviet citizens. In the six years of its existence it had made purchases amounting to 100,000,000 pounds sterling and was the main channel for Anglo-Soviet trade. Nevertheless, Scotland Yard was under no obligation to consider the interests of British business when its authority was a warrant issued under instructions from Sir W. Joynson-Hicks, the Home Secretary. But the raid on the Soviet Trade Delegation presented another aspect. The Chairman of the Trade Delegation, Mr. Khinchuk, enjoyed immunity and diplomatic privileges by the terms of the Anglo-Russian Trade Agreement of March 16, 1921. Article V of that paper stipulated that the official trade agents 'shall personally enjoy . . . immunity from arrest and search.' In reply to a question in the House of Commons, on June 23, 1926, Mr. Locker-Lampson (not to be confused with Commander Locker-Lampson) had stated that 'the Chairman of the Soviet Trade Delegation appointed under the terms of the Anglo-Russian Trade Agreement of 1921 is the only commercial agent of the Soviet Government who enjoys diplomatic immunity in this

country.' 'Diplomatic immunity,' in the interpretation of experts on international law, applied not only to his pockets but, what is important to such an official, to his papers, offices, and home. Moreover, he was 'allowed to send and receive sealed bags,' and to communicate with his government by telegraph and wireless in *cypher*.[1] His status, accordingly, resembled that of an ambassador or minister.

Scotland Yard's agents, led by Sir Wyndham Childs, spent most of their time breaking into Mr. Khinchuk's safe and strong rooms and in examining the documents it contained. They opened envelopes on his desk which contained sealed diplomatic mail he had not read, and in the absence of any Soviet official they studied the contents of those communications which, by international law, were immune.

But the British Government permitted no legal matters to interfere with the raid. Scotland Yard was given plenty of time – four days at least, and the detectives took away documents to peruse at their leisure.

¶ THE FRUITS OF THE SEARCH

Nevertheless, the search was barren of serious results. It disclosed nothing that had not been known before, and failed to produce the highly important War Office document the rumoured theft of which served as excuse for the raid. The official White Paper containing the documents found in the raid was thin evidence indeed, and led to no arrests or charges for illegal or subversive activities by Russian or British subjects.[2] 'There is nothing to prove,' said the *Manchester Guardian* on May 25, 'that the [Trade] Delegation has done anything which a British Communist might not legally do nor anything worse than the things of which the British Government have before complained.' The published documents were the personal correspondence of Arcos and Trade Delegation employés dealing with Communist Party activity. Similar material could be discovered in the private files of any

[1] Article V. of the Trade Agreement.

[2] British White Paper. *Russia No. 2 (1927). Documents Illustrating the Hostile Activities of the Soviet Government and the Third International against Great Britain.* London, 1927. Cmd. 2874.

BORODIN AND CHINESE LEADERS
From right to left, Eugene Chen, T. V. Soong, Wong Ching-wei, and Borodin

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active Communist anywhere in the world. It is data that probably went through the British mails or could have been forwarded through that medium without contravening the law. Some of the correspondence dealt with job-finding for unemployed British Communists – not on British vessels or in the British war fleet, but on Soviet merchant ships. Part of the paper treasure referred to Communist activities in connection with the 'Minority Movement' in the Labour ranks of England – activities known, public, and of too limited effect to seriously trouble MacDonald, much less Chamberlain.

Despite the sensational title of the official White Paper, there is nothing in the Arcos or Trade Delegation documents which it prints to prove hostile activity by the Soviet Government or even by the Communist International against the British Government or British Empire. Scotland Yard probably handled tons of letters in the offices it searched, and if this White Paper was the most incriminating dossier it could present to the public, its findings must have been very poor. To conceal the flimsiness of its evidence, the Government, in fact, included in the White Paper several documents not found in the raid, but obtained in a manner which Sir Austen Chamberlain, on being questioned in Parliament, refused to reveal. As Ramsay MacDonald said in the London *Daily Express* of May 25, 'The Arcos Raid was pathetic – a tragic-comic melodrama, and official approval of such a thing shows merely weakness.' In the House of Commons on May 26, Clynes, the leader of the Opposition, characterized the raid as 'obviously a failure,' and the White Paper 'a bright, diverting, comic publication.' The Labour and Liberal Press shared this view, and even the Conservative *Daily Express* aired unorthodox views on the subject.

¶ THE RUPTURE

On May 24 Premier Baldwin laid the Arcos, Trade Delegation, and other documents before the House of Commons, and stated that on this basis, and unless Parliament objected, the British Government would 'terminate the Trade Agreement [of March 16, 1921], require the withdrawal of the Trade Delegation from London and recall the British Mission from Moscow.'

Two days later, Parliament debated the subject. Chamberlain rose to justify the rupture. Lloyd George delivered the best speech in opposition. The Ex-Premier was in fine form and extremely conscious of the seriousness of the situation.

'I think the Foreign Secretary has had his hands forced in regard to this breach of relations,' he said. 'In my judgment, I do not think the Foreign Secretary came to the conclusion before the Home Secretary acted that the time had arrived to have a rupture with the Soviet Union. . . . I do not think the time was well chosen. . . . I have listened to the Foreign Secretary with great care. He did not point out a single advantage that would be gained to this country by a rupture.'

The reason why Chamberlain could point out no benefits of a break was perhaps anticipated by the *Daily Express* on May 25. 'The break with her [Russia],' this Conservative organ suggested, 'benefits nobody. It is one of those events in history that put back the clock for the nations concerned.' Then why the break? Mr. Lloyd George hinted with no excess delicacy that Chamberlain had been forced by the Die-Hards to adopt his present position. 'It may be simply,' the *Manchester Guardian* of May 25 commented editorially, 'that the Government have once more surrendered to the continuing pressure of their own Die-Hards.' Baldwin and Chamberlain, the newspaper intimated, could not disavow Sir W. Joynson-Hicks. It is even said, on very good British authority, that Chamberlain nearly resigned after the Arcos raid out of protest against Joynson-Hicks' action. He had resisted Die-Hard pressure for many months during 1926. 'In his heart,' as the *Guardian* suggested, Chamberlain 'still disapproves.' Thist may explain the weakness of his arguments for the break.

In the debate on May 26 Lloyd George also examined the official reasons for the rupture. 'What is the first charge brought by the Prime Minister in his document?' he asked. 'It is espionage for the purpose of obtaining information about our Army and Navy. Are we not doing that?' he demanded of a House which listened with astonishment as a former Prime Minister, who knew well the ways of British Cabinets, revealed the inner processes of British government.

'If the War Office and Admiralty and the Air Force,' he continued, 'are not obtaining by every means every information about what is being done in other countries, they are neglecting the security of this country. . . . As for employing agents to stir up trouble, that is not a new experience of Governments to bring pressure on others,'

and he presented instances in British history when such tactics had been adopted.

Arthur Ponsonby, the virtual chief of the British Foreign Office under MacDonald, confirmed everything Lloyd George said, only in less polished language. 'We must really face the facts,' he urged, 'when we are getting on our high moral horse, that forgery, theft, lying, bribery, and corruption exist in every Foreign Office and every Chancellory of the world.' Murmurs passed through the House. The diplomatic gallery leaned forward. Ponsonby continued: 'I say that according to the recognized moral code our representatives abroad would be neglectful in their duty if they were not finding out secrets from the archives of those countries.' To prove the charge, he asserted that 'I have during my career seen a document which was taken from the archives of a foreign country.'

All this was said by Lloyd George and Ponsonby on the assumption that Joynson-Hicks had not erred when he asserted that the highly secret War Office document 'had left Arcos some days at all events before the search took place.' He adduced no proof, however.

But the fact that the British Government engaged in spying, it was pointed out in Parliament, was obvious from the fact that it had in its possession and printed in the White Paper Soviet documents found neither in Arcos nor in the raided Peking Soviet Embassy.

The availability of these secret Soviet papers rather confirmed the *Manchester Guardian's* contention that 'all states habitually use their diplomatic immunity to commit thefts of this kind [the reference is to the alleged purloining of the War Office document. – L. F.], and we probably have as many secret Russian documents as they have of ours.'

If nations wished to make espionage the cause of the severance of diplomatic relations, such relations would be altogether impossible. Every State of even third rank, not to speak of big Powers, maintains spies in every other important country, and neither Great Britain nor the Soviet Union is an exception to this rule. It is not quite clear why the British Government went to the trouble of the Arcos raid before it broke off relations with Moscow. It weakened its case. In America and Germany, people laughed at Hicks' clumsy and unsuccessful effort. By basing its policy of rupture on the Arcos raid, the British Government removed its real grievances from the limelight. Yet it had enough real grievances to build up a powerful case.

In China, the Bolsheviks were in effect if not by direct intention damaging British interests and threatening British imperialism. Even if the Soviet Government was not involved, Russian Communists gave support to the British miners in the hope that immediately or ultimately this action would do harm to the British capitalist state. When a bourgeois nation's life interests are endangered by the activities or very existence of a proletarian regime, it matters little whether legal, formal ground exists for complaint and hostility. The Die-Hards, being the most consistent and conscious representatives of capitalism in Britain, know that the Soviet Union is a threat and a menace even if it refrains meticulously from propaganda, espionage, and subversive measures. Every Communist still believes in World Revolution and hopes England will be one of the first countries to succumb. The Soviet Government, ruled by considerations of expediency and by the necessity of maintaining outwardly friendly relations with capitalist governments, may refrain from offensive tactics, but that the sympathy of its leaders is on the side of revolution cannot be gainsaid, nor do the Bolsheviks ever endeavour to conceal the fact – though they need not any longer shout it from the house tops.

Undoubtedly, capitalist government would be justified in boycotting and ostracizing the Soviet Union. It is an anomaly that relations exist between Moscow and bourgeois capitals. They exist because capitalist states are divided among themselves, and, more significantly, because the outside world cannot get along without Russia nor neglect her. She is a potent, realistic force to be

reckoned with in practical politics. She is there. To keep her beyond the pale may be fine principle, but poor policy.

On May 26 Sir Austen Chamberlain informed the Soviet Government that diplomatic relations were severed. But in the same note, the Foreign Secretary stated that Arcos might remain to conduct legitimate business operations. Other Soviet commercial institutions, like the Naphtha Syndicate, likewise remained and continued to function for years after the rupture. What, then, was the sense of the rupture? To placate irate British firms and to facilitate Russian trade, Joynson-Hicks, the extremist enemy of Soviet Russia, declared publicly that since *de jure* recognition of the Union had not been withdrawn, Soviet imports into Great Britain would not be subject to confiscation. The rupture, accordingly, was really a half-way measure. It tried not to ruin trade possibilities, but it did, and the record shows that it achieved little else that brought any benefit to England. The absence of relations continued so long because of inertia and because old men regard the reversal of a mistaken action injurious to their prestige.

The capitalist world is faced with two alternatives in respect to the Soviet Union: either it rises up to destroy it, or it becomes reconciled to its existence and makes the best of it. But Russia cannot be ignored. The British Conservatives fell into the error of thinking that their blow against Red Moscow would crush it. Or they failed to realize how barren a negative policy must be.

CHAPTER XXV

THE AFTER-EFFECTS OF THE BREAK WITH ENGLAND

§ 1. ENGLAND

The history of Soviet relations with the Western world is a chain of reversals relieved by little triumphs and temporary victories. But no set-back was as serious and far-reaching as the rupture of Anglo-Soviet relations. British *de jure* recognition of Moscow had encouraged a series of similar moves by other Governments. Britain's severance of relations with Russia likewise served other Powers as an example. In many fields, and especially with respect to Russia, London sets the diplomatic pace, and although the United States now begins to dispute Downing Street's rôle as leader in international politics, Great Britain was able in 1927, by passive example and active persuasion, to bring about a very marked and, for the Bolsheviks, highly regrettable worsening of their international position.

At least one concrete after-effect of the break in England was direct and undeniable. Negotiations had taken place throughout 1927 between the Midland Bank and Soviet representatives for a large credit to facilitate Russian purchases of British textile machinery. The pourparlers, opened on British initiative, were conducted by Allan Smith and, subsequently, Reginald MacKenna on the one hand, and Boyev and Khinchuk on the other. In May they reached a successful conclusion, and an arrangement providing for a one-year 10,000,000 pound sterling credit to the Soviet Government was confirmed in a letter of Boyev dated May 9, 1927, and of MacKenna dated May 11. But two days later Arcos and the Soviet Trade Delegation were raided, and immediately the credit agreement suffered practical cancellation, although well-informed persons stated privately at different times during the following years that the Bolsheviks might avail themselves of its benefits if they wished.

Trade with England became insecure and expensive for the Bolsheviks after the Arcos incident. No guarantee existed that

similar raids would not be undertaken, that Soviet commercial secrets would not be intercepted, and that Russian business men would enjoy relatively unhindered entrance and egress. Credit and financing naturally became more costly, and the discounting of Russian bills sometimes absorbed unbelievably high sums. For purely practical considerations, therefore, the Soviet Government felt justified in transferring most of its normally British purchases to other countries, while political resentment and diplomatic hostility scarcely tended to encourage trade exchanges. As a result, Russian imports from England fell very appreciably, although English imports from Russia continued at a higher level. *Vis-à-vis* the Soviet Union, therefore, the break brought Great Britain a larger passive trade balance. It constituted a blow to British exporters and manufacturers at a time when the British economic world, conscious of Britain's losses in overseas trade, strained every nerve to stimulate sales to foreign nations. The break, as Sir Herbert Samuel stated in a speech quoted in *The Times* of November 19, 1928, was a 'measure more extreme than the occasion demanded, and one which has caused injury to some of the most important branches of our national trade.'

Big concerns, to be sure, continued to trade with the Soviet Government, and the Co-operative Wholesale Society between 1927 and 1929 advanced millions of pounds to Siberian butter and dairying co-operatives. British imports of Caucasian oil increased above the pre-rupture level despite Deterding's 'stolen' oil agitation. Nevertheless the general turnover suffered. Between October 1, 1926, and June 30, 1927, Soviet orders placed in Great Britain averaged 1,665,951 pounds sterling per month. From June 1 to September 1 they averaged only 338,080 pounds sterling. In August, 1927, orders fell to 249,838 pounds sterling, and in September to 256,800 pounds sterling. G. L. Piatakov, the Chairman of the Soviet State Bank, told the British Industrial Delegation on April 5, 1929, that the value of goods purchased by his Government in Great Britain fell from 20,500,000 pounds sterling in 1925–6 to 14,100,000 pounds sterling in 1926–7, to 5,800,000 pounds sterling in 1927–8. The reason, he said, was the rupture of diplomatic relations 'which has simply meant that our country has more and

more turned to other countries than Great Britain to satisfy the needs of our import programme.'

¶ SOVIET AND BRITISH LABOUR

The diplomatic rupture between Russia and England produced a parallel break of relations between the Labour movements of the two countries. Beginning with the early period of intervention, an entente had sprung up between working-class organizations in Great Britain and Soviet Union which reached its highest flower in the Russo-Polish war crisis but continued to bear fruit immediately before and during MacDonald's term of office in 1924 when Rakovsky established warm personal ties with numerous British Labour leaders. After the emergence of the Baldwin-Chamberlain Cabinet, Labour pursued its pro-Soviet tactics in Parliament, and persistently defended the Soviet Government on the platform and in the Press. Meanwhile, in 1925, an Anglo-Russian Trade Union Committee had been organized to coordinate some of the foreign political acts of the British and Russian trade unions. British representatives obstructed anti-Bolshevik measures at congresses of the Second International and of the Amsterdam Trade Union International, Russians frequently visited London and British Labourites travelled to Moscow, and the bond grew stronger and thicker.

Then, in May, 1926, came the General Strike which certain less radical Labour Party leaders had supported with undisguised reluctance. The Soviet trade unions offered the General Council large sums of money to finance the strike. The General Council refused. And when Tomsky and other Moscow trade unionists accused the General Council of betraying the General Strike and the miners, feelings of friendship quickly gave way to bitter resentment. The encouragement obtained by the Miners' Federation from Moscow to prolong its struggle for months after General Council leaders advised capitulation widened the rift between the two national movements.

The defeat of the General and Miner strikes provoked a reaction against radicalism and against the Soviet Union. It likewise enabled the Government to pass the Trade Union Act which deprived trade unions of rights and privileges they had learned

to regard important and sacred. It was scarcely a coincidence that the same Parliamentary session which authorized this act also voted the diplomatic break with the Soviet State, for the undermining of Labour influence and the aggressiveness of the Die-Hards partly explained both.

The dissolution of the Anglo-Russian Trade Union Committee and the violent divorce of the British Labour movement from the Russian together with the absence of diplomatic relations between Downing Street and the Kremlin, definitely estranged the two movements and even introduced notes of provocative enmity. Labour M.P.s continued to champion the cause of good relations with the Soviets, yet a marked cooling-off had occurred.

¶ THE ACCOUNT

On the whole, the British Labour movement persisted in its sympathetic sentiments towards the Soviet Government, yet opinion on some cardinal issues was hopelessly divided, organizational co-ordination ceased after the diplomatic rupture, personal visits grew rather infrequent, and the urge to break a lance in the interests of Moscow found more seldom and more moderated expression.

Previous to the break, Labour support had constituted one of the chief elements of strength in the Soviet diplomatic position in London. With the destruction of that position, Labour support largely lost its function, its vitality, and its enthusiasm.

Thus, Labour ties weakened, trade diminished, while British Conservatives felt completely free after the rupture to indulge their hostility against the Bolsheviks.

Apart from the real or fancied danger of war – a chapter in itself – these after-effects of the Anglo-Soviet break exhaust the major disadvantages suffered by Russia in England. The Die-Hards had probably expected that the fulfilment of their highest desire would bring greater harm to the Bolshevik regime. They were disappointed, first because the interests of British capitalists prevented a complete trade blockade, and because European Powers, some of which did not fail to react to British anti-Bolshevik pressure, nevertheless refused to follow London in its official hostility. In some cases, their relations to Moscow chilled;

in the case of France a situation developed very similar in fact if not name to a rupture, generally speaking, the dealings of a number of other countries with Russia inevitably reflected the drastic measure taken by Britain, and the total result was therefore a serious blow to Soviet diplomatic standing *vis-à-vis* the capitalist world. Yet the catastrophe for which the Die-Hards had undoubtedly hoped did not materialize.

If a British credit and debit account of the break could be made, it would read:

In England, trade lost; benefits none.

In Canada, complete rupture.

In Europe, varying success from triumph in France to relative failure in Germany.

In Near East, complete failure.

In China, apparent success, actually due to deeper causes.

§ 2. GERMANY AND THE BREAK

Soon after the severance of Anglo-Soviet relations, a British royal personage drew aside a prominent German official at a famous English sporting event and suggested that, after England had broken off relations with the impossible Government in Moscow, Germany might follow Downing Street's example. Such pressure from such an unusual source required conviction to resist. Berlin was somewhat disturbed. Nevertheless, it refused to succumb. However, English efforts in the same direction continued.

At the June, 1927, session of the League Council in Geneva, the representatives of England, France, Germany, Belgium, Italy, and Japan met in secret meeting to discuss the Soviet problem. Briand, who presided, called on Sir Austen Chamberlain to present Downing Street's case for the break. The Foreign Secretary made a lengthy statement, laying stress on the danger of Bolshevik propaganda not only to Britain, but to all Europe and Asia as well. The suggestion was clear and direct. But Stresemann explained the basis of Germany's friendship for Soviet Russia, discussed the Russian internal situation, and expressed the opinion that the Bolsheviks were the only barrier to chaos. Briand agreed. Strese-

mann's reply reflected the intent of Chamberlain's appeal. But Germany declined to follow.

Soviet-German friendship lay embedded in a common antagonism to the Versailles system and the Versailles conception. To the extent that Locarno created an illusion that Versailles had been superseded, the friendship between Berlin and Moscow suffered. But in sober moments, the Wilhelmstrasse realized that Russia offered it many political advantages.

Commercially, too, Germany had much to seek in the Soviet Union. Soviet foreign trade is intimately related to Soviet foreign policy, and, all other things being equal, the political friend or neutral gets more business than the political enemy. Germany therefore occupied a favourable position in Soviet trade. She needed that trade. Borrowing in America might enable her to transfer Dawes Plan annuities, but in the long run Germany's capacity to pay reparations and to transfer them depends on her excess of exports over imports. Without colonies, with the United States continually raising the tariff, and with England a stubborn competitor, an active German foreign trade balance is extremely difficult of achievement. The Soviet Union, despite, or perhaps because of, industrialization, presents a promising field – only on condition of credits, however.

Conversations with a view to large German credits for Russia commenced late in 1925. At that time, Otto Wolff, the Cologne magnate, supported by a consortium headed by the Deutsche Bank, and in which Felix Deutsch of the A.E.G. had an interest, offered the Soviet Government a four-to-five year credit of 100,000,000 marks for purchases of heavy industrial equipment, largely for oil-fields, in Germany. Moscow sent Boris Stomoniakov to negotiate. It soon developed that the German Government and wide political and economic circles wished to broaden the scope of this credit. Germany was experiencing an economic depression which threw some people into a panic and impressed all as serious. The unemployment problem called for a solution. Exports had to be stimulated. Germany's share in Soviet imports had fallen from 34·5 per cent in 1923 to 21·1 per cent in 1924, to 15·9 per cent in the first nine months of 1925. England and America, on the other hand, were forging forward.

The German Government accordingly proposed to grant Moscow a 300,000,000 mark credit. The federal Reich would guarantee 35 per cent of this sum, the German States, Prussia, Saxony, etc., 25 per cent. The Wilhelmstrasse knew, of course, that the Bolsheviks had paid all their previous bills and would not default on any foreign credit. Nevertheless, its guarantee would facilitate financing and cheapen the cost of the credit.

The German industrialists welcomed the scheme enthusiastically. German political party leaders, including Social Democrats, expressed themselves warmly in favour of it, and German trade union leaders gave their support to a credit which promised to reduce unemployment. A law approving the Government guarantee passed through the Reichstag with practically no opposition.

But friction developed with the banks. Originally, Otto Wolff had informed the Russians that the banks asked a certain percentage of interest plus commission. Quite suddenly, however, the banks raised their interest demands. Long and unpleasant negotiations followed. The Russians gained the impression that no political motive actuated the banks. Nor had they succumbed to British influence against a credit. They simply regarded themselves in a monopoly position and sought to exploit it for their own financial profit and prestige. English and American financiers remained hostile, the German 'D' bankers thought, and no other country would or could undertake such a venture. They therefore asked $13\frac{1}{8}$ per cent interest and commission.

German Government and industrial circles resented the narrow view-point of the banks, and made no secret of the fact. The Bolsheviks fumed. To Moscow it was not merely a matter of reducing interest payments on the German credit by 1 per cent or 0·5 per cent, but rather of preventing the establishment of a high standard of interest for Soviet credits throughout the world. Moscow was then engaged in credit discussions with large financial institutions in other countries. It would only injure its credit and damage its purse by accepting exorbitant German demands. Stomoniakov therefore sought alternative solutions.

He first entered into contact with the 'Laender' or provincial banks of Germany. He negotiated with the Prussian and Saxon State banks, and in Dresden agreement was practically complete

when the Saxon Minister of Finance suggested that he wished to see how matters stood in Berlin. Therewith the negotiations ended and the Minister of Finance never returned to the subject. Subsequently it was learned that a well-known 'D' bank had taken steps to prevent Saxony from entering into independent financing arrangements with Moscow. These same banks, furthermore, issued an order forbidding their branches and associates from undertaking the financing of any part of the Russian credit.[1]

The unrelenting hostility of the 'D' banks forced Stomoniakov to search the horizon for non-German financing possibilities. He turned to W. A. Harriman and met a good reception.

¶ HARRIMAN AND BOLSHEVIK CREDITS

W. A. Harriman of New York had obtained a concession from the Soviet Government in 1925 to the rich manganese deposits at Chiaturi in Georgia. Moscow impressed him with its business-like approach, its broad commercial outlook, and its economic reliability. He expected that the concession would make him the dictator of the manganese world and open the path to wide cooperation with the Bolsheviks. Young, the heir of a rich imagination and large fortune, unhampered by petty business inhibitions or fears, possessed of vision and a wholesome sense of economic adventure, he had seen the wide potentialities of American investment in post-war Europe, and acquired properties in Germany, Poland, and Soviet Georgia. Stomoniakov's proposal appealed to him. Stomoniakov, Harriman, and Rossi, Harriman's European director, now opened intensive negotiations.

Since the German banks would in any event be forced to discount their Soviet acceptances in American, Dutch, and Swiss banks, Harriman proposed to issue bonds on the New York market to the sum of 300,000,000 marks. Sixty per cent of this four-year loan would be guaranteed by the German Government and by German industrialists, 40 per cent by the German industrialists and German banks. The interest rate would be 6½ per cent, commission 1½ per cent maximum, and the German banks would receive 1 per cent commission on the entire loan for guar-

[1] *Ost-Europa.* Berlin, 1925–6. Issue ♯10. Article by Dr. B. Hahn 'Die deutsche Ausfallbürgerschaft für Lieferungen nach Russland.'

anteeing two-fifths of it. The total cost to the Russians, therefore, would be 9 per cent – a figure which was not subject to change during the four-year period.

The German banks opposed. The Deutsche Bank was incensed against Harriman because he had taken a concession for properties in the Chiaturi manganese field claimed by some of its richest clients. Moreover, the big German financial institution naturally felt disinclined to let slip from their hands and into the American market a large piece of business which normally belonged to them. Prestige too was involved. Doubts had also arisen as to whether a German Government guarantee did not conflict with the Dawes Plan system.

Unable to persuade the German banking world to accept his first plan of financing Soviet trade with Germany, W. A. Harriman presented a second scheme. Harriman would float the loan without the guarantee of the German banks and the German State. A German export company would be organized. Harriman undertook to grant this company a five-year loan of 150,000,000 to 300,000,000 marks at 9 per cent. The sum would reach the company through a trustee who might be the Reichsbank or a group of private banks. The Soviet bills of acceptance would be guaranteed by the German Government and by German banks.

The German Government approved. The German Reichskredit Gesellschaft participated in the negotiations with Harriman as the possible trustee. Hjalmar Schacht, the President of the Reichsbank, at first welcomed the plan.

Harriman had consulted American financiers. He knew that S. Parker Gilbert approved. Leading German politicians and business men were astonished at the conduct of the German banks and would have welcomed a successful issue of Stomoniakov's pourparlers with Harriman. But many of these persons looked on the Harriman move as a manœuvre calculated to make the 'D' banks more tractable. When they discovered that the Russians intended the arrangement not as pressure but as a serious transaction, they disliked the passage to America of business which legitimately belonged to Germany.

Everything was settled. On May 6 W. A. Harriman informed Ministerial Director von Dirksen, then Chief of the Eastern

Division of the German Foreign Office, that he had reached an agreement with the Bolsheviks, that he would organize a German company to issue the bonds in New York, and that the State Department, while not vetoing the proposition, had expressed no enthusiasm for it.

The German ambassador in Washington received instructions to be of service to Harriman and to support the loan in every possible manner. The German Government and German industrialists have always favoured German-American business collaboration in Russia.

Later Felix M. Warburg of Kuhn, Loeb & Co., New York, informed Harriman of his willingness to facilitate the German credit transaction.

Harriman went to New York where the banking world gave its consent provided Washington approved. But in the national capital Secretary of Commerce Hoover objected. He expressed his well-known view-point against German-American collaboration in Soviet trade. If American banks wished to finance American exporters to Russia he would erect no obstacles. But why should American financiers advance credits to German producers? That would limit American exports. The State Department, still faithful to its anti-Bolshevik policy, gladly seized at the Department of Commerce's attitude and publicly announced its veto on the Harriman project. Harriman therefore dropped it. But people who knew said that the German banks had been busy lobbying in important Washington political circles. They regarded the Harriman rejection as their own victory.

¶ THE 300,000,000 MARK CREDIT

The Soviet Government was now thrown back on the German 'D' banks. At this juncture, fortunately, the discount rate in Germany fell and, in addition, the banks, threatened with Premier Rykov's refusal to accept the credit, and subjected to political and economic pressure, assumed a more conciliatory attitude. They therefore agreed with the Soviets that the interest rate would equal the official discount rate at the time of the repayment of an instalment of the 300,000,000 mark credit, plus commission. Of the 300,000,000 marks, 180,000,000 marks represented a four-

year credit for purchasing complete factory equipments and 120,000,000 marks a two-year credit for lighter industrial fixtures. The final agreement was signed early in July, 1926, after Krestinsky and Dr. Curtius, Reich Minister of Public Economy, had reached an agreement about interest rates on June 26.

The Bolsheviks, looking back on this already exhausted credit, level four criticisms against it. The credit became operative on the day an order was given to a certain German firm, so that that firm, by postponing delivery, actually shortened the credit term and increased the rate of interest. The whole system of the 300,000,000 mark credit was cumbersome, unplastic, and expensive. Too little time was allowed from the granting of the credit to the date when all orders had to be placed. The credit was finally negotiated in July, 1926; December 31, 1926, was fixed as the last day for orders, so that in many cases specifications for whole electrical power stations and complicated equipment for entire plants had to be drafted in a few months. And finally, the German producers sometimes raised their prices and reduced their quality for the Russian purchaser.

The Germans likewise had their grievances. If the German system of crediting was cumbersome, the Soviet method of making purchases was highly bureaucratic, slow, undependable, and erratic. Moreover, the Germans argued that the Bolsheviks used the 300,000,000 marks to cover purchases they would have made in Germany even if it had not been arranged, whereas the Germans, it is said, intended that the credit apply to purchases supplementary to the normal trade.

Considerable mutual discontent notwithstanding, the 300,000,000 mark credit encouraged Soviet trade. In fact, the actual purchases amounted to 360,000,000 marks, and the Government raised its guarantee correspondingly. The figures bear witness:

	(In Roubles)	
	1926–7	1927–8
Soviet exports to Germany	167,300,000	185,400,000
Soviet imports from Germany	157,700,000	242,000,000

That neither Germany nor Russia was disappointed with the

results of the guaranteed credit is clear. The German Government continues very quietly and without any special agreement to guarantee the financing of Soviet imports from Germany. Furthermore, Germany took the initiative to offer the Bolsheviks another larger and longer credit in 1929.

¶ THE EFFECT OF THE RUPTURE

Beginning with Locarno, and more especially after the Anglo-Soviet conflict, Germany was exposed to oft-applied British pressure to modify the complexion of her relations with Moscow. Although the German ambassador in London could not accept the British royal personality's suggestion to emulate Downing Street's policy, and notwithstanding Stresemann's rejection of Chamberlain's plea in Geneva, the rupture was not without its effect in Germany.

German exporters and manufacturers benefited by the transfer of Soviet orders from England after May, 1927. But German banks, never too friendly towards Moscow, soon began to feel the results of the change. The 300,000,000 mark credit, arranged before the rupture, was financed largely though indirectly by British, American, Dutch, and Swiss banks. Subsequently, however, British banks declared what was tantamount to a boycott of German-Russian commercial transactions. In June, 1927, following the assassination of Voikov, rumours began to multiply of a possible Russo-Polish war. Business houses in Germany hastened to drop their Soviet bills, and since the banks would not take them they circulated in the speculative 'black bourse' in Berlin, where Russian White Guards readily accepted them at unbelievable discount rates – sometimes 30 to 35 per cent.

This situation continued throughout June, July, and August, 1927, and caused a far-reaching demoralization of Russian-German trade. The banks remained firm in their anti-Bolshevik policy; the Deutsche Bank reacted to British financial influence, while the Dresdner Bank enjoyed close contacts with British Die-Hard circles, perhaps with Lord Birkenhead himself.

Complaints in Germany over the operation of the 300,000,000 mark credit further worsened the outlook and the Eastern Division of the Foreign Office took a gloomy view of Soviet economic pros-

pects at the time. In the Reich Ministry of Public Economy, on the other hand, a more optimistic conception prevailed. The Foreign Office reacted more immediately to foreign opinion and to the spirit of the banking world; the Ministry of Public Economy to traders and industrialists.

But the industrialists were divided. It is no secret that several times after the Anglo-Soviet rupture, Herr von Kuehlmann, the Reich representative at Brest Litovsk, Arnold Rechberg, a rich industrialist, and, rumour has it, even Hjalmar Schacht, the President of the Reichsbank, have intimated or caused to be intimated to Western statesmen their readiness to attempt to persuade the German Government to forsake its cordial attitude towards Moscow, if, as compensation, Germany receives colonies, or reparations reductions, or other important advantages. The possibility of such a bargain probably brought Lord Birkenhead to Berlin in 1928 'to play golf.' He certainly made no secret in public and private utterances of anti-Bolshevik plans. In fact, he prophesied openly that the Soviet Government would fall within six months, and the Press asked what outside influence would achieve such a result. The writer does not wish to suggest that the Wilhelmstrasse was not embarrassed by the reported efforts of the Kuehlmann-Rechberg group in 1927 and 1928 and in 1929 at the Young Plan conference in Paris, or that the German Government did not fight against anti-Soviet tendencies at home and in international politics. Yet Germany began to feel her isolation as the only Great Power maintaining friendly relations with Moscow. Germans bewailed it in private conversations. It caused them considerable diplomatic discomfort. It was reflected in the work of some permanent German correspondents in Moscow. The Social Democrats took the opportunity it offered to agitate for a re-orientation of German foreign policy. At a meeting, for instance, of the Foreign Relations Committee of the Reichstag in the fall of 1927, Rudolf Hilferding, later Social Democratic Minister of Finance, launched into a bitter attack against the Government's political and economic policy towards Russia, tried to prove that the Soviet Union was in a state of hopeless chaos, and contended that Poland offered wider trading possibilities than Russia.

All these influences induced no dramatic or radical modifica-

tion of Germany's policy towards Russia. But pressure from without and pressure from within must colour foreign relations.

In the very beginning of 1928 a slight improvement became noticeable. For one thing, the war scares had subsided and with it the curious fear in some German circles that the Soviet Government stood on the brink of destruction. The new atmosphere facilitated the opening of a Soviet-German economic conference in Berlin in February–March, 1928, to discuss legal and financial phases of trade. Even of themselves the pourparlers were probably doomed to failure, but the arrest of three Germans in connection with the prosecution of the Don engineers (the Shakhti trial) torpedoed it. That unfortunate trial introduced what was perhaps the bleakest period in Soviet-German relations.

§ 3. RAKOVSKY'S RECALL

With the recall of Rakovsky at the request of the French Government in October, 1927, diplomatic relations between Russia and France came to an end for all practical purposes, and Rakovsky's successor has had as little of importance to do in Paris as M. Herbette in Moscow. Poincaré in October, 1927, established the same *de facto* absence of relations as Baldwin in May, 1927, and only the form was different.

When Chicherin saw Poincaré in May, 1927, Poincaré said he did not expect there would be an agreement between them, but he did not desire a rupture. Poincaré, in general, did not wish to participate in hostile international combinations against the Soviets; on the other hand, he wanted no further negotiations and no activity that might improve relations with Moscow. He said to one person: 'We will not separate from England, but we cannot follow her.'

The suggestion has often been made that the Stalin majority in the Russian Communist Party 'knifed Rakovsky in the back' and welcomed his recall because he adhered to the Trotzky Opposition. This explanation disregards all the elements of internal Bolshevik policy. Rakovsky first went to London in 1923 as the Soviet Union's chargé-d'affaires because of his sympathy with the Opposition. The party adopted the policy of sending its opposition leaders abroad to fill positions of trust that would separate them

from home affairs. Krassin and Kamenev met the same fate as Rakovsky. In 1927 Stalin did not want Rakovsky dismissed from Paris, and when, owing to the Quai d'Orsay's insistence, Rakovsky's position in the French capital became untenable, he was asked to assume the chairmanship of the Soviet delegation to the Geneva Preliminary Disarmament Commission – the office Litvinov later clothed. Rakovsky refused because he wished to participate more intimately in the Opposition struggle. Both from the point of view of Soviet internal and foreign politics, the dismissal of Rakovsky from Paris came very inopportunely.

Rakovsky had to leave the Paris Soviet Embassy on account of his efforts to force the tempo of Franco-Russian debt negotiations. Poincaré opposed those efforts and sought to transfer the negotiations from the debt commission to the Ministry of Finance. Poincaré was Minister of Finance. The change would have meant burial.

¶ FRANCO-SOVIET DEBT NEGOTIATIONS IN 1927

Poincaré, even while out of office, had found it possible in July, 1926, to bring sufficient pressure to bear on Briand to prevent the ratification of the de Monzie-Rakovsky debt agreement.[1] The Bolsheviks did not urge a renewal of conversations. The conclusion of the 300,000,000 mark German credit in July, 1926, and the prospect of serious credit negotiations with English banks inspired the Russians with confidence, so that when Mikoyan became Commissar of Trade in August, 1926, he proposed to let France wait.

But the Chamberlain threat of a rupture contained in his note to Moscow of February 23, 1927, impressed the Soviet Government with the immediate necessity of greater activity in Paris, and Rakovsky accordingly received instructions to resume the pourparlers.

In the summer of 1926 the Soviet delegation had agreed to pay sixty-two annuities of 60,000,000 gold francs each. Two questions remained outstanding, however. France demanded that the full annuity commence immediately, whereas Moscow proposed a scale of progressions under which the standard annuity would not be

[1] See page 621.

reached for three years. France, secondly, insisted on most-favoured-nation treatment in the matter of debts. This the Soviet Government had not seen fit to concede.

The negotiations between Rakovsky and de Monzie were renewed on March 19, 1927. On the 26th de Monzie wrote to the Bolshevik suggesting the abandonment of the Russian table of progressions.

In the early part of May Rakovsky complied with this request and likewise accepted the French demand for most-favoured-nation treatment. It would seem that the way to an agreement had been paved.

But Poincaré had never desired a debt settlement, and the rupture of Anglo-Soviet relations, which accounted for Rakovsky's important concessions to de Monzie's committee, made him more than ever opposed to a financial *modus vivendi* with the Bolsheviks.

Meanwhile, no plenary sessions of the Franco-Soviet debt conference had taken place since March 19. Rakovsky complained to de Monzie in a letter dated June 30. On July 26 the French chairman replied in a communication which discloses the mainsprings of Poincaré's policy.

'It is true,' wrote de Monzie, 'that the obligations accepted [by the Soviet Government. – L. F.] in respect of debts would considerably facilitate economic relations and develop them on a much larger scale. Nevertheless, we cannot leave out of consideration other phases of the question which belong to the fundamental elements of the general problem: the regulation of the inter-State debt, the settlement of the losses sustained by our citizens in the Soviet Union, an economic convention which must provide our enterprises and transactions with a guarantee without which development is scarcely conceivable. Yet some of these problems have never been discussed together.'

'For the time being,' de Monzie added, 'we must appreciate and welcome the success achieved in the settlement of the debts.' He hoped negotiations would not be interrupted by the summer vacation.

Several things are clear: the Bolsheviks had accepted all French debt demands and a settlement had been reached. But just when

it had been reached, Poincaré raised new, extremely involved issues which 'have never been discussed together' and which the French had not presented for deliberation during eighteen months of discussions.

What were these issues that prompted Poincaré to reject an agreement that would have satisfied the claims of tens of thousands of small French peasant bondholders? 'Inter-State debts,' that is, the war debt which the nations at Genoa had been prepared to forget, which the MacDonald Cabinet had 'placed in cold storage' and against which the Bolsheviks might have balanced huge counter-claims. 'Losses sustained by our citizens'; – this was the moot point. As at Genoa and The Hague, and as in 1926, Poincaré attached greatest significance to the claims of private property owners. Their confiscated wealth lay, for the most part, in the Ukraine and the Don which had been designated as a French sphere of influence under the secret Anglo-French convention of December, 1917,[1] and for which the Poles manifested noteworthy interest in 1920. French concern for these properties explains the Paris 'Dawes' Plan for Russia of 1920. French intervention in South Russia sought to rescue these properties. And when Poincaré had on his desk a draft debt agreement with Moscow which Rakovsky would any moment have signed, consideration for these properties caused the French Premier to reject a settlement.

Poincaré wanted no economic understanding, no debt agreement, and no political *rapprochement* with the Bolsheviks. Under the circumstances, Rakovsky became a nuisance. For Rakovsky had influential and popular friends in high French circles. His attempts to hasten the tempo of debt negotiations embarrassed Poincaré. Rakovsky had injected this issue into French internal politics. It promised to become a subject of controversy in forthcoming French elections when the Left might use Poincaré's opposition to the debt settlement as an argument for the mobilization of peasant and *petit bourgeois* votes. In April, 1927, Rakovsky had published the contents of the actual debt settlement in the Paris *Œuvre*. Poincaré never forgave him. The ambassador thereby gave a club to the Premier's political enemies, and they immediately proceeded to wield it without delicacy.

[1] See Appendix.

CAMPAIGN FOR RAKOVSKY'S RECALL

The Anglo-Soviet rupture encouraged anti-Soviet tendencies in Paris. In June French banks restricted the financing of Russian trade credits.

¶ THE CAMPAIGN FOR RAKOVSKY'S RECALL

An incident now intervened which afforded the French Government an opportunity to request the recall of Rakovsky. Early in August Rakovsky went to Moscow, partly on diplomatic business – de Monzie and Alphand had assured him that if he reduced Russia's credit demands to $120,000,000 an agreement could be reached – but largely to participate in the inter-party controversy between the Stalin majority and the Trotzky Opposition to which Rakovsky adhered.

In the course of the bitter struggle which raged around Trotzky's differences with the Central Committee of the Communist Party, the Opposition had been criticized for precipitating damaging splits and for attacking the party at a time when the severance of relations with Great Britain and accompanying phenomena confronted the Soviet Union with the danger of war.

Trotzky replied that even if war broke out he would not abandon his struggle against Stalin. He stated that his tactics would correspond to Clemenceau's at the beginning of the World War when the Germans stood 80 kilometres from Paris. Clemenceau opposed the then French Cabinet even in such a critical hour and ultimately succeeded in overthrowing it, but his patriotism and his support of France against Germany were never in doubt. This Trotzky declaration provoked an even more vehement onslaught against the Opposition. It was submitted that in a war with foreign imperialism, which the Bolsheviks then thought imminent, Trotzky would attack the party in the rear, divide its forces, and thus contribute to a capitalist victory.

Trotzky and his associates felt called upon to meet this serious charge, and on August 9 they signed a declaration enunciating their views. They would, they said, stand by the Soviet Government and the party in the event of a conflict, and more than that, they would consider it their Communist duty to call on the soldiers of their bourgeois antagonists to desert and join the Red Army.

Rakovsky signed this declaration. L. B. Kamenev, the Soviet

ambassador in Rome, likewise subscribed his name as a member of the Opposition. Mussolini passed over the matter lightly. He understood that the statement had been provoked by an internal party controversy and need not concern him as the head of a foreign government. It was natural, he must have thought to himself, that the Bolsheviks would pursue the same tactics in the coming war as the Allies had in their World War propaganda within and behind the enemy lines.

But a storm of protest arose in France. The Right Press fumed, and few undertook to defend Rakovsky's move. M. Herbette made representations in Moscow. An exchange of verbal notes and conversations ensued, 'as a result of which,' Chicherin wrote to Herbette on October 12,[1] 'you, Mr. Ambassador, declared to me, on September 4, that your Government considered itself satisfied with the explanations given by me and that the incident may be considered closed.'

Herbette, on instructions emanating from Briand, had assured the Soviet Commissariat of Foreign Affairs that Chicherin's private explanations and Rakovsky's public statement completely answered French objections. The matter could therefore be dropped. Briand made a public statement to the same effect.

Nevertheless, the agitation for Rakovsky's dismissal continued with undiminished vehemence. The Press campaign against Rakovsky was particularly vehement, and the *Matin* led the attack. Parliamentary circles in Paris learned in this connection that before the campaign Poincaré had dined with Bunau de Varilla, the *Matin's* director, and that both saw eye to eye in the Rakovsky matter.

Oil interests, particularly the Royal Dutch-Shell, whose officers were not altogether innocent of the Anglo-Soviet break, took advantage of the opposition towards Rakovsky to heap fuel on the flame. Whether they originally inspired the crusade or subsequently rushed to support it is not altogether clear. That they became its most active leaders is not subject to doubt.

Sir Henri Deterding supplied the anti-Rakovsky Press with arguments and even more convincing material, whereas Gulbenkian, then an oil rival of Deterding's, offered *Le Soir* and other

[1] For full text of note see *Soviet Union Review*. Washington, January, 1928.

publications information calculated to embarrass Deterding. Dailies inclined to defend Rakovsky's position, first inquired of a Standard Oil bank in Paris whether such a course was advisable, and received an intimation in the affirmative. In political circles and even in editorials veiled or open hints were heard that the Royal Dutch was financing newspapers which maligned Rakovsky. From being a controversy to protect capitalism against Communist desertion appeals to bourgeois soldiers, the affair had developed into a rich feud between petroleum interests, with money flowing as freely as oil. Caillaux, Charles Baron, the Chairman of the Parliamentary Oil Commission, M. Margaine and other prominent Frenchmen had connected the France-Soviet debt settlement possibility with a federal French petroleum monopoly operating largely on naphtha purchased from the Soviet trust. In his opposition to a debt settlement, Poincaré therefore found enthusiastic support in the opponents of the oil monopoly. Moreover, Poincaré's views on private property confiscated by the Bolsheviks coincided with those of Sir Henri Deterding. It was a perfect entente.

Much of this episode is still hidden under the veil of Poincaré's time-honoured differences with Briand. Apparently, the Foreign Minister wished to gloss over the difficulties. He had been responsible for the amicable solution of the incident connected with Rakovsky's signature of the Opposition declaration. But Poincaré continued the battle, and when Briand went to Geneva in September, 1927, the conflagration broke out anew.

The Press attack against Rakovsky recommenced with renewed vigour on September 4. In the second half of the month a Cabinet meeting took place without Briand, after which Havas announced that the Government would ask for Rakovsky's recall. Then the Quai d'Orsay denied the report, probably as a result of Briand's intervention from Geneva. On another occasion, Loucheur, a friend of Briand, stated for publication that Rakovsky must go. Then he issued a démenti. We still know too little about the intrigue behind the French scenes that prompted these queer moves.

When the anti-Rakovsky agitation opened, the Left dailies at first hesitated to champion the Bolshevik's cause. How could they when he was being charged with encouraging disloyalty among the troops? But soon they realized that the Right exploited the

entire affair to make capital against the Left for the next elections. As in England, the Russian issue had become a factor in internal politics. Then the Left struck back.

The Press offensive against Rakovsky had now assumed alarming proportions and its force failed to abate. The objective, too, was no longer the dismissal of the ambassador. Rakovsky's foes demanded the severance of all diplomatic relations with the Soviet Government. After the blow delivered by Chamberlain, a similar blow from Poincaré, together with pressure from both on lesser States, might have been disastrous to Moscow's diplomacy. Moscow accordingly opened a counter-offensive and cynically tried to buy off French opposition or to strengthen the French friends of cordial relations with Russia. In August, Rakovsky proposed a pact of mutual non-aggression and non-interference in domestic affairs. Briand at first approved, but subsequently he subordinated the French pact to a Soviet-Polish pact, which the Poles, however, agreed to negotiate only on condition of parallel Soviet pacts with the Baltic states – a condition Moscow could not accept. At the same time, Moscow agreed to concessions in the debt question. Accordingly, Rakovsky, on September 21, wrote to de Monzie and made the following offer: the Soviet Government would pay French bondholders 60,000,000 gold francs annually for the next sixty-two years and undertook to deposit 30,000,000 gold francs in France which could be distributed among the bondholders immediately after the ratification of the debt convention. Russia granted most-favoured-nation treatment and dropped her scheme for progressive annuities. Instead of the $225,000,000 advance on which the Soviets had previously insisted, part of which was to have been in cash, the new offer asked $120,000,000 in six annual instalments, the entire sum to be spent for productive purposes, not, for instance, for the purchase of war material, and in orders to French industrial and commercial firms exclusively.

'It is rumoured,' the *Manchester Guardian* Paris correspondent wired, 'that the French would like to have the loan secured on the Russian petroleum fields and that some arrangement may be suggested by which France would obtain her petrol supply from Russia and thus be independent of the oil combines.'

The French debt delegation headed by de Monzie received this Moscow offer favourably. It exceeded anything they had ever expected to extract from the Russians. They wished to sign immediately before the Bolsheviks could retract. De Monzie had urged Rakovsky to publish the facts in order to mobilize French public opinion in favour of it and thereby prevent its rejection.

But de Monzie had reckoned without Poincaré. The French Government accused Rakovsky of an irregularity in giving the Soviet proposal to the Press. The rapid liquidation of the Rakovsky 'Opposition declaration' incident had left the enemies of Briand displeased, their appetites unsated. Here a new opportunity offered itself. By publishing the offer, Rakovsky had committed his greatest cardinal sin: he had given a weapon into the hands of Poincarè's enemies. Herbette formally requested Rakovsky's recall on October 7.

Herbette's note of that date declared that the French Government's move was based on the circumstances that Rakovsky had appended his signature to the Opposition document advocating the suborning of foreign soldiers, and on Rakovsky's publication of his letter of September 21 to de Monzie outlining the new Soviet debt proposals. Chicherin's reply of October 12 asked why, after Herbette had announced his Government's satisfaction with Bolshevik explanations on the Opposition document, Paris now reverted to the subject. This 'is perfectly incomprehensible,' the commissar affirmed. Nor could Chicherin understand how the publication of a letter with the knowledge of de Monzie could make Rakovsky *persona non grata* to the French Government.

But although the reasons for Rakovsky's recall 'are without a basis,' as Chicherin wrote, he could not deny the French Government's formal right to demand the withdrawal of an ambassador unacceptable to it. Moscow therefore relieved Rakovsky of his duties and, shortly afterwards, appointed Dovgalevsky in his stead.

If the personality of Rakovsky had in truth prevented a debt agreement between France and the Soviet Union, his removal should have facilitated a settlement. It should have opened the road to the conclusion of a non-aggression pact. As a matter of fact, however, the debt and pact negotiations ended with Rakovsky's departure and were never resumed. Rakovsky had been

successful in keeping them to the fore and in the public eye. His successor was given no such opportunity. Rakovsky, the French said, had been a full, bright light. His successor must be a *veilleuse de nuit*, a dimmed night lamp.

§ 4. POLAND AND THE BRITISH RUPTURE

The tension in Anglo-Soviet relations during 1926 culminating in the rupture of relations in May, 1927, had its direct effect on Polish policy towards Russia.

Pilsudski came to power in May, 1926, as the result of a *coup d'état* which, according to rumours circulating in Warsaw when the writer visited that city in October–November, 1926, the British Minister favoured and may have supported. France had no money to lend, and Polish finances were sadly crippled. Locarno had activized British policy on the Continent and English influence became a force more to be reckoned with. France had not been unseated from her position of friend and ally of the Polish Republic. Yet England was making a bid for closer contacts with Pilsudski. The Polish Foreign Minister Zaleski admitted to the writer on October 25 that relations with England had become warmer and that a possibility existed of further developments in the same direction. The bond would be a loan floated, for the most part, in London. Conversations to this end proceeded during the middle of 1926, but, owing to the condition of the Polish state apparatus, the budget, and the national economy, no bank wished to advance funds without concomitant control over customs, railways or federal budget. That privilege, however, Pilsudski refused to grant. And though Polish bankers and industrialists urged it, the dictator objected and won against the British, only to yield after a time to the Americans.

Economists whom the writer consulted at the time agreed that the sources of Polish ills were twofold: the army and the absence of normal relations with Germany and Russia.

Military expenditures in 1926 constituted 33 per cent of the Government's budget. But this did not include the costs of certain military academies paid for by the Ministry of Education, transportation of soldiers paid for by the Ministry of Communications,

and the upkeep of a frontier guard of some 17,000 paid for by the Ministry of the Interior. If these outlays are included, members of the diplomatic corps agreed, the total would represent not 33 per cent but 45 per cent of federal expenses.

Asked why such a huge army expenditure was necessary, Polish officials move to a wall map and indicate Poland's geographical position between two mighty neighbours, Germany and Russia, and exposed to the undying enmity of Lithuania which resents the loss of Vilna.

Pilsudski proclaimed that he wanted no foreign financial control and that he would conduct foreign affairs independently, that is, independently of either France or England. This was very true; but the plea of self-reliance also justified a large army. And that army, even the Western Powers feared, might involve Europe in war. They showed their apprehension when Lithuania and the Soviet Union signed a neutrality treaty of September 28, 1926.

¶ THE SOVIET-LITHUANIAN TREATY

Lithuania never reconciled herself to the loss of Vilna, her national capital. She was also apprehensive lest her stubborn attitude on this point justify the 'colonel' clique around Pilsudski in provoking a war against her. Support for her difficult cause could come from Germany, whose help, however, was limited by her international position, and from the Soviet Union which refused to recognize Vilna as a part of Poland. In fact the Russian-Lithuanian peace treaty of July 12, 1920, recognized Vilna as a part of Lithuania, and Moscow reaffirmed that provision on September 28, 1926.[1] Moscow and Kovno agreed 'under all circumstances' to respect the 'sovereignty and territorial integrity and inviolability of one another' – territorial integrity as of July, 1920. Russia thus declared Vilna Lithuanian soil although it was actually under Polish domination. To be sure, the Bolsheviks could argue that the illegal seizure of a city did not constitute title nor did the plebiscite of January, 1922, held under Polish auspices. (The writer was in Vilna at the time.) Nevertheless, the recogni-

[1] *International Politics, etc.*, Kliuchnikov and Sabanin, Vol. III, pages 352–3–4. English text, *London Times*, also *Survey of International Affairs*, 1927, by A. J. Toynbee. London, 1929. Page 544.

tion of Vilna as Lithuanian territory was an unfriendly act toward Poland, and the Poles interpreted it as such. So aroused, in fact, were Polish Government circles that France and England thought it advisable to warn Warsaw not to undertake military moves against Lithuania. The Powers wanted no European War.

Russia's sympathy with Lithuania in the Vilna question puts her in a position to exercise influence in Kovno. Moscow used that advantage in 1928 when the uncompromising attitude of Lithuania's statesmen threatened to precipitate a violent and dangerous conflict with Poland.

In a note addressed to Chicherin on the day of the signature of the treaty, Lithuania declared, in substance, that her geographical position would require her to remain neutral in the event of League sanctions against the Soviet Union and then added a theoretical affirmation that the Soviet-Lithuanian treaty did not conflict with her obligations under the League Covenant.

The Soviet-Lithuanian Treaty pleased the Germans because, despite the burning desire of Kovno, it made no mention of Memel. The agreement, moreover, delivered almost a fatal blow to the Polish idea of a Baltic *bloc* which, as Herr Rauscher, the German minister in Warsaw said to the writer, was as much anti-German as anti-Russian. The Poles therefore believed, and M. Zalesky said so definitely in a conversation with the writer in Warsaw on October 21, 1926, that Count Brockdorff-Rantzau had inspired the Russians to negotiate the Soviet-Lithuanian Treaty, and that Schubert, of the German Foreign Office, deposited it with the League four or five days before its publication.

The immediate effect of the treaty was the opening of negotiations between Moscow and Latvia. In my discussion with Zalesky on October 21, he denied the fact when I mentioned it, but four days later he reversed himself and declared, not without bitterness, that if Russia agreed with all the Baltic States separately Poland would feel released from her moral responsibility towards them and might then sign a separate pact with the Soviet Union.

In 1926 the Bolsheviks reckoned with the possibility of foreign attack. To guarantee themselves against this eventuality and in an effort to prevent the formation of a Baltic *bloc*, the Kremlin accordingly proposed to all Baltic States that they sign non-

aggression pacts with Russia. The first of these treaties was negotiated with Lithuania in September, 1926. But the greatest danger threatened from the side of Poland, which had fought one war with Soviet Russia and harboured undisguised feelings of hostility towards the Red neighbour.

¶ SOVIET-POLISH DIFFICULTIES

Diplomatically Soviet-Polish relations are extremely unfruitful and business remains at a miserable minimum. The industries of pre-war Russian Poland catered to the Russian and Siberian markets and many of Poland's factories, artisans and commercial houses depended completely for custom on her eastern neighbour. Since the revolution, however, little attention has been paid in Warsaw to trade possibilities with the Bolsheviks. M. Dolezal, *Polish Assistant Minister of Industry and Trade, told the writer* that whereas in 1913 Poland exported to Russia goods valued at one and a half billion gold francs, her sales to the Soviet Union in 1925 amounted to only nineteen million gold francs. This and Poland's almost uninterrupted tariff war with Germany are perhaps the chief causes of Poland's chronic economic crisis, of her bad trade balance, of her poor foreign credit situation, and of many of Mr. Dewey's difficulties as American Financial Adviser of the Polish State. 'Russia has been neglected,' Felix Mlynarski, the Vice-President of the Bank Polski told the writer in Warsaw in October, 1926, 'and therefore the sanitation of Poland is delayed. The moment Russia gets foreign capital and can buy more goods, Poland's problem is solved,' the implication being that the best way of helping Poland is to give money to Russia.

Polish banks and industrialists (and the National Democrats) enthusiastically support the establishment of more normal relations with Moscow, but Pilsudski is notoriously anti-Russian. It is the heritage of a life of patriotic struggle against the Czarist monarchy. Moreover, the Pilsudski regime represents the philosophy of the agrarianization of Poland – in which Mr. Dewey concurs – and although industries would benefit by regular commercial relations with Russia, the Polish village would suffer from new competition. Official Poland accordingly seeks to evade further agreements with Moscow. When Polish statesmen are

asked why they do not negotiate a treaty with the Soviet Union they mention the Riga accord. But that closed a war and a period of bitter hostility which it inevitably reflects. Even Mr. Stetson, the American minister in Warsaw, echoed the official Polish view and at the same time very naturally aired unrestrained anti-Soviet sentiments. The two go hand in hand. 'If we made real peace with Russia,' Professor Ashkenazi, at one time Polish representative to the League, said to the writer in Warsaw, 'we would need only half our army.' Yet he too declared that 'we have the Riga Treaty and do not need a pact with Russia.'

Zalesky likewise enumerated his arguments against the conclusion of a trade agreement. 'No device has yet been found to serve as a basis for such a convention. Most-favoured-nation treatment is of no avail in a country which has a monopoly of foreign trade and in which, therefore, customs duties mean nothing. Besides,' the minister continued, 'the Russians use their commercial relations for political purposes.' These statements are not devoid of truth, nevertheless more than one country, Germany among them, conducts profitable business with the Bolsheviks on the basis of trade treaties, and after Zalesky made this analysis two of Poland's candidates for the Baltic *bloc* – Latvia and Esthonia – concluded such agreements with Moscow.

¶ SOVIET-POLISH PACT NEGOTIATIONS

In accordance with Moscow's policy of securing her western frontier against aggression, Voikov, the Soviet minister in Warsaw, laid a draft neutrality and non-aggression pact before the Polish Foreign Office, August 24, 1926.

Poland's objection to a pact with Russia arises from fear that it may destroy for ever Warsaw's chances of organizing a Baltic *bloc*. Rakovsky tells the writer that from the beginning of his diplomatic activity in Paris he proposed a pact of non-aggression by which France and the Soviet Union would guarantee Poland's Eastern frontier, and France and Poland and the Soviet Union's Polish border. But the French replied that Warsaw rejected such an agreement. Rakovsky felt that the grounds for Poland's attitude were her special interests in Roumania and the Baltic states. Chicherin sketched a pact of neutrality to Poland when he visited

the capital in September, 1925, on the eve of Locarno. Chicherin declares that Skrzynski was conciliatory, asking merely to be satisfied that the Baltic States would not be destroyed by Russia. In regard to Roumania, he submitted that Poland could not renounce her obligations. But when Zaleski succeeded Skrzynski he adumbrated a plan for a series of treaties between Russia and Poland and between Russia and the Baltic countries which, however, would be bound together by a common clause. Russia again refused. Russia saw no reason why her negotiations with Poland should be mixed with her relations with the Baltic nations or why Poland should speak in the name of the Baltic nations. To agree to Polish proposals in the matter would help her realize the dream of a Baltic coalition under Polish domination whose purpose, the Bolsheviks were convinced, was anti-Russian.

These manœuvres and counter-moves consumed almost a year. 'I feel,' the Polish minister said to the writer some seven weeks after the Bolshevik pact proposal was made to him, 'that it is inadvisable to make a separate pact with Russia, for she could then attack the Baltic States one by one, destroy them, and then prepare to attack us.' The pact draft, however, provided that Poland would be released from her promise of non-aggression the moment Russia became the aggressor against a Baltic State or against any other Power. ' Yes,' Zaleski continued, 'but who is to determine who the aggressor is. The League has been working on this question for eighteen months.' 'Poland is free to decide,' I suggested on the basis of a study of the text. 'That is not clear from the text,' the minister affirmed. But if the draft did not state categorically that Poland would not be free to decide or that some body or arbiter would decide, Poland obviously retained freedom of action.

This, of course, was not the chief objection. Poland had her own policy towards the Baltic States. A pact with Moscow would frustrate it. She also had accepted obligations *vis-à-vis* Roumania. Zaleski explained to me that the Polish-Roumanian Treaty, renewed on March 26, 1926, guaranteed Roumanian sovereignty over Bessarabia. If Red troops entered Bessarabia, Poland would not be forced to march immediately, he said, but her duty to Roumania was more direct than that of England or France which

had also recognized Bukarest's title to Bessarabia. And this was only natural, the minister added, for if the Bolsheviks took Bessarabia Poland's flank would be exposed.

To meet this Polish objection, the Soviet Government, on May 14, 1927, suggested the text of a protocol to be signed simultaneously with the Pact in which the contracting parties

'took cognizance of all those agreements and conventions which have been concluded by one of the contracting parties with a third Power or group of Powers and the texts of which had been published in official publications at the time of the signing of the present treaty.'[1]

That is, the Bolsheviks agreed to countenance the operation of Poland's obligations *vis-à-vis* Roumania even if they conflicted with the Pact. Poland would not, therefore, violate the Pact if she engaged in a war against the Soviet Union on the side of Roumania without having been attacked herself. Nevertheless, even this provision did not satisfy the Poles.

Roumania, the Baltics, and the worsening of Russia's relations with England and France in 1927 prevented the creation of an atmosphere in which a Soviet-Polish non-aggression accord would be negotiated. These and internal factors make for friction between the two countries.

Of internal problems, the Ukrainian question is perhaps the most important.

¶ POLAND AND SOVIET UKRAINE

According to the 1921 census, Poland had a population of 27,500,000, of whom 9,000,000 were not Poles. The most numerous of the national minorities, the Ukrainian, accounted for four of the nine million non-Poles. There were, in addition, 2,800,000 Jews, 1,200,000 Germans, and 1,000,000 White Russians.

The pronounced nationalistic and Polonification policy of the Pilsudski regime antagonized these minorities and prevented them from reconciling themselves to their incorporation into the

[1] The texts of this protocol and of the Soviet draft pact were supplied to the writer from the archives of the Commissariat of Foreign Affairs.

MARSHAL PILSUDSKI

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Polish State. On the other hand, the Ukrainians of East Galicia entertained ambitions in the direction of Soviet Ukraine, and in this point met Pilsudski on common ground. Petlura had, after all, made an agreement with Pilsudski in 1920 on the eve of the Soviet-Polish war whereby the hetman recognized Polish suzerainty over the Ukrainian population of Polish East Galicia in return for the assurance that this territory would become a part of the Ukrainian member of the greater federated Poland to rise after a successful crusade against the Bolsheviks. Levitski, Petlura's minister in Copenhagen in 1920, had denounced the hetman for this move yet when the writer met Levitski in Lemberg in November, 1926, he not only held the Petlura banner high but stood on a purely Petlurist platform which was more anti-Semitic than anti-Polish. Despite a façade of hostility towards the Polish State, the Unda Party, headed by Levitski, was then engaged in pourparlers with Pilsudski and has since made a broad peace with Warsaw which permits of friction but not of open separatistic, secessionist tendencies. Levitski said to me that in five years a war would break out in which the Soviet Ukrainians would rise against the Bolsheviks, join forces with the Ukrainians or Ruthenians in East Galicia and form an autonomous, democratic, nationalistic Ukrainian State. This scheme fitted in with Polish federalistic designs. Its chances of success were rated high in European chancellories. Even years later, and to the present day, Foreign Offices in Europe and the American State Department give more than normal attention to events in Soviet Ukraine in the expectation that internal disturbances and secessionist desires will release the Poles and the Polish Ukrainians from a moral obligation of neutrality and result in the separation of the rich Ukraine from the Soviet Union. Several European armies maintain special officers' courses for the study of the Ukrainian language and Ukrainian geography, and Soviet Ukraine is a magnet for international spies. Neither these circles nor Mr. Levitski fully appreciate that, whatever the grievances of the Soviet Ukrainian peasant, he has land free to work from the Bolsheviks and complete linguistic and cultural autonomy. Moreover, Ukraine boasts numerous large industrial cities whose inhabitants, in the bulk, are Russians and not Ukrainians. The Russian worker in the Ukrainian city has

no uncontrolled yearning to become part of a capitalist regime in an anti-Russian country.

The difficulties notwithstanding, Poland does not to this day renounce its dream of the re-establishment of the Polish kingdom of 1772 with the aid of the pro-Polish Petlurists. The Unda Party receives encouragement and comfort from Warsaw, and, occasionally from certain German quarters, and persists in its anti-Russian manipulations. To counteract this tendency, the Bolsheviks conduct concentrated agitation in Soviet Ukraine on the persecution of the national minorities in Poland, the closing of Ukrainian and White Russian schools, economic crises in East Galicia, the hardships and strikes of minority working-men in Poland, etc., etc. They compare the freedom and autonomous political status of the White Russians and Ukrainians in the Soviet federation with those across the Polish frontier. These tactics have succeeded in creating strong pro-Soviet and sometimes Communistic tendencies in the Polish areas inhabited by the near-Russian ethnic minorities. Poland resents this social interference in her internal affairs, but usually has no ground for formal protest – a circumstance that only irritates the more. Whatever the comparative merits of the Soviet and Polish positions, the fact remains that Poland's ambitions in the Ukraine serve as a hindrance to normal Soviet-Polish diplomatic relations. This question, plus Poland's pledges to Roumania, plus Poland's plans for a Baltic *bloc*, plus the influence of Western Powers in Poland, militated against the conclusion of the Soviet-Polish pact of non-aggression and neutrality in 1926 and 1927. The pourparlers nevertheless were dragged out so as to avoid the impression abroad that the Warsaw diplomats objected to a peace settlement with Russia.

While the conversations were proceeding despite the increasingly obvious impossibility of concluding the pact, Voikov, the Soviet minister to Poland, was assassinated in Warsaw on June 7, 1927.

The murderer proved to be a young Russian *emigré* named Koverda, member of an anti-Bolshevik society operating in Poland with the knowledge of the Polish authorities. In notes delivered *before* the assassination Moscow had called the Polish Government's attention to the existence of such organizations and had

insisted that Polish tolerance of them was no token of friendship for Russia. After the assassination the Commissariat of Foreign Affairs recalled these warnings, while the Soviet Press, in the white heat of anger, laid the crime at the door of the Polish Government. Suspicions were not even lacking that British circles had a hand in the deed, and a connection was drawn between the London rupture on May 26 and the Voikov murder on June 7.

There is no proof that the Polish Government wanted a Soviet diplomatic official killed on its territory. Nor can Downing Street have inspired the murder. But the fact that the Polish authorities did not disband an organization which plotted against another State and planned terroristic acts against its leaders no doubt constitutes partial, indirect guilt. The British break, moreover, encouraged the adventurous, irresponsible youngsters of the *emigré* society and filled them with thoughts of an impending war against Bolshevism through which, with the aid of their shots against leading Russians, the Soviet regime could be brought to the ground.

The Voikov assassination formed the basis of a long and acrimonious diplomatic correspondence between Moscow and Warsaw. At one time, in fact, alarmists wished to see an embryo war in the controversy. The Soviets, in the end, received some satisfaction, but the atmosphere which the murder and the consequent controversy created was scarcely congenial to further pact negotiations. These, in fact, were discontinued after the death of Voikov.

Soviet-Polish relations long stood under the sign of the Voikov affair and before it was forgotten the same Russian *emigré* circles in Poland undertook similar attempts on the lives of other Soviet officials in Poland. Efforts to renew the pact negotiations therefore bore no fruit.

¶ PACTS WITH THE BALTICS

Simultaneously with the neutrality pact negotiations with Poland and Lithuania, the Soviet Government opened conversations to the same end with Latvia, Esthonia and Finland.

Finland commenced negotiations in the autumn and discontinued them in November of 1926. The history of the Soviet-

Esthonian pact conference is similar and equally brief. Only Latvia's record is different.

Aralov, former Soviet ambassador to Turkey, went to Riga in the autumn of 1926 to open the pourparlers, and on March 9, 1927, the pact was actually initialled by Russian and Latvian representatives. 'League of Nation circles were thrown into confusion by this act,' the *New York Times* correspondent wired from Geneva. It broke the 'second lap in the League's Eastern front,' he added. But why should a peaceful pact of non-aggression alarm the League?

Before final signature and ratification could take place, the more or less 'Left' government of Premier Skuenek and Foreign Minister Cielens had been succeeded by a Latvian Cabinet unfriendly to Moscow. And in the same period came the interruption of Soviet relations with Great Britain after which the acceptance of a non-aggression pact with the Bolsheviks would have been interpreted in London as disrespectful. Even if Chamberlain never as much as hinted his opposition to an agreement with Moscow, the effect of open antagonism between Russia and England could not but call forth caution and coolness on the part of statesmen of minor Powers which are financially, morally, or politically dependent on Great Britain.

§ 5. THE SOVIETS AND ASIA

It is worthy of note that the Anglo-Soviet rupture, which effected so profoundly the relations of European Powers to Moscow, left Asia almost untouched – except in China, where British influence expressed itself in armaments and through internal Chinese forces. Before the break, during the period of tense hostility, and after it when all Europe reacted, the Soviet Government's diplomatic position in Turkey, Afghanistan, and Persia remained intact. Indeed, Bolshevism's formal political ties with these countries were reinforced by a treaty of friendship and neutrality with Turkey on December 17, 1925,[1] of neutrality and mutual non-aggression with Afghanistan on August 31, 1926, and of guarantee and neutrality with Persia on October 1, 1927.

[1] See page 612.

The bridges that could conceivably exist between the Soviet Union and the West are trade, large financial investments, foreign political combinations, alliances, etc., and the bond, now non-existent, between the ruling proletariat in Russia and a ruling proletariat in the West or between the present Moscow and a Labour Government in England, for instance, which supported itself on a parliamentary majority.

But Soviet foreign trade, though it grows gradually, and though it accounts in a measure for the desire of some economic and political circles in the West to maintain friendly relations with Russia, is now not a factor of supreme significance. The social and economic structure of the Soviet Union furthermore has not as yet permitted or encouraged large foreign financial investments, and concessions have still to prove their political, let alone their economic worth. But perhaps the most essential element in the Soviet Union's foreign political position *vis-à-vis* the nations of the West is its categorical refusal to enter into ententes or even unofficial *blocs* or to lend itself to one international constellation or combination against the other. Moscow maintains a sort of Olympian aloofness which may contribute to peace but not to foreign political power. Passively, by disapproving of the Versailles system, Russia becomes a diplomatic partner of Germany, but this is the only case – possibly in the future mutual American-Russian interests on the Pacific will add another – and it too is negative, and partly nullified by divergences growing out of internal social structures.

Sovietism and Capitalism, in the view of the World Economic Conference which met in Geneva in May, 1927, may exist side by side without overt hostility or constant warfare. Expediency and self-interest may pave the way to highly profitable, highly advantageous exchanges of goods or even heavy financial investments which neither party will wish to disturb by political conflicts. But from such a condition to political friendship and political co-operation is a far cry.

The Soviet Union's relationships with the nations of the East are altogether different in quality and intensity. In Turkey, Persia, Afghanistan, Mongolia, and China strong political tendencies resent and, despite temporary and partial lapses, must resist

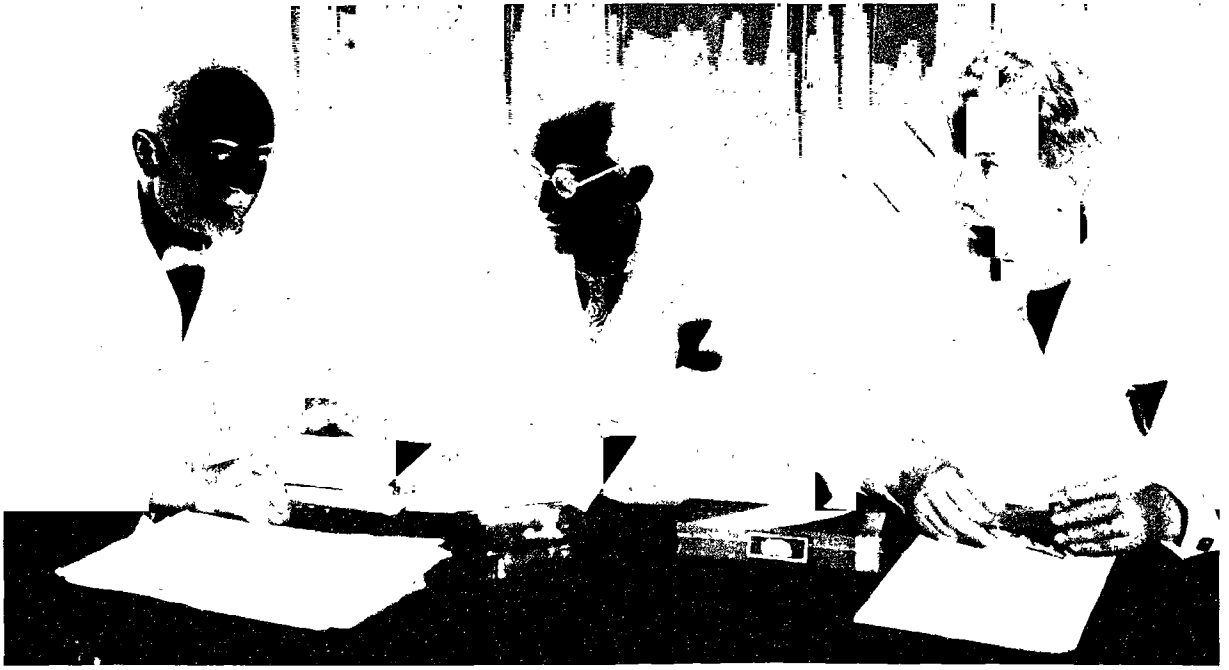
Western imperialism. The World War aroused and galvanized political schools of thought that had antedated it, and the Bolshevik revolution provided them with a practical example of victory over counter-revolutionary forces at home and abroad. The bond between the Soviet Union and the East is their common anti-imperialism and their common fear of aggression from Western Powers.

Moreover, Turkey, Persia, Afghanistan, Mongolia, and China are not capitalistic states in the Western sense. They boast no industrial or financial capitalist classes. The social and economic contradictions between them and the Soviet Union are therefore smaller and less important than between the intensely capitalistic West and Russia.

Ethnologically and religiously Asiatic Russia merges into Russia's Asiatic neighbours, whereas a chasm of race, church, and culture divides the peoples of European Russia generally from Western Europe.

The manner in which the Bolsheviks have given complete cultural autonomy and large measures of economic and political autonomy to the Soviet Union's national minorities is a strong point of friendly contact with Oriental peoples. The Czarist Government treated its Asiatic periphery as a colony to supply raw materials for the industries of Central Russia. But Moscow is establishing a textile industry in the Caucasus to manufacture the cotton of the Muggan steppes, and in Turkestan for Ferghana cotton, and cigarette plants in Georgia to use the tobacco of the Sukhum district. Such a policy creates a bond of sympathy beyond the Soviet frontier as well.

For all these reasons, the diplomatic relations between Moscow and Teheran or Kabul or Angora are in no wise comparable with Moscow's relations to Paris or London or Berlin. Their roots, texture, temperature, and stability are quite different. One illustration: at a time when British and French political hostility towards the Soviet Union was highly pronounced, official Mongolian, Persian, Afghan, and Turkish delegations went to Moscow to attend the celebration of the tenth anniversary of the Bolshevik revolution in November, 1927. For the Soviet revolution is kindred to the post-war national revolutions in all these countries.



CHICHERIN IN ODESSA, NOVEMBER, 1926

From left to right: Chicherin, Rushdi Bey, the Turkish Foreign Minister, and M. Zakia, the Turkish Ambassador in Moscow

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The basic friendship between Turkey, Afghanistan, and Persia and the Soviet Union does not, of course, preclude moments of friction and bad feeling. Quarrels and annoying incidents occasionally mar the relations even of allies to one another. Yet in respect to Russia and Turkey even such minor difficulties scarcely exist. Now and then small marauding bands cross the frontier into the Caucasus, and smuggling parties go to and fro, but the final regulation of the Soviet-Turkish boundary in September, 1926, reduced such occurrences to the lowest minimum. Politically, the spirit of the treaty of December 17, 1925, and of Chicherin's interview at Odessa with Rushdi Bey in November, 1926,[1] continue to govern the relations between the two revolutionary governments. Moscow has made small revisions in its foreign trade system to accommodate Turkish merchants, and a commercial and shipping agreement signed on March 11, 1927, amicably settled all outstanding economic problems. Contracts to supply the Turkish petroleum monopoly with Caucasian oil and the relatively satisfactory course of trade serve further to strengthen the ties between the two countries. When Kemal persecutes Turkish Communists, cries of protest go up in Moscow, but they merely scratch a hard surface.

The status of Soviet-Persian relations was not quite as exemplary. The establishment of the Pakhlevi dynasty on December 12, 1925, and the subsequent coronation of Riza Khan as shah did not affect these relations favourably. As War Minister, Premier and nationalist consolidator of Persia, Riza had courted the support of the forward-looking, anti-feudal classes. He had suppressed the tribal chiefs who opposed his centralistic policies. His relations with Britain in this period were cold, with Russia warm. But when he took the throne, reactionary groups flocked to his side. He needed more money, he loved the monarchical ceremony. His dependence on the Medjlis grew, and the Medjlis was controlled by the landowners and the nobility whose political sympathies frequently lay with England.

The Bolsheviks, had they wished to interfere in internal Persian affairs, or had they foreseen developments, might have persuaded Riza to become President. Riza came to Rothstein,

[1] See page 613.

the Soviet envoy in Teheran in 1921, and on two occasions asked his advice about assuming the crown. Rothstein did not encourage him. The British did. The assumption by Riza of the throne, moreover, strengthened the Persian national government and therefore Persian independence. Persia had less to fear from foreign enemies of her independent status. She accordingly required less support from Russia.

In 1926 matters were further complicated by Moscow's necessity to cut imports to the bone. Russia had little grain to export and could therefore make fewer foreign purchases. The economic distress in Northern Persia resulting from these circumstances naturally threw a shadow over Soviet-Persian political relations. Soviet goods were boycotted in Persia, and Persian newspapers adopted a less friendly tone towards the Russian Republic.

Meanwhile British influence grew stronger in Persia at the expense not only of Russia, but of America as well. The Standard Oil and the Sinclair Oil Companies were gradually dislodged from the positions they had acquired in the Persian oil field, and that delicate but beautifully planned campaign commenced which ultimately resulted in the retirement of Dr. A. C. Millspaugh, the American Administrator General of Persia's finances – formerly the petroleum expert of the State Department.

Moscow, after Locarno and in view of its increasingly strained relations with London, was pursuing a pact-signing policy in the West and East. In Europe, Lithuania, and Germany had agreed; in Asia, Turkey, and Afghanistan. But Persia held back. Foreign and domestic influences served as obstructions.

First it was necessary to iron out trade difficulties, and the pact and commercial agreement negotiations therefore proceeded simultaneously. Finally, no less than six separate agreements were signed in Moscow on October 1, 1927: a non-aggression and neutrality pact,[1] a trade agreement, a customs convention, a fishing treaty, a contract regarding the port of Pakhlevi (Enzeli) and one for the use of piers, warehouses ,and other equipment in the same city.

Apart from the pact, greatest importance attaches to the trade agreement. Until 1923 the Bolsheviks had attempted to conduct their business with Persia on the basis of the foreign trade mono-

[1] *Soviet Union Review*, Washington, D.C., January, 1928.

THE SIGNING OF THE SOVIET-PERSIAN TREATIES, OCTOBER 1, 1927
From left to right Mikoyan, Commissar of Trade, Chicherin, Karakhan, Rathstein, and Pastukhov

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poly. That system produced very unsatisfactory results; Persia is still a semi-capitalist or trade capitalistic country.[1] Accordingly private Persian merchants received permission to buy and sell in the Soviet Union. The commercial convention of October 1, 1927, concluded for a trial period of two years, gives legal form to this arrangement, and provides for a so-called 'netto-balance': Russia buys as much in Persia as Persia buys in Russia. The contingent established amounts to 50,000,000 roubles per year and therefore foresees a total foreign trade turnover between the two countries of at least 100,000,000 roubles. In 1927–8, the turnover actually exceeded 140,000,000 roubles. No import licences into the Soviet Union are required. Persian traders dispose of their goods in Russia, and with 90 per cent of the proceeds buy Soviet products. The 10 per cent remaining may be exported in foreign valuta to cover freight charges.

The agreement allows Persia free transit to and from Europe. But the articles are enumerated. Since Russia sells sugar, textiles, matches, glassware, etc., these are not granted the right of transit. Building materials, automobiles, chemicals, medicines, machines, etc., and, generally, all goods not produced or manufactured in the Soviet Union pass through its territory to Persia customs-free.

The Soviet Government is not completely satisfied with the Persian trade agreement. Persian purchases in Russia consist of materials of value and necessity – oil, sugar, textiles, matches – whereas, Moscow contends, Persia offers only dried fruits which can be dispensed with, and rice which can be bought more cheaply in India. If Persia develops her wool and cotton exports, the Bolsheviks would become more enthusiastic buyers. Otherwise, the system of 'netto-balance' may be scrapped on Soviet insistence.

At the time of the conclusion of the trade treaty, the pact and the accompanying instruments, however, the tension in Soviet-Persian relations immediately relaxed, while, contrariwise, Persia refused to permit the British imperial air route from London to Cairo to Karachi to pass over her territory and indicated a disinclination to tolerate capitulations any longer.

But Moscow closely observed Persia's relations with her Moslem neighbours, Turkey and Afghanistan as well. The Bol-

[1] See pages 586 *et seq.*

sheviks wished to see peace and friendship among these three states comprising the Near and Middle East. Other foreign interests, on the other hand, were best served by sowing discord between Turkey and Persia, for instance – since Turkey followed a frankly anti-imperialistic policy, resented the loss of Mosul, and had entered into an alliance with Afghanistan which found little favour in British-Indian circles.

Differences existed between Persia and Afghanistan. Partly territorial along the Herat border, partly rooted in historical circumstances of long standing, they made for friction and misunderstanding. Moscow was not averse to offering its good services towards their removal. Late in 1927, a Persian-Afghan pact came into operation.

Further, an age-long boundary dispute existed between Persia and Turkey. Fluid ethnic and occupational conditions favour the passage of tribes to and fro through the frontier zone, and acrimonious diplomatic controversies have frequently resulted. On April 22, 1926, these difficulties apparently found their solution in the conclusion of a Turko-Persian treaty of amity. Yet immediately the frontier became an area of unrest. The Turks accused the Persians of encouraging the warlike Kurds to engage in inroads on to Persian soil, while Teheran levelled similar charges against the Turks.

Moscow believed that Great Britain's policy at the time inclined towards the establishment of an independent or semi-autonomous Kurd state, or that the English, at any rate, were using the Kurds to further their own ends in the Near East, and to sow discord between Persia and Turkey. The Moscow *Izvestia* of October 6, 1927, definitely charged that British gold was responsible for Kurd raids from Turkey into Persia and from Persia into Turkey. Angora shared this view, and the Anatolian Press aired it. In general, Moscow is convinced that British agents employ recalcitrant tribes in all these Eastern countries as a means of applying pressure on constituted governments and thus affecting London's or Delhi's policies. Russians tried to bring this point home to both Turkish and Persian statesmen, and the Soviet Press warned against enmity between naturally kindred nations for which 'a foreign imperialistic Power' bore responsibility. Towards

the end of 1927 the Turkish-Persian quarrel had been settled, and Moscow accepted part of the credit.

A threadwork of pacts, treaties and one alliance now united the Soviet Union, Turkey, Persia and Afghanistan:

Soviet-Turkish treaty, December 17, 1925,
Turkish-Persian treaty, April 22, 1926,
Soviet-Afghan treaty, August 31, 1926,
Soviet-Persian treaty, October 1, 1927,
Persian-Afghan treaty, November 28, 1927,

and the treaty of alliance between Afghanistan and Turkey which had been signed on February 19, 1921, and which still was of great practical and military significance.

It was contrary to one of the fundamental tenets of Soviet foreign policy, however, to expand any of these bi-lateral engagements involving Russia into a triangular arrangement. Moscow, for instance, treasured its pacts of friendship and its warm diplomatic contacts with Turkey and Afghanistan, yet remained unalterably opposed to a tripartite Soviet-Turkish-Afghan treaty, or a Soviet-Afghan-Persian treaty.

The last links of the chain of pacts among Near Eastern countries and between them and the Soviet Union were forged after the Anglo-Soviet diplomatic rupture. That rupture, in fact, probably hastened the signature of the Soviet-Persian documents in October, 1927. The break brought Russia no loss of prestige in Western Asia. Chamberlain's 'Bolshevik propaganda' charge meant nothing in that region and certainly frightened neither Kemal Pasha, nor Riza Shah, nor Amanullah Khan. Moscow, after the severance of relations with London, sought to drive home the thought in Angora, Teheran, and Kabul, that an enemy of the Soviet regime could be no friend of revolutionary-nationalist governments or of the independence of Eastern nations. Soviet organs, in fact, emphasized that one of the chief causes of the break was Bolshevism's concern for the fate of the new democracies of the Near East and for the struggle of anti-imperialist China. These arguments did not fall on entirely deaf ears in Persia, Afghanistan and Turkey where the Pan-Asiatic consciousness is more developed than the West wishes to believe.

By exposing the sharp diplomatic difference between England and Russia, the Anglo-Soviet rupture likewise underlined their differences of policies. The contrast invited Eastern peoples to make a mental choice. The selection was seldom to England's advantage.

§ 6. SINO-SOVIET FRICTION

¶ THE CHINESE EASTERN RAILWAY CONFLICT

Chang So-lin, the Manchurian war lord, manifested most opposition to the Nationalist revolution and the firmest resistance to its military progress. He made and publicly proclaimed himself the champion of anti-Communism in which he included not only the Soviet system of government but more particularly the Kuomintang principles of equal treaties, anti-imperialism, the cancellation of extra-territorial privileges and the revocation of foreign concessions.

Nevertheless, Chang So-lin left nothing undone to infringe against Soviet rights of ownership on the Chinese Eastern Railway which passed through the territory he dominated. On September 20, 1924, his Government signed a treaty with the Soviet Government restoring Moscow to its possession of the line. Yet within a year after this solemn undertaking, Chang proceeded to violate the terms of the contract.

Matters came to a head early in 1926 on account of Mukden's efforts to transport its troops on the C.E.R. free of cost. The Soviet officials of the railway resisted these attempts, and Chang So-lin, on January 21, accordingly ordered the arrest of M. Ivanov, the director-in-chief of the C.E.R. and of a large number of his co-workers. This actually constituted the transfer of the road into the hands of the Manchurian military authorities.

The very next day Moscow presented Chang So-lin with a three-day ultimatum. If Comrade Ivanov was not liberated and if the treaty status of the line was not restored within that short period, the Soviet Union would achieve those results through its own efforts. Chang So-lin complied immediately. An agreement, signed on January 24, provided for the resumption by Ivanov of his functions and the re-establishment of normal conditions in the management of the C.E.R.

Russia had won. But anxious to come to an amicable working arrangement with Chang So-lin and to regulate any legitimate claims he might care to present, the Bolsheviks proposed a conference to discuss all controversial issues. The meeting opened in Mukden on May 26, 1926, with Serebyakov, a high Soviet official, as leader of the Russian delegation.

Questions on the agenda included the privileges of trade unions of Soviet workers on Manchurian territory, Soviet schools in Manchuria, finances, etc. In the midst of the pourparlers, however, Chang So-lin demanded on August 21 that all the vessels operated by the C.E.R. be handed over to him, and that its schools be placed under his direct jurisdiction. Chicherin protested, but Mukden disregarded it and on September 1 confiscated the C.E.R.'s ships on the Sungari River and dissolved the railway's department of education.

Subsequent efforts during 1926 and the early part of 1927 to reach an amicable settlement of these difficulties remained unfruitful.

Meanwhile, the Northern Expedition of the Cantonese continued to register signal progress, the Peking Government had been shorn of even any appearance of authority, and Chang So-lin dominated Manchuria as well as Peking and Tientsin. Moscow hoped, probably, that larger Chinese developments would provide a solution of its quarrel with the Mukden anti-Communist war lord. Certain elements in the Soviet Union that might have been highly pleased to surrender the C.E.R. voluntarily and without payment to a people's government in China hesitated to make such a move which would strengthen the hands of reaction and accrue to the advantage of Japan. In fact, Kuomintang leaders had counselled Soviet representatives in 1924 against presenting the railway to Peking or Mukden on the ground that such a step would strike at the interests of the Chinese nationalist movement by reinforcing its northern opponents.

¶ THE SOVIET EMBASSY RAID

While the C.E.R. crisis remained acute, Chang So-lin added insult to injury by raiding the Soviet Embassy grounds in Peking. Karakhan had returned to Moscow via Shanghai a few months

earlier because being accredited to a government that really did not exist appeared futile and wasteful. But the embassy continued to function, and in common with all diplomatic premises, to enjoy extra-territorial immunity. On April 6, 1927, Chinese soldiers and police entered the offices of the Soviet military attaché, the Soviet Dalbank, the Boxer Commission, and the Chinese Eastern Railway – all located within the Embassy compound – as well as the private apartments of embassy employees, and carried out a thorough search. Fifteen Russians were arrested. A large number of documents was taken away.

This coup had not been altogether without warning. Chang So-lin told foreign newspaper correspondents on March 27 that he 'contemplated breaking off relations with the Soviet, and proposed to discuss the situation with the Foreign Ministers.'[1] It is not recorded whether he carried out his intention of consulting the diplomatic corps, although nothing could have prevented it. He did ask the Foreign Ministers for permission to enter the Soviet Embassy grounds and to seize the Embassy's archives. The London *Times* of April 9 reported the Diplomatic Corps' protest to the Chinese Foreign Office on the ground that Chang So-lin had 'exceeded the authority contained in the warrant of search granted by the Diplomatic Body.' But an *ex post facto* protest of this kind bore only academic interest to Chang.

After Chang had caused to be strangled seventeen of the Chinese apprehended in the Soviet Embassy, Chinese sources proceeded to publish Russian documents allegedly discovered in the course of the search. Some of these were authentic. They proved, what is now scarcely a secret, that the Chinese bourgeois revolutionary movement had received material aid from Moscow. Canton and Feng were indeed the recipients of Soviet moneys and munitions which undoubtedly stimulated their activities and buttressed their forces. Revelations regarding financial and ammunitional assistance naturally carried a sensational appeal and lent themselves to loud newspaper headlines, but to Western statesmen Borodin as the personification of the Bolshevik revolution would have been equally objectionable if Moscow had sent not a single kopeck or cartridge.

[1] *Chronology of Events in China: 1911–27.* With a Foreword by Sir F. Whyte. London. Page 33.

On the day of the embassy raid, the Soviet consulate in Shanghai was surrounded by Chinese police and 'White' Russian soldiers, and all persons entering or leaving it subjected to personal search. The next day, the headquarters of the Dalbank, the C.E.R., and the Soviet Mercantile Fleet in the French concession in Tientsin were searched with the consent of the concession authorities. On the tenth of April, the Soviet Government therefore withdrew its chargé-d'affaires from Peking, thus creating a state of absence of diplomatic relations. Moscow, however, permitted its consulates in China to continue functioning.

The situation was now supremely confused. The Soviet Government had broken off relations with the nominal central government of China which it did not respect and which its friends in South China were attacking. But it did not discontinue its negotiations with Mukden on controversial issues regarding the C.E.R. despite the fact that Chang So-lin bore full responsibility for the Peking and Tientsin raids.

The circumstance that the Soviet Embassy in Peking and the Soviet Consulate in Shanghai were searched on the same day further complicates the situation. Peking was dominated by Chang So-lin, Shanghai by Chiang Kai-shek. Had they agreed on simultaneous and common anti-Soviet measures, or had those measures been inspired by the same foreign influence?

¶ THE FORMAL SINO-SOVIET RUPTURE

Meanwhile, the mass movement under Communist guidance assumed increasingly greater proportions in South and Central China, and Nanking's repressive measures became correspondingly more rigorous. The 'White' Russian colony in Shanghai took special delight in agitating for anti-Soviet moves on the tenth anniversary of the Bolshevik revolution, and on November 7 a 'White' Russian-armed unit duly attacked the Shanghai Soviet consulate.

Then, in connection with the Communist *coup d'état* in Canton on December 13, the Soviet consulate in that city was raided and its entire staff arrested. On the morrow, the Chinese executed six of these officials in the streets of the town.

Nanking, on the 14th of December, likewise informed the

Soviet Government that it was severing relations with Russia. But no diplomatic relations had ever existed between Nanking and Moscow, nor did Moscow withdraw its consuls from China, nor did Nanking withdraw its legation or consulates from the Soviet Union. The declaration of the rupture was therefore nothing more than a gesture. The Bolsheviks allowed the Chinese minister in their capital to continue in his exercise of extra-territorial and all other usual diplomatic courtesies and to represent his country's interests actively. The protection of Soviet citizens in China, on the other hand, was undertaken by Germany. This anomalous and highly irregular position remained unchanged until July, 1929, when Chang So-lin's son followed the example of his ill-fated father and seized the Chinese Eastern Railway.

The rupture of Sino-Soviet diplomatic relations was the result of anti-Soviet developments in the Chinese revolution. When Chang So-lin offended Soviet Russia he was in effect aiming a shaft at the Nationalists. When Chiang Kai-shek severed non-existent relations with Moscow he really reacted to the ultra-left Communists' efforts in Canton and other localities.

The Anglo-Soviet rupture may have encouraged the Chinese tuchuns. They may have felt that they could move against the Bolsheviks with impunity. Chang So-lin's adviser was an Englishman named Sutton. Captain Sutton may have taken some cues from the Die-Hards back home. Foreign inspiration perhaps played some rôle in Sino-Soviet diplomatic friction in 1927. But to lay the blame only at the door of the British is to mistake superficial circumstances for fundamental causes. Essentially, diplomatic conflicts in China reflected the revolutionary ebb.

London rejoiced. And it is not without significance that immediately Borodin and Eugene Chen left China and Chiang Kai-shek began giving unmistakable signs of desiring a *modus vivendi* with the foreign Powers, a movement started in England to resume relations with Moscow. In September, 1927, for instance, the *Observer* remarked that the British task in China had become easier – and that excellent weekly accordingly put added vigour into its pleas for a resumption of diplomatic relations with the Bolsheviks. The rupture, so to speak, had already accomplished its chief aim – the stemming of the Chinese revolution.

CHAPTER XXVI

THE BOLSHEVIK WAR SCARE

Bolsheviks often think too primitively. They did not believe that the Die-Hards had severed relations with Moscow merely as a demonstration or to rid London of a Soviet Embassy. They saw a sinister, deeper purpose in the move. They were convinced that it would be followed by an armed British attack on the Soviet Union. They saw war in the nearest future.

Rabid anti-Bolsheviks gave the Russians ground for suspecting warlike British intentions. The 'Whites' in Europe and China, and even in the Soviet Union, made wild deductions from the severance of relations, and regarded it the best opportunity to provoke violent foreign attacks against the Bolshevik regime. Prominent 'White' Guard leaders of noble blood crossed into Russia illegally during this period and were summarily executed by the G.P.U. in May, 1927. At the same time, counter-revolutionists on Soviet territory committed an unprecedentedly large number of terrorist acts against Communist meetings, officials, and plants. Voikov succumbed to the bullets of a youthful 'White' Guard in June, 1927. Monarchist Russians drew a threatening cordon around the Soviet Consulate in Shanghai, and assisted in the raid on the Soviet Embassy in Peking on April 6, 1927. Czarist officers in Manchuria inspired and abetted anti-Soviet manœuvres by Chang So-lin. The Bolsheviks looked upon all these acts as the preliminary of a war.

The Die-Hards, according to Premier Rykov (in an address to the Moscow Soviet on June 1, 1927), wanted to anticipate the gradual eclipse of British capitalism by greater anti-socialism at home and firmer imperialism abroad. Great Britain, he indicated, desired to check her economic decline by securing a firmer foothold in imperial markets and in semi-colonial countries like China, and, furthermore, by reducing the wages and crushing the resistance of the working class. But in both these realms, Russia stood athwart the path. Russia gave help to British Labour and thus attempted to prevent a Die-Hard victory over the trade-union

movement. Russia advised and aided the Chinese revolutionary cause and offered moral support to radical thought and nationalist aspirations in the East, thus obstructing British success in the imperial field. For these reasons, it became imperative for England to strike at the source of her evils before she tackled their effects. This, Moscow considered, was the conscious or unconscious logic of the Anglo-Russian diplomatic rupture. And this logic, therefore, required further, more decisive steps in the same direction.

Bolshevik statesmen did not contend that a British army would march into Russia. 'In conformance with the traditions of England's diplomacy,' Rykov stated, 'she has waged and will wage wars not with her own, but with strange hands.' Stalin echoed the thought. 'England always has preferred wars fought with the hands of others,' he wrote. 'And now and then, she has actually found fools to pick her chestnuts from the fire.'

The Russians expected that the Baldwin Cabinet would avail itself of the services of Marshal Pilsudski and Marshal Chang Solin. Danger lurked from Poland and Manchuria.

The menace was immediate. War was imminent. 'We refer,' Stalin wrote in the *Izvestia* on July 28, 1927, 'not to some indefinite, vague "danger" of a new war, but to the real and actual threat of a new war in general, and of a war against the Soviet Union in particular.'

Stalin placed the blame for the raid on the Soviet Embassy in Peking at the door of Great Britain. A second link in the British anti-Soviet chain was the search of Arcos. The third was the assassination of Voikov 'intended by its authors to play the rôle of Sarajevo and draw the Soviet Union into a war with Poland.' In this it had failed, but further attempts would follow. 'The entire international situation,' Stalin continued, 'all the facts in the field of the British Government's "operations" against the Soviet Union, the fact that it organizes a financial blockade of the Soviet Union, that it conducts secret conferences with the Powers on a policy against the Soviet Union, that it subsidizes the *emigrés*' "governments" of the Ukraine, Georgia, Azerbaijhan, Armenia, etc., for the purpose of raising revolts in those states of the Soviet Union, that it finances groups of spies and terrorists to blow up

bridges, set fire to factories, and terrorize Soviet Legations abroad – all this undoubtedly proves that the British Tory Government has definitely and concertedly undertaken to organize a war against the Soviet Union.'

The writer arrived in Moscow towards the end of June, 1927, after a protracted stay in the West. On all sides, he was plied with the question, 'When will the war break out?' In vain he tried to assure Communists and non-Communists that Europe did not want war, and did not seem to be on the verge of hostile operations. Moscow knew better. Moscow was panicky. Peasants throughout the country bought large quantities of salt, and hoarded their grain. A fully-developed war psychosis prevailed. War was *salon* talk, street-car talk, newspaper talk.

The Bolsheviks used the war scare against the Trotzky Opposition. 'Look at these traitors,' they said in effect, 'who undermine the party while the capitalists threaten from without.' The war scare may have been calculated to arouse anti-war feeling in Europe and England. By yelling 'War, War,' the Soviet statesmen perhaps thought they would prevent war. But no one who lived in Russia at the time will be shaken in his conviction that the majority of Bolsheviks were thoroughly and sincerely frightened by the prospect of immediate hostilities.

When the summer and autumn of 1927 passed without the declaration of war, Communist certainty commenced to waver. Yet the Congress of Friends of Soviet Russia, meeting in Moscow on the tenth anniversary of the revolution, adopted a resolution in which it undertook 'to fight against the war that threatens the Soviet Union from the capitalist world, and to discredit the intrigues of international diplomacy which is preparing that war.'

The melting of the snow in the spring of 1928 brought a new wave of the war scare, but this time it carried less force and conviction. Instead, the Bolsheviks began to emphasize the permanent, ever-present menace of war in Europe and throughout the world. This is a defensible thesis. Europe to-day has more armaments and more unsolved economic, political and ethnical problems than in 1914. Few nations want war, yet war is a daily possibility. But for the Bolsheviks to have argued in 1927 that Great Britain was busily preparing for war against them was sheer non-

sense. The fact that no war took place is sufficient to prove them wrong. The fact, however, that they foretold the outbreak of hostilities shows how deeply the British rupture and its aftermath had impressed them, and how much they abhorred war.

CHAPTER XXVII

SHALL THE WORLD DISARM?

Russian Communists have no sentiments against war. They entertain a congenital dislike for the pacifist and the idealistic anti-war agitator. They preach the doctrine of class-war as a bloody counterpart of revolution. But they oppose international wars. They do not want to fight.

'By our policy of peace,' Rykov told the Fifth Congress of Soviets in May, 1929,[1] 'we follow a policy which reflects the interests of workers of the entire world, for those who suffer from war are not, obviously, the munition makers, but the workers and peasants who form the armies. That always gave us a firm basis of principle for our determined policy of peace.'

The Bolshevik Government, moreover, is engaged on the grandiose task of rebuilding a great country. It does not wish to be disturbed.

The Communist revolution gave Russia a potential of progress. It destroyed feudalism, swept away the economic and political influence of an Oriental, anti-culture, established church, and discarded absolutism. These factors had been largely responsible for the backwardness of the country. The revolution, therefore, created a prejudice in favour of modernism and imposed on the Bolsheviks an obligation of advancement. Reconstruction became their chief task.

The Russian revolution, like the Chinese, and, in one sense, like the popular movements in India, are the expression of an elemental urge towards economic independence from the West. Independence requires rapid industrialization.

The fall of Russian capitalism covered foreign capitalism in Russia with its debris. The Civil War and intervention completed the work of ruin, and when the hostilities closed in 1920, Russia thirsted for new industrial construction, new railways, and new possibilities of production in the city and the village. The Bol-

[1] *Izvestia*, May 23, 1929.

sheviks were now called upon to achieve with their own resources more than the Czarist regime had accomplished with a great measure of outside aid.

Quick industrialization in no wise represented a Bolshevik whim. Numerous circumstances made it a necessity, and one condition made it imperative: the Russian village is over-populated. It has regularly, for years and years, thrown forth masses of excess inhabitants into the towns. Only large-scale industrialization will supply them with employment.

Industrialization, then, is the paramount and the permanent concern of the Soviet Government. More territory would give it more rural districts. It wants to build cities. It wants no expansion. The direction of its progress is upward and downward: intensive rather than extensive.

Aggressive policies could net Russia nothing. Russia is a rich country. It need not engage in oil imperialism, or cotton imperialism, or coal and iron imperialism. Industrialization can be facilitated by friendly commercial and political contacts with the West. It can be ruined by war.

Peace permits of concentration on all-important domestic problems. Soviet anti-war slogans, therefore, are dictated first and foremost by self-interest rather than by idealism.

In 1920, the Bolsheviks bought peace with territory. No sacrifice is too great to secure uninterrupted prosecution of the task of upbuilding. Prestige is vain when peace is involved. A Soviet ambassador and a Soviet minister were killed in foreign countries. A Soviet embassy was raided. Two Soviet Trade Headquarters abroad were searched. Soviet consuls were shot. Soviet property was seized. But Moscow refused to be provoked into war.

¶ THE MOTIVES OF SOVIET PEACE POLICY

The outstanding aim of Soviet foreign policy is defence against foreign attack. To achieve that aim it continuously calls for disarmament.

The Bolsheviks are not naïve. They know that complete disarmament is a Utopia, and partial disarmament an ideal. They argue, in fact, that capitalist nations must maintain armies and navies. Yet Chicherin made a disarmament proposal at Genoa,

in 1922, at the first international conference at which the Soviets were represented, and Litvinov another at the Moscow Disarmament Conference in December of the same year.

Stalin dilated on the dangers of war in the *Izvestia* of July 28, 1927.

'What, then, must we do?' he asked. 'The Soviet Government,' he affirmed, 'must pursue, firmly and unwaveringly, its policy of peace and of peaceful relations notwithstanding all the provocative moves of our enemies, notwithstanding all the pin-pricks at our prestige. The *provocateurs* in the camp of the enemy taunt us and will taunt us that our policy of peace is the child of our weakness, of the weakness of our army. . . . We cannot and must not play into their hands. We must go our way, defending the cause of peace, demonstrating our will to peace, revealing the criminal designs of our enemies, and branding them as the protagonists of war.'

'Revealing' and 'branding' became leading Soviet occupations. By shouting the guilt of warlike nations, Soviet statesmen proposed to frighten the enemy into inactivity – his plans are known. By proclaiming the Powers' disinclination to disarm, Moscow hoped to shame them into some disarmament, or to embarrass them politically as in the case of Poland at Moscow, in 1922. When the Powers reject Litvinov's proposals one day, it becomes more difficult to inveigh against 'the Bolshevik military menace' on the next.

Soviet war scares and Soviet disarmament agitation are likewise intended to arouse the international proletariat in Russia's defence, to undermine the solidarity of working classes and Liberal groups in capitalist States with their governments, and to shake the faith in the unvarying justice of bourgeois causes. Here greatest success has been achieved.

¶ THE MOTIVES OF SOVIET DISARMAMENT PROPAGANDA

If Russia boycotted all disarmament discussions, the Western world could thereby explain its reluctance to disarm. Lord Sydenham, for instance, wrote: 'As far as the States bordering on

Russia and easily accessible to Bolshevik influence are concerned, little in the way of disarmament can be expected while the Red Army, the largest in Europe, is maintained at its present strength.'[1]

Lord Cecil struck the same note as Lord Sydenham. 'Some kind of suspensory arrangement in any disarmament treaty,' he said, 'would have to be made about the countries adjoining Soviet Russia, unless Russia became a party to the agreement.'[2]

Moscow believed and, therefore, wanted to show that even if its delegates appeared, and even if they proposed far-reaching reductions and limitations of armament, the League of Nations could achieve nothing in the direction of disarmament. Moscow wished to disprove the argument that Russia's absence from disarmament negotiations condemned them to failure.

Premier Rykov dealt with these problems in an address to the Fourth Congress of Soviets in April, 1927.[3] 'The League of Nations is endeavouring to prove its "pacifism" by convening a disarmament conference.' But the preparatory work of the conference indicates that 'it is not a question of a disarmament conference, but a conference to discuss how to maintain, with the least expenditure, the military rule of those countries which at present still dominate the whole world.'

Will the Soviet Union disarm?

'We are prepared,' Rykov said, 'to accept the most drastic measures for the prevention of war and competition in armaments, and call upon the other Powers to do this. We propose that the standing armies be completely abolished, that war industry be done away with and a real control set up consisting of representatives of the people, of the workers, of the trade unions, and of the peasants.'

As to the state of Soviet armaments, Rykov affirmed that

'there is not a single branch of war industry in which we are not surpassed in means and resources by *any* West European state. I further declare that we are the only state in Europe or America which, after the imperialist war, is expending on the maintenance of the army considerably less than half of the pre-war expenditure.'

[1] London *Daily Mail*, January 2, 1928. [2] *The Times*, October 29, 1927.
[3] The *Labour Monthly*, London, June, 1927.

Rykov's proposal for complete disarmanent received little attention in Europe. Europe was preoccupied with the Preliminary Disarmament Conference of the League of Nations. The Preparatory Commission for a Disarmament Conference had met three times in Geneva without evolving or presenting any suggestion, proposal, or thesis of even partial disarmament in any field. Russia had not participated because the Powers convoked the meetings in Geneva, although Moscow had no relations with Switzerland, and could dispatch no representatives to Switzerland on account of the assassination of the Soviet Ambassador Vorovsky on Swiss soil. In 1927 the conflict was settled through German mediation,[1] and in November, 1927, Maxim Litvinov, the Soviet Assistant Commissar of Foreign Affairs, appeared at the League seat to attend the Fourth Session of the League's Preparatory Commission.

¶ WHY DISARMAMENT?

Why, in the opinion of the Bolsheviks, did the bourgeois nations even make gestures in the direction of disarmament? Because, they answered, the World War had been proclaimed 'the war to end war.' People had fought and died under that slogan. Those responsible for it felt the moral obligation to make moves ostensibly designed to eliminate new conflicts. Technique and political developments, moreover, change armament requirements. At the Washington Arms Conference of 1921–2, the Bolsheviks declare, the Powers discarded instruments of war which new inventions had made less effective and which experience had proved less useful. But that conference failed to outlaw the submarine, the cruiser, the military aeroplane, and chemical warfare.

The Bolsheviks remain sceptical even when a few cruisers are scrapped. No 'naval holiday' or 'naval week-end' will ever convince them that England and the United States will undertake seriously to weaken their effectiveness in war when so many causes of friction and controversy exist between those two countries. 'The Government of the Soviet Union,' Litvinov announced on the eve of his first trip to Geneva, 'has never concealed its mistrust of the

[1] For text of joint Soviet-Swiss declaration see *Izvestia*, April 16, 1927, and *Europaeische Gespraeche*, Berlin, July, 1927, page 426.

readiness and ability of capitalist nations to destroy the system of war among peoples, and therefore to achieve disarmament.'

The World War, he said, had strengthened that mistrust, and the post-Armistice record buttressed their conviction. And the Geneva deliberations merely served to fortify the Bolshevik view that the bourgeois states will not disarm because they cannot and must not.

The Communists were ready to be convinced of their error. Litvinov referred to the scepticism of the official *Izvestia*, and of the Soviet delegation in an address to the Preliminary Commission at Geneva on March 22, 1928.

'It is up to the Commission itself, by the results of its activities,' he said, 'either to justify that scepticism or to give that newspaper the lie and to prove that it was wrong. The Soviet delegation will be the first to rejoice if the latter is the case.'

The Commissar then quoted 'a Paris newspaper of quite reactionary hue,' dated March 20, which invited League protagonists to admit that 'their lectures against war are just as effective as the conjurations of negro sorcerers against the storm.'

Nothing the League Commission did afforded the Soviet delegation cause for rejoicing.

¶ LITVINOV'S FOURTEEN POINTS

Maxim Litvinov in the League capital was like a bull in a china shop. Theretofore, the League's Preparatory Commission on Disarmament had worked peacefully for two years listening to ringing appeals for disarmament, engaging in legal debates, interpreting clauses, phrases, and words of the League Covenant, receiving reports from military experts, referring reports back to subcommissions, and sending reports to their governments. But Litvinov had no sooner arrived in Geneva than he presented for discussion a full, detailed draft convention for 'immediate, complete, and general disarmament.' In doing so, Litvinov indulged in a typical Bolshevik diatribe which could not but offend the Commission, its individual members, and the League as a whole.

With unabashed effrontery, Litvinov declared, in laying his draft before the Commission on November 30, 1927, that

'The Soviet Government is of the opinion it has always held,

that under the capitalist system no ground exists for counting upon the removal of the causes which give rise to armed conflicts. Militarism and big navies are essentially natural consequences of the capitalistic system. By their very growth, they intensify existing contradictions, immensely accelerating and sharpening all hidden potential conflicts and inevitably convert these into armed clashes.'

But *the people* of all countries want no 'new imperialist wars.' They want 'to safeguard peace among nations.' Therefore, the Soviet Government sent its delegation. 'In doing so the Soviet Government demonstrates before the whole world its will to peace among nations and makes clear the real aspirations and true desires of the capitalist states in regard to disarmament.'

His august audience breathed heavily, but Litvinov continued unruffled: 'Despite the fact that the World War was called the "war to end wars," the whole post-war history of international relations has been one of unintermittent and systematic increase of armed forces in the capitalist states and of a vast increase in the general burden of militarism, resting heavily on the shoulders of the working classes.'

What the Commission had done was 'of a purely decorative nature.' Its methods evoked 'endless and fruitless arguments on so-called military potentials' and afforded an opportunity for 'the evasion of the fundamental and decisive question of the actual extent of disarmament.' If this continues, Litvinov warned, 'no curtailment of existing armaments will take place; on the contrary, the states belonging to the League of Nations may even receive legal sanction for increasing armaments in the future.'

Litvinov then presented the Soviet alternative to these methods. He proposed[1]:

(1) 'The dissolution of all land, sea, and air forces and their prohibition in any concealed form whatsoever.'

(2) 'The destruction of all weapons, military supplies, means of chemical warfare, and all other forms of armament, and means of destruction in possession of troops or military or general stores.'

[1] Complete Russian, text, *Izvestia*, December 2, 1927; English translation, London *Daily Telegraph*, December 1, 1927; German translation, *Europaeische Gespraeche*, Berlin, January, 1928.

(3) 'The scrapping of all warships and military aircraft.'

(4) 'The discontinuance of calling citizens for military training, either in armies or public organizations.'

(5) 'Legislation for abolition of military service, either compulsory, voluntary or recruited.'

(6) 'Legislation prohibiting the calling up of trained reserves.'

(7) 'The destruction of fortresses and naval and air bases.'

(8) 'The scrapping of plants for military purposes, and of installation for military industry in the general industrial establishments.'

(9) 'The discontinuance of assigning funds for military purposes, both in state budgets, and in those of public organizations.'

(10) 'The abolition of ministries of war, navy and military aviation, the dissolution of general staffs and all kinds of military administrations, departments, and institutions.'

(11) 'The legislative prohibition of military propaganda and military training of the population, and of the education of the youth in the same spirit, either by state or by public organizations.'

(12) 'The legislative prohibition to patent all kinds of armaments and means of destruction, with a view to the removal of the incentive for the invention of same.'

(13) 'Legislation making the infringement of any of the above stipulations a grave crime against the state.'

(14) 'The withdrawal or corresponding alteration of all legislative acts, both of a national and international scope, which are in contradiction to the above stipulations.'

This whole programme was to be carried out one year after its adoption. Litvinov wished in that time not only to abolish armaments, but to make the usual armament patriotism a 'grave crime against the State.' People demanding more cruisers, more aeroplanes, new army or navy appropriations, or private officers' training camps would be summoned to court and prosecuted as traitors.

However, if the 'capitalist states reject the immediate actual abolition of standing armies,' Moscow would propose that complete disarmament be carried out in gradual stages during a period of four years.

Litvinov then suggested that funds released from war budgets might be used for productive and educational purposes.

There followed an obvious attempt at irony. 'This is our disarmament proposal,' he said. 'At first glance its radicalism, its wide sweep will seem to you complicated, difficult to realize, nay, even Utopian. But this is due to the fact that the subject is so new. It may be stated definitely that the question of general disarmament has never been taken up yet.'

Litvinov foresaw that his utterances would expose Moscow to renewed charges of 'Bolshevik propaganda.'

'This time,' he stated, 'we are ready to accept the challenge and to declare that this is indeed propaganda for peace. . . . But if the Preparatory Commission for Disarmament is not the proper place for peace propaganda, then it must be assumed that we are here through a misunderstanding.'

Even in the very polite surroundings of a League Commission meeting, most of the delegates refrained from applause when Litvinov at last sat down. Only the visitors testified that they had been impressed or entertained. Litvinov had taxed the Commission's patience. But more than that, he now taxed their ingenuity: how could they negative his proposal without making it patent that they had no interest in disarmament? Suspicions to this effect had already been aired in a vast number of bourgeois publications, for although the Preparatory Commission came into being on December 12, 1925, it had found two years insufficient to fulfil its functions of preparing for the Disarmament Conference.

At the Sixth Assembly of the League in September, 1926, the Scandinavian delegates openly declared their displeasure with the unfruitful pace of the Commission's work, and 'the hope was widely expressed that it might be possible to hasten the preparatory work in order that the Disarmament Conference might be convened in the course of the year 1927.'[1] It was not convened in 1927. It was not convened in 1928 or 1929.

¶ THE LEAGUE FINDS AN ESCAPE

Litvinov's disarmament project struck the League like a thunderbolt and left it distressed and in want of good counsel.

[1] *Survey of International Affairs, 1927*, by Arnold J. Toynbee. London, 1929. Page 9.

M. Jonkheer J. Loudon, the Dutch President of the Preparatory Commission, made an effort to postpone discussion indefinitely, but he met polite though firm objection from the Russian and accordingly opened the floor to the assembled delegates.

Long embarrassing moments followed. Nobody wished to speak. Finally, M. Paul-Boncour, the French Socialist-diplomat, mounted the rostrum. He had had no intention of addressing the gathering, he said.

'But in view of the absence of speakers, I do not feel it possible, if only out of courtesy to the Union of Soviet Socialist Republics, to pass over in silence the declaration made by their first delegate this morning.'[1]

M. Paul-Boncour realized how unfavourably world opinion would be impressed if a Disarmament Commission refused to discuss disarmament. Nevertheless, he subjected the Soviet scheme to no examination. He merely stated that 'it was too simple.' He further declared that disarmament and security were interdependent and that before the one could be undertaken the problems of the second must be solved. Benes, Czecho-Slovakia's Foreign Minister, echoed the French delegate. It was accordingly quickly agreed to postpone discussion of Litvinov's Fourteen Points for three months – until March, 1928. Meanwhile, the Committee on Disarmament would bend its energies to a careful study of the question of security.

¶ SECURITY *v.* DISARMAMENT

This Committee met in Geneva on February 20. Various memoranda, reports, schedules, etc. were submitted. They found that no less than eighty-five treaties of conciliation and arbitration had been filed at League headquarters. They found pacts of non-aggression, of neutrality, of alliance. France had an alliance with Poland and Roumania, Poland with Roumania; France was the friend and protector of the Little Entente; France enjoyed a

[1] Official League of Nations Publication. *Documents of the Preparatory Commission for the Disarmament Conference.* Series V. Minutes of the Fourth Session. Geneva, 1928. Subsequent quotations from the proceedings are made from this and Series VI, Minutes of the Fifth Session.

British guarantee against attack by virtue of the Locarno Treaty and by that instrument obtained promises of help or non-aggression from other Powers as well. But all these agreements, apparently, offered insufficient security to warrant disarmament.

The members of the League could ask for League assistance under Article 11 of the Covenant. By the terms of Articles 16 and 17 of the same document, the League could undertake military and economic sanctions against an aggressor-state. Apparently, this too was insufficient.

The Kellogg Pact outlawing war was negotiated and solemnly signed. That also proved insufficient. League disarmament moved forward not one centimetre by reason of that Pact.

And yet the supporters of the Security thesis insist that there must be more documents, agreements, treaties of conciliation and arbitration, of non-aggression and neutrality, of peace and friendship. All Europe is crossed and re-crossed by a complicated overlapping system of such pacts, yet the Security seekers feel the need of further security before disarmament can be attempted.

When France wanted security against German revenge she disarmed Germany, and, as a guarantee against attack she keeps Germany disarmed. Germany is a member of the League, Germany is a signatory of Locarno. Germany adhered to the Kellogg Pact. Yet France will not permit Germany any uncontrolled armaments. Because armaments are a menace.

The Soviet Government 'regards complete and speedy disarmament as the most solid of guarantees of security.' But the Soviet argument made little impression in Geneva.

¶ THE LEAGUE DISCUSSES LITVINOV'S PLAN

When the Fifth Session of the Preparatory Commission opened on March 15, President Loudon reported 'very satisfactory' progress; 'no fewer than six model treaties were drawn up,' he said; 'three deal with . . . arbitration and conciliation'; 'three . . . deal more especially with security.'

After devoting several days to matters arising out of this literary achievement, the Session, on March 19, proceeded to discuss Litvinov's proposal for immediate, complete and general dis-

armament. His proposal, now presented in the form of a Draft Convention,[1] differed, though in no essentials from the original reading. Disarmament was to be begun at once, but to be completed in quick stages stretched over a period of four years in such a manner that armies and navies became ineffective as war weapons within a year.

To be sure, Litvinov argued, it had been said that when armaments are abolished, nations, being incurably bellicose, will rush at one another with sticks, penknives, and fists. This criticism was beneath criticism, he said. Stick bruises compare strangely with the effects of poison gas or aeroplane torpedoes. Litvinov then reiterated the Soviet standpoint on security as opposed to disarmament. He referred to petitions he had received from various organizations throughout the world supporting the Soviet proposals. He made light once more of the League's past record on disarmament; League organs 'devoted over a hundred and twenty *sessions* – not sittings, mark you, but sessions – to this question of disarmament, on which one hundred and eleven resolutions have been passed by general assemblies of the League and the Council of the League alone.' He wanted fewer resolutions, and a little action. He made a direct request for support from the American delegation whose government 'is now publicly making a proposal for the prohibition of war.' The outlawry of war, he reasoned, should make the weapons of war superfluous. Finally, Litvinov called on every delegation to expound its views.

The only two delegations at all sympathetic to the Soviet proposals were the Turkish and German; Turkey out of friendship for Russia and gratitude for Soviet aid in her war with Greece; Germany for motives of her own. General von Seeckt has made it clear that Germany should of right increase her army. But in view of Germany's disarmament and in view of the disinclination of the Versailles Powers, and especially France, to moderate the treaty terms limiting Germany's armaments, the Wilhelmstrasse takes pleasure in recalling that one of Woodrow Wilson's Fourteen Points which formed the basis of Germany's plea for the Armistice, contained a direct, definite provision for disarmament. Count

[1] Official League of Nations Publication. *Documents of the Preparatory Commission for the Disarmament Conference.* Series VI, Annex 2, page 324.

Bernstorff, Berlin's chief delegate at Geneva, submitted that Germany's diarmament imposed an obligation on the Allies to disarm. That, in fact, was the assumption at Versailles.

Every other delegation entered objections. General de Marinia, Italy's representative, agreed that 'this scheme is designed not only to do away with war in the future but also to efface it from history.' Count Clauzel, the French delegate, found that Litvinov's proposal 'is undoubtedly in keeping with the ideal we all have in view, namely the establishment of real peace with the least possible delay.' Yet both, in short speeches, favoured rejection for reasons of procedure and because their first business was security.

Lord Cushenden too agreed that 'complete and general disarmament has been the ideal of mankind since the dawn of history, and . . . as a general proposition I certainly am in favour of it.' But, 'is it practicable?' The British delegate thought it was not, yet, being a practical person, Lord Cushenden took advantage of the opportunity offered by the discussion to indulge in an enumeration of his Conservative Government's grievances against the Bolsheviks: their interference in internal affairs, and their interest in revolution. Nevertheless, he was alone among the delegates to subject Litvinov's project to a serious and lengthy examination spiced, to be sure, with a delicate under-current of irony. In general, he felt that the Soviet scheme had too many faults to be applicable.

A novel note was struck by M. Sato of Tokio. They were there, he said, under Article 8 of the Covenant which called for a reduction of armaments, not their complete abolition. The Commission must remain within its terms of reference. They could not as supporters of the League, offend its statutes. 'The draft Convention, now before us,' he argued, 'contemplates complete and total disarmament, which is not provided for in the Covenant.' This was a brilliant discovery which offered the Commission the opportunity of replying to Litvinov with a ready, easily-demonstrable contention he could not possibly refute. The Japanese delegate's view found an immediate echo in the speech of the Dutch delegate who followed him, and quickly won considerable popularity.

Most of the Commission members elaborated upon three fun-

damental objections to complete disarmament: (1) If all states disarmed, the large, industrialized states would be at an advantage in case of war when their factory equipment could quickly produce new weapons of destruction. (2) Security was a pre-requisite of disarmament since disarmament itself would not eliminate the possibility of conflicts. (3) Armaments must remain for civil, intra-national purposes such as quelling revolts, brigandage, strikes, etc.

Litvinov attempted to reply. How could even a highly industrialized country prepare for war, he asked, when according to his draft convention, war industries would be demolished? It took the United States twelve to twenty months to organize its war industry in the World War. Under the Versailles Treaty, war industries in Germany had been dismantled or rendered innocuous. 'How much easier it would be to control war industry given the complete abolition of the corresponding means of production?'

Would his disarmament convention make the world secure against wars? No, Litvinov replied, not altogether. It does not 'guarantee a just peace, does not destroy international distrust, does not point the way to the solution of international disputes – is not, in fact, a panacea.' Litvinov had such a panacea – a proletarian, Communist revolution – but he could not recommend it, 'for we know you would not entertain it for a moment.' Meanwhile, however, one evil, the 'Moloch of war' might be abolished.

He did not know, Litvinov declared, that they had assembled to discuss government measures against domestic troubles, strikes, revolutions, etc. The Soviets, basing their authority on a revolution and upholding a well-known theory of class-war, would not, Litvinov affirmed, undertake to discuss these matters with capitalist States. The capitalist States would not listen to his solutions.

As to the contention that his Fourteen Points infringed against the League Covenant – well, Litvinov advised, change the Covenant. 'Man was not made for the Sabbath, but the Sabbath for man.' Then he said, 'You are rendering your League a poor service, gentlemen, if you make a fetish of it. . . . The League itself, by the way,' he recalled, 'has several times considered altering its Covenant,' and he quoted the chronicles.

Finally, after days of brilliant debating on both sides, the President of the Commission submitted a resolution stating that most of its members considered the Soviet draft convention impracticable and could therefore not accept it as the basis of the Commission's work.

The very same day, March 23, Litvinov presented a brand-new set of proposals. If the Commission rejected complete disarmament, he offered them partial, gradual disarmament. It was a less-to-be-desired project than his first, but it represented a step in the direction of total disarmament. If its character was less radical, its fate would perhaps be less dismal.

The Soviet proposals for partial disarmament received no warmer welcome than the Soviet proposals for universal disarmament. During 1928 and 1929 the Preparatory Commission adopted neither. Nor did it convene the Disarmament Conference for which it was created. Litvinov and a staff several times travelled from Moscow to Geneva to attend its sessions, but each time their attitude towards it became more cynical – if that was indeed possible.

The amount of paper consumed in printing the Commission's proceedings became a standing joke in Moscow, as did the multitude of its resolutions. 'The publications of the several organs of the League on disarmament,' Premier Rykov told the Congress of Soviets in May, 1929, 'cover 14,000 pages.' 'Laughter,' reads the record. 'They have eliminated not a single soldier, or gun, or cruiser, or cartridge, but they have managed to write 14,000 pages – what a tremendous quantity of paper and working energy to spoil.' 'Laughter,' once more. Rykov then turned to the less mirth-provoking subject of World War victims. He read the statistics. He pictured the gruesome instruments of wholesale destruction at the front and in the rear which the next war would bring into play. He quoted Lloyd George on the terrible prospects of a future Armageddon. It would require decades to repair the damage of a second World War. Every worker and peasant must engrave that fact on his mind. The only solution was the overthrow of the forces responsible for uninterrupted war preparations, and the establishment of governments which would make disarmament a fact. That was Rykov's answer to Litvinov's

failure at Geneva. The failure had been inevitable. Moscow knew that the Western world could not possibly adopt a Bolshevik disarmament proposal.

The Bolsheviks had, nevertheless, not expected that their appearance in Geneva would be altogether barren of result. They had supposed that Geneva might make some gesture of arms limitation. They would have liked to believe that the Soviets' readiness to disarm together with the other Powers would give European nations that sense of security they so craved and thereby conduce to some measure of disarmament. Moscow was disappointed.

The argument that Litvinov's schemes for complete and partial disarmament were insincere brought an angry response from the Bolsheviks. 'If they think we are "bluffing," ' Moscow said, 'why not test the "bluff" by trying a little bit of disarmament?'

The truth of the matter is that although the Soviet Government never expected its disarmament proposals to be very popular or successful in Geneva, it did hope that the Powers would agree to a minimum of arms reduction and thereby permit the Russian Republic to reduce armaments correspondingly. The Bolsheviks want arms limitation for a very simple reason: armaments cost money. The Soviets are burdened with a tremendous economic task. The State is engaged in a mammoth programme of construction which, it promises, will change the face of the entire country. It wishes to devote every available kopek to this productive pursuit.

¶ THE RED ARMY

The Red Army and Navy count 562,000 officers and men. The armed forces of the Soviet Union have been stationary at this figure since 1924.

The strength of the Soviet army has fluctuated as follows:

1920	3,538,000
1921	4,110,000
1922	1,590,000
1923	703,000
1924	562,000

In 1913 the peace-time strength of the Czarist Army was 1,200,000. In the beginning of 1914, before the outbreak of the World War, it rose to 1,800,000.

Peasants constitute 75 per cent of the Red Army, workers 15 per cent, and the remaining 10 per cent are intelligentsia, specialists, etc. The Red Army is a conscription force, but non-proletarian elements, so-called NEPmen, rich peasants, and other members of the bourgeois class are excluded from the fighting ranks.

The Red Army is as much a political school as a military training academy. The Bolsheviks believe that an army fights less on its stomach that on its political ideology. Convinced soldiers win battles. Men certain of the cause for which they are sent into the fray know no defeat or retreat. On this principle, a Russian soldier is taught to read and write, if he enters the barracks an illiterate, and the elements of Marxist economics, anti-imperialism, Leninism, political geography, etc. An effort is made to convert him to Communism, and not infrequently, demobilized Red Army men return to their villages and towns to become nuclei of Communist support. In 1927 there were 710 social and political clubs and 9,546 libraries in the Red Army. The Bolsheviks strive to make the army a social and cultural hearth, and to forge a spiritual bond between the private and his Government. Such spirit, plus industrialization, they contend, offers the best defence against foreign attack.

The Red Army boasts a good cavalry and infantry complement, but the artillery, aviation and other technical branches cannot compare with those of Western armies. The Soviets, to be sure, have aeroplanes, tanks, modern guns, and other nefarious contrivances, but in view of the backward state of Russian industry, the Red Army's mechanical equipment falls far behind the requirements of modern war. Transport, in particular, is faulty, and motor vehicles are very few. This will be clear alone from the fact that in all of Russia only 17,000 automobiles are in civilian and army use.

But, although seeking to overcome these shortcomings directly, the Soviet Government prefers to devote greatest energy to peace-time industrial development, on the assumption that motorization,

the construction of metallurgical plants, the establishment of an up-to-date chemical industry, the building up of a commercial air service, etc., must, while serving the larger civilian needs of the country, likewise redound to the immense benefit of the armed forces.

The Red Navy is a ridiculously negligible factor. In 1926 the Soviet Union had a total tonnage of 128,900 tons, of which 25·2 per cent was depreciated.[1] Even the navies of Spain and Germany were larger.

Armies exist, presumably, to defend given territories and populations. The size of armies, therefore, should be in some ratio to the area of a country and the number of its inhabitants. For it is obvious that Holland will have less troops than France, Russia, or the United States.

	Area in square Kilometres.[2]	Number of Inhabitants.[2]	Size of Army.[3]	Approximate Number of Soldiers. Per 100 Kilometres.	Per 1,000 Inhabitants.
France	550,986	40,743,000	673,000	120	16
Great Britain	230,616	44,114,000	197,000	80	4
Italy	310,090	40,548,000	248,000	70	6
Poland	388,279	29,589,000	270,000	70	9
Roumania	294,892	17,153,000	130,000	40	8
Soviet Union	4,202,300	112,105,000	563,000	13	5

The Soviet Union's tremendous coastline is unprotected by an adequate navy. Russia has since 1917 been the object of more foreign attacks than any other Power. The enmity which prompted them has become passive, but it persists. The Bolsheviks argue, therefore, that the Soviet Union is one of the least protected countries in the world. To be sure, Russia is too vast to be conquered. But she can be invaded. And much damage could be done to her economic development. The Bolsheviks accordingly are disposed to support any move toward disarmament and world peace.

[1] *The Europa Year-Book*, 1928. London, 1928. Page 125.
[2] *Ibid.*, page 4. [3] *Ibid.*, page 122.

CHAPTER XXVIII

THE KELLOGG AND LITVINOV PACTS

The Bolsheviks regard the Kellogg Pact as inadequate and, without disarmament, in the long run ineffective. Nevertheless, they adhered to it.

In Moscow's view, the Kellogg Pact was the political expression of America's fast-growing economic influence in Europe and other parts of the globe. Through it Washington essayed to make the State Department the arbiter, or one of the chief arbiters, in future international disputes that concerned United States business interests abroad, and to check similar functions traditionally exercised by England or France. Economically, the remnant of America's 'splendid isolation' disappeared with the World War. Politically, it breathed its last when Frank B. Kellogg put his golden pen to the 'Multilateral Treaty for the Renunciation of War' in Paris on August 27, 1928.

The considerations which motivated Russia's participation in the Pact resemble, to an extent, those which brought Litvinov to Geneva. In fact, Litvinov was a staunch protagonist of adhesion, and contributed much towards finally overcoming the opposition of Chicherin and other prominent Soviet leaders whose attitude towards it was either hostile or indifferent.

The Soviet Union, conscious of the rôle as a Great Power, wished to be included in an international treaty of universal application. For Moscow no more cared to isolate itself than to be isolated by others. Isolation brought lack of understanding on both sides, and a greater likelihood of hostility. Russia's adhesion to the Kellogg Pact was part and parcel of the policy which regarded the peace offensive and the disarmament campaign as elements of national self-defence.

¶ MOSCOW IS PRO-AMERICAN

The Bolsheviks, moreover, pinned their hopes on the United States. Not that they were sanguine about *de jure* recognition. Time and again Chicherin, Litvinov, and other Soviet statesmen

told the writer in 1926 and 1927 that they no longer believed in the imminence of recognition, and one of them even said that he began to be bored by visitors who came with letters from prominent American politicians and raised the question of the terms of recognition. Nevertheless, Moscow had and still has an intuitive feeling that sooner or later warm relations will be established with Washington.

Soviet Russia has no interest in a European anti-American *bloc*. The United States of Europe, if it ever becomes a fact, will not include the Soviet Union, first because Moscow will not be invited, and second because Moscow would not join if invited.

The alarming state of Soviet foreign affairs in the spring of 1927 introduced a nervous note into Moscow's policy, and there was noticeable that anxiety to patch up Russia's relations with Europe which found expression in Ossinsky's, Sokolnikov's, and particularly Litvinov's trips to Geneva, in the retrenchment of the Soviets' diplomatic position in the Near and Middle East, and in a frank courting of American goodwill. But even apart from this circumstance, Soviet Russia has no anti-American interests. The European Continent may wish to combine to resist United States tariff increases, or to vent its wrath against Washington's debt policy, or to defend its economic and political position against American encroachment. These matters concern Russia little.

Capitalist Europe's relationship to the United States is that of debtor to creditor, of weaker to stronger, and repressed enmity is therefore inevitable. Briand once wanted to draw Moscow into a European united front against America. It was hopeless.

To be sure, the Communist theorist foresees a day when capitalist America and Communist Russia will stand opposed to one another – the great giants of a coming generation. But that eventuality is distant, and politics in 1930 is not made with 1980 in mind.

Apart from these speculations and expectations, very concrete considerations attract the Soviets to the United States: the Bolsheviks prefer to trade with America.

¶ SOVIET-AMERICAN TRADE

In the summer of 1927 M. Mikoyan, the Soviet Commissar of Trade, told the writer that

'after the break with Britain, contacts with the United States must become broader. . . . Our American purchases of oil equipment, coal-cutting and mining machinery, electrical appliances, automobiles, tractors, and agricultural machines,' he continued, 'should increase year by year . . .'

The Commissar added that he favoured direct dealing with American firms in preference to trade through third nations. Here he stood on a common platform with Herbert Hoover.

There is much in common between the United States and the Soviet Union; vast natural wealth and great geographical expanses, the scope and scale of construction processes, and the vision of industrial leaders and their indifference to petty obstacles, traditions, and difficulties. Russia to-day presents a parallel to the United States in its reconstruction period a decade or more after the American Civil War. Gigantic tasks, like the building of the tremendous power dam at Dnieperstroi – it will, when completed in 1931, be the second largest in the world – do not awe the Bolsheviks any more than a generation of American engineers stopped at the stupendous functions a growing country assigned to it between 1880 and 1914. A striking similarity of approach, psychology, pioneering spirit, and confidence characterizes the builders of Soviet Russia and of America. The tasks are in many respects similar, and it is no accident that Mr. Hugh L. Cooper, an American engineer, is the Soviet Government's chief foreign consultant at Dnieperstroi. The Bolsheviks need machines, turbines, and appliances, many of which are used and made only in the United States. The large American and Soviet farms have cognate mechanical requirements, and the Bolsheviks consequently buy few German tractors. More and more, Russia begins to depend for technical assistance and engineering advice on the United States rather than on Germany and Britain. The Soviets already are learning to make electrical equipment, to build power stations, to dig coal-mines, to mine oil, and to manufacture automobiles and auto-trucks after American methods and in accordance with technical aid contracts with large American firms. Such co-operation probably has a rich future. The Bolsheviks, at any rate, expect to develop it to a maximum extent.

A few concrete examples of Soviet-American collaboration possibilities: Only the United States has the same problems of long-distance railway travel and power transmission as the Soviet Union. A huge Moscow order to a German machine firm may overwhelm it by its unprecedented size, but Remington-Rand Co. either has the machines in storage or can turn them out in two months. The Russians, moreover, now and then complain that German industrialists make special qualities and prices for the Soviet consumer.

¶ GERMAN-AMERICAN COMPETITION IN RUSSIA

Politics tends to reduce the trade turnover between the Soviet Union and England and France. The two chief competitors for the Russian market are therefore Germany and the United States. Similarity of problem and scale gives the latter a handicap. The financial situation makes America the sure victor.

Trade with the Bolsheviks depends on credits. Not on credits generally but specifically on long-term credits. Germany, however, disposes of only very limited amounts of long-term credits.

Soviet industrialization creates a need for factory and other heavy industrial equipment. Soviet imports, in recent years, have been progressively limited to means of production like turbines, machines to make machines, mining equipment, etc., while articles of consumption are gradually being eliminated. Now, a turbine begins to repay its cost after four or five years, a machine for the rolling of steel in three years, but imported shoes or shirts in nine months or a year. Industrialization, therefore, reduces Soviet readiness to accept short-term credits of which there are an abundance in Germany, and contrariwise, increases Soviet desire to receive long-term credits which Germany lacks but which the United States possesses in plenty.

The financing of Soviet purchases in Germany has been the source of much bitterness and friction. The important German banks continue to refuse to discount Soviet bills. Since even the large German producer cannot afford to keep these bills indefinitely in his portfolio, he discounts them with small, speculative banks or private individuals, usually anti-Bolshevik Russians, at a high rate. Or the German company holds them for a time until its purse begins to pinch or until some newspaper publishes an

account of the next Soviet war or a revolution in Russia, or the assassination of Stalin, or insurrections in the Ukraine, or famine on the Volga. Then the German manufacturer quickly disposes of his Soviet acceptances at a heavy loss – a loss which he not infrequently expects to incur and therefore includes in his original price. Sometimes, the circles responsible for anti-Bolshevik Press statements are related to those who discount Bolshevik bills.

These complicated difficulties, of which only the barest outline is here given, have in the past obstructed Soviet business in London as well, and tend to throw Soviet orders to American concerns. The General Electric Company, General Motors, Standard Oil, International Harvester, and other mammoth American houses engaged in transactions with Moscow either do their own financing or enjoy unlimited long-term credits with large American banks and need not have recourse to petty speculators. This condition is objective. No Soviet ill-will to Germany accounts for it. When Germans resent the transfer of Russian business to New York or the shrinking of their own participation in the Soviet foreign turnover they may forget that Berlin banks perhaps share part of the fault. To an extent the attitude of German finance is explained by restricted long-term credit facilities, but foreign influence, political considerations, and some healthy antagonism to Moscow probably play their rôle, for the banks may refuse even short-term credits to German factories filling Russian orders.

Whatever the motives, this whole complex of problems redounds to the advantage of American trade with the Bolsheviks. The growth has been marked:[1]

	Russian Exports to U.S.A.	Russian Imports from U.S.A.
	$	$
1913	7,290,000	40,730,000
1923–4	4,377,500	49,955,000
1924–5	14,471,500	103,618,000
1925–6	15,810,000	62,881,500
1926–7	11,962,900	74,998,400
1927–8	14,368,500	96,717,000

[1] *The Soviet Union: Facts, Descriptions, Statistics.* 1929. Page 162. Published by the Soviet Union Information Bureau, Washington, D.C.

In contradistinction to German banks, the Chase National Bank and the Equitable Trust Company are outstanding examples of large American banking institutions which take a special interest in Soviet business. The Chase Bank helps to finance most of Russia's cotton purchases in the United States (these amounted to $54,300,000 in 1927–8), while the Equitable has watched the development of Soviet oil sales to American companies.

The Standard Oil Company of New York (Socony) bought Caucasian petrol since 1924, and its cousin, the Vacuum Oil, likewise. On June 22, 1927, Socony signed an important contract with the Soviet Naphtha Syndicate for the sale of 100,000 tons of Russian oil annually over a period of five years for bunkering purposes in Trebizund, Port Said, and Colombo, Ceylon. This arrangement placed Socony in a position to compete successfully with British firms in the Near East and Indian markets, and consequently aroused the ire of Sir Henri Deterding, whose Press thereupon broke out into a campaign of renewed fury against 'stolen' Soviet oil – the same oil which Deterding had bought and would again buy. The American newspaper and business world, however, sympathized with Socony and the Soviets and arguments defending Moscow against the Royal Dutch filled columns of metropolitan dailies.

Russo-American business ties were further cemented by a far more significant contract between the General Electric Company and the Soviet Government.

On October 9, 1928, the General Electric Company signed an agreement with the Amtorg (American Trading Corporation) on behalf of the Soviet Government granting the Soviet State credits aggregating $26,000,000. Purchases are to stretch over a period of five years, credit becoming operative on the delivery of the General Electric Company's equipment in New York and not, as in the case of the 300,000,000-mark German credit, on the day of the placing of the order. At no one time, it is said, will more than $16,000,000 be outstanding. No Soviet guarantees are attached to the credit, but it seems that 25 per cent of each order is paid in cash. Repayments are distributed over five years.

This contract to furnish the Soviet electrical industry with part

October 9, 1928.

AMTORG TRADING CORPORATION,
165 Broadway,
New York City.

Gentlemen:

In connection with the execution of the agreement dated October 9, 1928, and in consideration thereof, between the Amtorg Trading Corporation (hereinafter called "Amtorg") and the International General Electric Company, Incorporated (hereinafter called "I.G.E.Co."), concerning materials which the I.G.E.Co. is free to sell in or for use in U.S.S.R. to be ordered by Amtorg from I.G.E.Co. and manufactured by the General Electric Company and/or its subsidiaries in the United States of America, we submit the following proposition:

If Amtorg, in pursuance of the above mentioned agreement, shall place orders for materials and equipment with I.G.E.Co. prior to October 1, 1935, in an aggregate amount of not less than $25,000,000, for which initial cash payments shall be made and acceptances (duly accepted, endorsed and guaranteed), given and paid as in said agreement provided, then we, the I.G.E.Co. and the General Electric Company, agree, in our names and in the names of our successors, to desist from all claims whatsoever arising prior to January 1, 1927, from the decrees and actions of the Government of U.S.S.R. as a whole or any of the central or local governmental institutions and/or from the decrees and actions of any Soviet Republic constituting part of the Union of Soviet Socialist Republics and of its central and local governmental institutions with regard to the nationalization or in gen-

OWEN D. YOUNG'S LETTER TO AMTORG

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eral either to the compulsory alienation or to annulment of our property rights irrespective in whose hands at present such rights may or might be.

You are entitled to submit the contents hereof to the attention of the Government of the Union of Soviet Socialist Republics.

INTERNATIONAL GENERAL ELECTRIC COMPANY, INCORPORATED

BY Clark H. Minor
President

GENERAL ELECTRIC COMPANY

BY Clark H. Minor

of the machinery and appurtenances for its vast expansion plans was negotiated by Clark Minor and S. A. Trone for the G.E. and Saul G. Bron for the Russians. These men and their collaborators approached the problem without pettiness and in the same broad spirit as Owen D. Young, the chairman of the G.E., with whom they were in contact.

Although the interest rate was higher than the G.E. might have granted to another buyer, it was much lower than the Soviet Government had theretofore received elsewhere on long-term credits, and the method of financing guaranteed Moscow against high prices or excessive charges.

The G.E. claimed to have undergone appreciable losses from the revolution. The conclusion of the $26,000,000 credit served to convince other corporations with similar records in Russia that their private claims need not constitute an obstacle to business operations with the Bolsheviks; it helped to convince statesmen that, in the event of United States *de jure* recognition of the Soviet Union, claims arising out of Soviet expropriation of American private property will be subject to equitable adjustment.

The G.E. agreement with Moscow made a deep impression in Germany, and even alarmed some German circles. The Allgemeine Elektrizitaets Gesellschaft (A.E.G.) had for some years done a flourishing business with Russia, and its president, Felix Deutsch, was one of Germany's staunchest pro-Russians. Now the G.E., whose relations with the A.E.G. were rather intimate, had robbed the German electrical industry of an excellent customer. Herr Deutsch, it is said, attempted to dissuade the G.E. from entering the Soviet field, but when he failed, German business realized better than ever the seriousness of American competition in Russia, and industrialists as well as statesmen in Berlin undertook to press with greater energy their case for German-American co-operation in the Soviet Union. The Bolsheviks do not favour this co-operation, but the greater obstacle is the tendency, best represented by President Hoover, which regards such combination unnecessary and, for America, undesirable. It may, however, be achieved by indirect approach. The quick growth of American investments in German industry, and the amalgamation of important German industries with richer American con-

cerns may prejudice the situation in favour of collaboration. But powerful forces continue to resist such a development.

Although many conditions favour American-Russian trade, several circumstances deter it. Not all Soviet orders go to powerful trusts, and small business men, even some large firms, follow the same practice as in Germany of throwing their Soviet Bills on a speculative discount market which charges exorbitant rates. Fundamentally the problem of financing Soviet trade has been no more solved in the United States than in Germany, for manufacturers' credit may facilitate commerce, but only banking credits can form a permanent healthy basis for it. American banks, however, do not grant Russia large long-term credits or loans. The Chase National Bank offers short-term credits for Soviet cotton orders, and Mr. Reeve Schley, the vice-president of that institution, had become known as an enthusiastic protagonist of Russian trade. Yet other important influences in the same institution have been far from helpful.

One of the chief obstacles to proper American financing for the Soviet Union's American purchases is undoubtedly the National City Bank, whose opposition arises from its claims against the Czarist State for loans negotiated during the World War. Negotiations with a view to the removal of this difficulty commenced in New York in 1927. The discussions proceeded so successfully that Charles E. Mitchell, the president of the bank, together with Mr. Winston, formerly Assistant-Secretary of the United States Treasury, went to Paris where lengthy conferences took place between him and Rakovsky, Preobrazhensky, and Sokolnikov. Mitchell asked the Russians to accept indebtedness amounting to 25 per cent of the $91,000,000 he claimed, and to pay him 2½ per cent annual interest for sixty-two years. He would return the interest to the Soviets in the form of credits. But he promised no large, important credits. He merely indicated that through his efforts the American bankers' embargo on the discounting of Soviet bills would be lifted and that the cheapening of credits thus achieved would bring the Bolsheviks more than they would pay him. There is much to be said for his position. But the Russians regarded it as too vague. They wanted credits, and on September 19, 1927, the negotiations suddenly collapsed when Sokolni-

kov presented a demand for approximately $75,000,000 in credits. Mitchell had intimated casually that credits would be forthcoming. The Bolsheviks, however, wanted a definite contract. Their policy throughout a decade had been: We give if you give. Perhaps Mitchell would change his mind after the debt agreement was signed, they might have thought. Perhaps the State Department will interfere. The State Department had interfered with Harriman. Moreover, what Moscow needs most is a loan. But Mitchell could not grant it without United States recognition of Russia, and only cynics will suggest that Mr. Mitchell's influence with Washington is so potent as to effect recognition immediately after his claims had been satisfied.

On the one hand Moscow had Mitchell's inconclusive indications of assistance; on the other hand a debt agreement with him would have set an expensive precedent by encouraging German, British, and French demands for similar treatment.

¶ LITVINOV AND CHAMBERLAIN

These circumstances stand out prominently in the background of Soviet-German and Soviet-American affairs during the year 1928, and contribute to an understanding of Russia's policy in the Kellogg Pact. Despite the disgruntled attitude of German banks and business, and notwithstanding foreign pressure on Germany, the Wilhelmstrasse attempted to keep intact its friendly contacts with Moscow. Germany, in fact, remained the only Great Power in Europe whose diplomatic relations with Russia continued cordial.

Bolshevik efforts to smooth over their differences with England and France had ended in failure. Litvinov attempted to improve relations with Great Britain during his first visit to Geneva when he asked for an interview with Sir Austen Chamberlain after he had been assured, by a mediator, that his request would not be refused. The meeting took place on December 5, 1927, and lasted an hour. The statesmen discussed one subject; propaganda and Comintern, and could reach no agreement. Litvinov pointed out that if the Soviet Government acted on Chamberlain's suggestion, it would have to cease being Communist. The Soviet Government, he argued, could not suppress the Comintern, nor could it

prevent Soviet citizens or Soviet Government leaders from frankly speaking their views on developments in the capitalist world. Bolshevik analyses of the bourgeois economic situation or of revolutionary possibilities in Europe and Asia could not be banned at Moscow congresses. Communists had to think and express themselves as Communists. The Soviet Government, nevertheless, would gladly consent to abide by a mutual non-propaganda formula such as that of the abrogated Anglo-Soviet Trade Treaty. Perhaps modifications could be made.

At the end of the interview the statesmen agreed on the text of an innocuous communique which made it clear that their conversation had brought no good and would not be renewed.

At the same Disarmament Commission session (November–December, 1927) Litvinov saw Briand with a view to the re-establishment of more normal Franco-Soviet relations. But their discussions extended beyond these relatively narrow limits and dealt principally with affairs in Eastern Europe. Briand apparently[1] outlined the plan of an 'Eastern Locarno' including frontier guarantees, neutrality obligations, and peace assurances between the Soviet Union, on the one hand, and Poland, Roumania, and the Baltic States on the other. France wanted a single agreement between Russia and all her European neighbours *en bloc*. Moscow, however, regarded this as a step towards the achievement of a united front against Bolshevism and the enthronement of Poland as the head of a Baltic-Roumanian entente directed against the Soviet Union.

¶ FRENCH IDEAS ABOUT SOVIET TRADE

At the same time, de Monzie and Clementel in France made propaganda for the idea of Franco-German business co-operation in the Soviet Union, and both these politicians visited Berlin in this connection. De Monzie likewise contributed an article to the German Press on the same subject – an article which found an unfavourable echo in Moscow, for the moment such plan is launched, the Bolsheviks begin to yell: 'United front.' De Monzie and Clementel, according to Professor Otto Hoetsch, one of Germany's

[1] See Paris *Matin* and *Ere Nouvelle*, December 5, 1927.

VISCOUNT GOTO IN MOSCOW

In the centre of the picture, President Kalinin. To Kalinin's right, Viscount Goto, to his left, the Japanese Ambassador in Moscow, M. Tanaka

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best Russian experts,[1] wanted to divide a portion of Russia's foreign trade between France and Germany, and agree on prices, terms of delivery, etc. Such an agreement, Moscow fears, will, by ultimately establishing a monopoly, eliminate the possibility of ranging one seller against the other. In general, it would close what is at present a more or less free market. The Bolsheviks wish to distribute their dependence on the outside business world as widely as possible so that no one force or organization may be in a position to dictate terms.

A more friendly attempt was undertaken by M. Baron, the chairman of the Petrol Commission of the Chamber of Deputies, and M. Philippotaux, the chairman of the Commission for the Devastated Areas, both of whom requested Poincaré to initiate discussions with the Russians regarding the sale of oil to an official French petroleum monopoly. On January 13, 1928, Briand supported the proposition at a joint meeting of the Petroleum and Foreign Relations Commissions of the Chamber. Poincaré opposed. For a moment it had seemed as if Franco-Soviet relations might move from their congealed state. But they did not, either politically or economically. In fact the action of the Bank of France against the shipment of Soviet gold to New York in March, 1928, indicated that the old hostility had not moderated.

In like manner, Moscow's diplomatic position *vis-à-vis* Nanking and Mukden remained unsatisfactory, and only the visit to Moscow in January, 1928, of Viscount Goto, Japan's famous pro-Soviet statesman, justified a slightly brighter Bolshevik estimate of the Far-Eastern situation which Tokio's suppression in April, 1928, of the Radical Japanese Labour and Peasants' Party did not nullify, for the Japanese Government usually chooses to distinguish between Soviet policies and the irritating acts of Japanese Communists.

It would appear that in the circumstances of uninterrupted British, French, Polish, and Roumanian frigidity, and of an extremely unfavourable foreign political constellation generally, Moscow would treasure and cultivate good relations with Germany. Quite the contrary was the case, for just at this juncture came the Shakhti trial.

[1] *Osteuropa*. Berlin monthly. 1927–8, Issue #6. Page 437.

¶ THE SHAKHTI TRIAL

That trial's effect on Russia's foreign affairs and on her internal economic condition was highly disastrous. In constituted a grave political error which brought little good anywhere, and much harm in many fields.

Russian engineers did engage in sabotage and malpractices in the Donetz coal basin, and caused financial loss to the Government. Many White engineers had returned to the Ukraine from early revolutionary exile with the express purpose of being on the scene in the event of an anti-Bolshevik coup, and their energies were accordingly not bent towards furthering Soviet reconstruction. Moreover, it was adduced at the single secret session of the Shakhti trial that although Patek and Herbette, the Polish and French ministers in Moscow, had no guilt in the matter, the Second Department of the Polish General Staff and the French Secret Service had maintained contacts with anti-Soviet circles in the Don coal industry. But a far-flung conspiracy with broad international aspects was not proven. Its possibilities of success were certainly nil. The evils that really existed might have been eradicated without the violent surgical methods adopted. And, with respect to the foreign political aspects of the episode, the Germans might have been spared altogether.

In connection with the arrest, in February, 1928, of fifty or more Soviet engineers charged with counter-revolutionary activities in the Don coalfields, five German mechanics were taken into custody. Two were immediately released, because of insufficient evidence against them, and at the end of a long, highly sensational trial which opened on May 18, two others were acquitted and the third received a one-year sentence. Either innocence or expediency explains their good fortune. But the Government might have known the facts or adopted the same wise policy before the arrests.

A Bolshevik would argue that the innocence of the German technicians had not been established prior to the trial, and that under the circumstances, the workers in the mines would have resented preferential treatment to foreigners.

The German Government took a strong stand on the matter.

Stresemann felt that Moscow's action was particularly outrageous because a majority of the mechanics were employed by the A.E.G. whose president, Felix Deutsch, had always espoused the cause of friendly relations with Bolshevism, and was, in fact, one of the many 'fathers' of the Rapallo Treaty.

Immediately the arrests, the imminence of which was known to Count Brockdorff-Rantzau, took place, the Wilhelmstrasse broke off the economic conference with Soviet representatives which had assembled in Berlin early in 1928 to regulate thorny problems of Russo-German trade. The Russians had adduced figures at that conference to destroy the thesis on which rested Germany's chief complaint – that credits to Moscow did not improve trade. This produced an embarrassing situation for the Germans – they would have been forced to discuss further credits, a thing they wished, at the time, to avoid.

Stalin argued that the Germans suspended the conference for economic reasons, and merely used the Shakhti trial as an excuse. But the bitterness in Berlin was real, and Stresemann's position found an echo in an article by his public reflector, Baron Rheinbaben[1] which hinted that unless Moscow abandoned such methods as the Shakhti trial, a substitute for the Rapallo policy would have to be considered.

The Wilhelmstrasse's chagrin was inflated by German correspondents in Moscow, whose dispatches gave all Germany the impression that the trial concerned not fifty Soviet citizens but three German mechanics, who actually played a very minor rôle in the proceedings. At times, they even sought to egg the Soviet Government on into doing what it had pledged Germany not to do.

The entire incident, small though it may seem against a larger historical background, completely blackened the Soviet-German horizon in the spring and early summer of 1928, and the Soviet Union in that period had a worse Press in Germany than at any other time in its existence. To be sure, the unsatisfactory state of German-Russian trade served as a convenient frame for popular feeling, and certain banking circles in Berlin and industrialist circles in the Rhineland were suspected of exploiting the Shakhti trial to create an animus against the Bolsheviks. But no small

[1] *Europaeische Gespraeche*, July, 1928.

share of the responsibility rests with the Bolsheviks themselves, and subsequently many of them were ready to admit it.

¶ GERMANY MEDIATES FOR MOSCOW IN THE KELLOGG PACT

Before the storm that raged around the Shakhti trial had subsided, the Kellogg Pact became the chief concern of the world's chancellories. Bolsheviks approached it with distrust and various degrees of hostility. But Germany wanted Russia to adhere.

President Kalinin, among others, alluded publicly to the Soviet view of the Kellogg Pact. He made a brief statement of the basic idea of the pact. 'But this amounts to nothing,' he commented. 'Instead of a real abolition of war – some more talk.' 'Will the cause of peace be advanced a single metre?' he asked. 'It will not,' he answered. Then why do the nations do these things? he asked. To fool the workers and masses, he answered. To lull them into a feeling that war does not threaten, and thus dull the edge of popular protest against bigger armies and navies, and against imperialism. 'This is the only purpose,' Kalinin declared.

The Bolshevik position *vis-à-vis* the Kellogg Pact did not change even after they signed it.

'The Kellogg Pact,' Prime Minister Rykov said in May, 1929,[1] 'cannot be regarded as a preventive of war, because that document contains no real guarantee against war, and in particular, says nothing about disarmament or even the limitation of armaments.'

'War,' he said, 'is the violation of all treaties,' and when war came the Pact would go the way of other 'scraps' of papers.

Then why did the Bolsheviks adhere to the Pact? Rykov frankly explained. Moscow wished to deprive the leaders of the 'anti-Soviet *bloc*' of the formal possibility of an attack on the Soviet Union. Moreover, the Soviet Government agreed that, 'with all its faults,' the Kellogg Pact constituted a 'moral obligation' and therefore 'obstructed, to some small extent, the psychological preparation for war.'

[1] See *Izvestia*, May 23, 1929.

The Bolsheviks signed the Kellogg Pact because they wished to participate in any instrument which even remotely, in their opinion, conduced to peace. But the decision to adhere was preceded by a sharp struggle in Bolshevik ranks. Bukharin led the fight in favour of it; Chicherin against.

Chicherin objected to the Pact for the same reasons he objected to the League of Nations: it would open the way to outside dictation to Moscow. It would enable the Powers – as it almost did during the Chinese Eastern Railway crisis in 1929 – to interfere in Russia's relations with other countries. Moreover, the opponents of the Kellogg Pact vehemently objected to the British and French reservations, more particularly the latter. These reservations, Bolsheviks declared, in effect, destroyed the efficacy of the Pact.

'There are certain regions of the world,' Chamberlain had stated in a note to Washington dated May 19, 1928, 'the welfare and integrity of which constitute a special and vital interest for our peace and safety. . . . Their protection against attack is to the British Empire a measure of self-defence. It must be clearly understood that His Majesty's Government in Great Britain accept the new treaty upon the distinct understanding that it does not prejudice their freedom of action in this respect.'

This Chamberlain note enunciated a British 'Monroe Doctrine' without, however, even hinting at the areas included in England's special interest zone. Charles Trevelyan, M.P., asked in the House of Commons whether the 'certain regions of the world' were Egypt, Afghanistan, China, and Mesopotamia. No answer was given. The world to-day, after the ratification of the Kellogg Pact, is ignorant of the location or extent of the territories to protect her interests in which England may go to War without violating the text of the Pact. Moreover, as Trevelyan commented, 'The threat of the removal of large areas from the operation of the Pact remains indefinite and expandable at the whim of the British Government.'[1] For, unless an unpublished understanding accompanied the Kellogg Pact, England may, in a

[1] *Europaeische Gespraeche*, August, 1928.

moment of crisis, include Turkey, Persia, and Arabia, as well as China, Afghanistan, Egypt, and Mesopotamia among 'those regions' which justify legal war on her part.

Chicherin was even more irritated by the French reservations. He maintained that they give universal application to Locarno, the League and to French alliances in Eastern Europe. He would even go so far as to say that the Pact makes the League Covenant obligatory on the nations that signed it, and although Russia expressly stated that she rejected the reservations and was therefore not bound to them, other Powers, including America, had taken cognizance of them without demur.

These contentions carried weight with Moscow. Yet gradually a tendency in favour of adhesion took the upper hand: still another case of expediency worsting ideology.

The real difficulty was that Moscow had not been invited to negotiate or sign the Pact. This supplied the antagonists with ammunition. France, having originally proposed a bi-lateral treaty to Washington, was embarrassed by Kellogg's insistence on a multi-lateral agreement, and resisted every effort towards universality. America was indifferent to Russia's adhesion. In England there was opposition. For although General Smuts maintained that 'it would be vain to organize for world-peace and leave out Russia,' since she is 'the greatest potential factor in the peace of Europe and Asia, probably for a century to come' the official attitude in London differed sharply. Chamberlain stated in his reply to Kellogg on May 19, 1928, that

'universality would, in any case, be difficult of attainment, and might even be inconvenient, for there are some states whose governments have not been universally recognized [Soviet Russia. – L. F.], and some which are scarcely in a position to ensure the maintenance of good order and security within their territories [China. – L. F.].'

Only Germany wished the Soviet Union to become a partner to the Pact. Germany wished it when Moscow, Washington, Paris and London did not. As early as July 11, 1928, Herr von Schubert, the permanent chief of the German Foreign Office and at that time, in Stresemann's absence, the acting Foreign Minister,

inquired informally of the American Government what its attitude would be if Russia were ready to accept the Pact. He had spoken to Krestinsky, the Soviet ambassador in Berlin, several weeks previously, and though the Russian had no instructions, knew, in fact, that his colleagues in Moscow were hostile, he nevertheless reacted favourably. Schubert felt that Soviet adhesion would be highly desirable.

Mr. Kellogg immediately replied that he did not want Russia to be one of the fifteen original signatories. But after the treaty went into effect, that is, after it had been signed and ratified by all parties, then the Soviet Union too might adhere.

Meanwhile, Schubert discussed the subject on several occasions with Krestinsky. Moscow gathered the utterly false impression that Schubert was acting on American instructions, and that he himself was rather lukewarm to Soviet adhesion while Washington favoured it. Exactly the reverse was the case. Soviet statesmen, however, deduced from Schubert's feelers that Kellogg harboured some friendly intentions towards Russia. Their hope that the Pact might therefore form a bridge to America probably contributed appreciably towards Moscow's decision.

The Soviet Government now commenced to reconcile itself to adherence, and on July 27 Karakhan asked the German chargé-d'affaires in Moscow whether the Union could join now or later, and whether reservations could be made by Powers which signed subsequent to the adhesion of the first fifteen signatories.

The next day Schubert, Litvinov, Krestinsky, Count Brockdorff-Rantzau, and Dr. von Dirksen met for luncheon in the Berlin Soviet Embassy to discuss Russia and the Pact.

It had become known that Spain had made application for a place among the original signatories. Krestinsky intimated that the Soviet Union was a Great Power. If Spain received an invitation to Paris, Russia had stronger claims. Litvinov inquired about reservations. Might Russia make reservations if she joined after the Pact's ratification? Schubert thought she could not. Litvinov made it clear that, *in principle*, the Soviet Government had no objection to adhesion, but the question of time and of reservations would affect its final decision.

Schubert carried away the impression that Moscow would,

with some justice, be offended if Spain were invited and Russia snubbed. The Bolsheviks would be more likely to adhere now than after ratification. If Russia were excluded from the Pact, moreover, she would undoubtedly regard it as a weapon against her, as a phase of her diplomatic encirclement, and the opponents in Moscow of a more liberal foreign policy would be strengthened. German and American circles feared, on the other hand, that a Soviet delegate at the peaceful ceremony of signature in Paris might prove an embarrassment. He might propose difficult problems, open the question of disarmament and point out the ineffectiveness of the instrument they were that moment subscribing.

Germany would, nevertheless, have welcomed an invitation to Moscow to sign at Paris. But Kellogg rejected the idea, and Chamberlain and Briand too. The State Department, however, modified its attitude in one important respect: originally, Kellogg had stated that Russia would be permitted to adhere *after ratification*. Ratification was in fact delayed a whole year. But owing perhaps to Germany's interest in Soviet adhesion, Washington agreed that Russia become a party to the pact immediately after the signature in Paris, and before it went into effect.

Nevertheless, the invitation to Moscow remained outstanding, and Chicherin continued his opposition to Soviet adherence. His interview to the Soviet and Foreign Press on August 4 was charged with unbridled criticism of the Pact and its makers. Since last December, he said, the Powers had been discussing a pact to outlaw war. Yet it had never occurred to them to ask Russia's participation. Was it not patent, therefore, that the Pact is really 'an instrument for the isolation of the Soviet Union and the struggle against Bolshevism'? The Powers had consented to renounce wars for national ends, but they simultaneously obtained universal sanction for their international alliances, colonial designs, and military treaties which made for world wars.

The Bolshevik supporters of Soviet adhesion subscribed to Chicherin's views but rejected his counsel. The Commissar for Foreign Affairs accordingly presented the only contention with a general appeal – and one that would relieve him of personal embarrassment in the event of adhesion. Moscow must participate in the preliminary negotiations, he argued. She cannot sign unless

she determines the character of the document. He put it in the astute form: 'It is not yet too late,' he said. 'The Pact is not yet signed. Negotiations regarding its contents may still be conducted with the Soviet Government. . . . I can state that our Government is prepared to participate in these pourparlers.' He hoped Moscow would not be invited to these pourparlers. Chicherin left it open to the Powers to deduce that in that event they would not sign. He was playing the prestige chord.

The Powers, however, wanted no Bolshevik at the solemn signing ceremony in Paris. Kellogg did not wish to confront Chicherin or Litvinov. Nor did the nations desire to discuss the text of the Pact or its reservations with polemic-loving Communists. They were only ready to accept the Soviet Union as a partner to the Pact after everything had been settled.

¶ THE BOLSHEVIKS JOIN

On the very day the Kellogg Pact was signed in Paris, Jean Herbette, the French ambassador in Moscow, officially asked Litvinov whether the Soviet Union wished to adhere to the Pact. He asked in the name of his own Government and of the State Department. Mr. Kellogg, he affirmed, wished to limit the number of original signatories in order to hasten the consummation of the treaty, but early and subsequent adherents would be on the same footing. Herbette acted as intermediary for the United States Government. Litvinov asked for all official correspondence pertaining to the Pact.

Herbette called again two days later, on the 29th of August. The ambassador declared that he could receive no Soviet reservations. A little amusing dialogue ensued. Herbette explained that no interpretations or reservations were valid unless all the adherents accepted them. Litvinov repeated this statement. It meant that Russia could make reservations but that they would receive universal application only if all the Powers were asked and approved. No, Herbette replied, he could accept for transmission no Soviet reservations. Litvinov regarded this a contradiction. Herbette was acting for the State Department. He ought to bring the Soviet interpretations to Washington's attention. But Herbette insisted that he could accept only Moscow's act of

adhesion. 'And suppose I give you a negative reply? Litvinov inquired. Herbette said he would accept it.

France had originally offered Washington a bi-lateral anti-war treaty. This move was not unrelated to the debt problem. Kellogg, however, out-manœuvred the experienced Briand and proposed the extension of the Pact's scope. Paris objected to universality, and for this reason objected to Russia's adherence; – for this reason and out of consideration for Poland's and Roumania's convenience. Herbette, therefore, did nothing to facilitate Litvinov's task.

On the 31st Litvinov summoned Herbette to receive the Soviet Union's note of adherence.[1] Litvinov, in the note asked him to send it to Washington too. The document contained Moscow's criticism and Moscow's reservations. The most important Soviet reservation was the refusal to accept the British and French reservations. This stand may in the future acquire prime importance. The Soviet Government, in particular, would not regard itself bound by the Chamberlain 'Monroe Doctrine' respecting unnamed Asiatic neighbours of the Soviet Union. For the rest, the Bolsheviks reiterated their oft-repeated view that disarmament was the only effective guarantee of peace, and that the Pact, unless it provided for a limitation of the world's uninterrupted arming, would 'remain a dead document without real content.' Moscow saw in the Anglo-French naval Pact an immediate confirmation of this view.

¶ THE ANGLO-FRENCH NAVAL COMPROMISE

While the diplomatic exchanges preliminary to the Kellogg Pact still proceeded, enterprising newspaper correspondents published the fact of the conclusion of a secret naval agreement between England and France. The evidence was so incontrovertible that both governments soon admitted the truth of these reports. Reports gave the impression that the naval compromise revolved around military and air armaments as well as fleets, and America and Germany each considered it directed against her interests. A year later, Senator Borah wrote: 'I do not know of

[1] Soviet dailies for September 1, 1928, also *Der Kampf um den Frieden*, a collection of Soviet documents. Berlin, 1929. Page 232.

anything which has had a more pronounced effect in the United States in late years, in giving an unfortunate impression, than this incident.'[1] President Coolidge discounted hints at the withdrawal of the compromise, and with quite un-Coolidge-like assertiveness, declared in an Armistice Day speech that the United States must build more cruisers in response.

The reaction in Germany was equally profound. Locarno had been scrapped, the newspapers announced. The naval compromise began to grow into an *entente*. Publications pointed to joint Anglo-French action in Bulgaria, and the Baltics, and to joint Anglo-French army manœuvres in the Rhineland. Germans found still other proofs. They grew alarmed. 'We are isolated,' they cried, and commenced to look about for a new orientation. Germany must no longer play the game of the big Powers at Geneva, the dailies pleaded. They must seek support in the Balkans, in South America. Theodore Wolf, editor of the *Berliner Tageblatt*, even urged Stresemann to make advances to Rome.

Moscow reaped the benefit. Where is Locarno now? the enemies of Locarno in Moscow and Berlin asked. The majority in Germany was not altogether disillusioned on the possibility of true friendship with the West, but everybody realized the need of warmer ties with the East – this is always Germany's reaction to a rebuff from England or France, or both. 'While for immediate purposes,' a high official in the Wilhelmstrasse said to the writer at the time, 'we must seek to mend our relations with France [he did not mention Great Britain. – L. F.], our orientation in the long run must be on America and Russia.' And he was far from being an Easterner.

Berlin wanted to make a gesture to Moscow. So, on the very day Stresemann left for Paris to sign the Kellogg Pact, a note was rushed through the Foreign Office and Cabinet inviting Russia to resume the economic negotiations disrupted by the Shakhti trial. Several other irritating issues between the two countries were quickly removed – the matter of German correspondents in Moscow, for instance. At the same time, the fact that Schubert had mediated Soviet adhesion to the Kellogg Pact, though not fully appreciated in Moscow because Moscow exaggerated

[1] London *Time and Tide*, September 20, 1929.

American goodwill in the episode, helped to bring about a favourable reversal of feeling. The Shakhti atmosphere began to evaporate.

¶ THE LITVINOV PROTOCOL

The Soviet Union was the first Government to ratify the Kellogg Pact. It suspected that other countries would long delay ratification and that the multi-lateral agreement would therefore not become valid for an extended period during which Russia's neighbours might legally, so to speak, attack her. It occurred to the Bolsheviks, accordingly, to enter into an arrangement with Poland whereby the Kellogg Pact acquired immediate validity. This was the significance of the Litvinov Pact signed in Moscow on February 9, 1929, more than six months before the Kellogg Pact became international law.

But this is over-simplification. The Soviet Government had on numerous occasions offered a neutrality and non-aggression treaty to Poland. Chicherin did so in September, 1925. Voikov handed Zaleski the text of such a pact on August 24, 1926. Rakovsky tried to persuade Briand to sign a guarantee convention with Russia which would satisfy Poland as well. Litvinov discussed the same subject in Geneva in December, 1927. The French and Poles, however, consistently refused.

Litvinov saw in the Kellogg Pact an opportunity to force Poland into a separate peace agreement with Moscow. This had been one of his arguments when the question of Soviet adhesion to the Kellogg Pact was still being debated in inner Bolshevik circles. Poland had signed the Kellogg Pact, he would say. The Soviet Union had signed the Kellogg Pact. Why not therefore make it immediately effective as far as Poland and the Soviet Union were concerned?

Poland had avoided the conclusion of a non-aggression treaty with Moscow partly on account of her policy *vis-à-vis* the Baltic States. Poland desired to align the Baltic States on her side and to come to terms with Moscow only if the Baltic States and Poland constituted one united party and Russia the other. Moscow, on the contrary, aimed to destroy the possibility of a Baltic *bloc*.

Now on December 29, 1928, when Litvinov proposed his

THE SIGNING OF THE LITVINOV PROTOCOL. LITVINOV IS READING THE PROTOCOL

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'hurry-up' pact to Warsaw, four months had passed since the Paris signing ceremony of the Kellogg Pact, and only Poland and Lithuania, of Russia's neighbours, had adhered to it formally. Litvinov could lay his protocol before these states only. Subsequently of course Finland, Latvia, and Esthonia, Roumania and other states might join, but in the meantime Poland would be forced into a diplomatic act with Russia and without the Baltic countries.

One additional reason: Charles Dewey, American financial adviser to Poland, visited Moscow in the summer of 1928 and talked at length with Litvinov. Dewey's chief difficulties in Warsaw were budgetary. He found that 40 or 45 per cent of the budget went to the army. The Poles resisted reduction on the ground that they were continually threatened by Soviet aggression – and by Germany too, incidentally. Dewey wished to see for himself whether this alleged menace existed in fact. The Litvinov Protocol was intended to indicate that it did not.

Poland returned an equivocal reply to Litvinov's proposal, but stated very clearly that she would first discuss the suggested Protocol with the Baltic States. Warsaw also desired that Roumania, with which Moscow had no diplomatic relations, be invited to consider the Protocol. This first Polish answer was interpreted by the Bolsheviks as a refusal, and Communists assumed that Zaleski had not acted without consulting Paris and London.

Numerous written and oral diplomatic exchanges followed. Russia accepted Roumania's participation, but Poland cleverly prolonged the discussions so that the Baltic States might find time to adhere to the Kellogg Pact. Certain individuals in the Soviet capital believed, however, that Poland's final decision to sign the Litvinov Protocol was not arrived at before influential American circles had emphatically urged such a move.

In the end, on February 9, Esthonia, Latvia, Poland, Roumania, and the Soviet Union signed the Litvinov Protocol at an impressive ceremony in Moscow. Apart from the pact itself, the occasion was notable for Litvinov's announcement that while he welcomed the Roumanian delegate, Charles A. Davilla, on Soviet soil, his presence and his Government's adhesion to the Protocol

in no wise changed Moscow's position towards the Bessarabian question.

Subsequently, Turkey, Persia, and the free city of Danzig added their signatures separately. Their adherence had not been on the original programme, and was regarded as a Soviet victory, especially the adhesion of Danzig which gave to that city a status in international affairs as irritating to Poland as it was pleasing to Germany. Finland and Lithuania refused to sign.

The Litvinov Protocol was a demonstration. For the oftener Moscow emphasizes its policy of non-aggression towards the Baltic States the less they need depend on Polish assistance. If the Protocol did not convince Governments, it did persuade wide circles of public opinion in the Russian secession states that it was folly to antagonize the Soviets and lose their trade for the sake of military aid from Poland in a war that may never eventuate.

The little manœuvre that was the Litvinov Protocol brought some life into Soviet foreign affairs which, for a year, had been passive and negative. In 1927, Moscow received a number of very powerful blows – Britain, China, Poland, France – which it could not very well parry. The next year was spent as if in recovery and convalescence, with attempts at retrenchment here and there. Moscow became extremely introverted at this period, partly because of the effects of 1927, largely because home economic developments had entered a novel and more intensive phase. The Moscow *Izvestia*, mouthpiece of the Government, had between 1924 and 1927 probably averaged two or three leading articles on foreign politics each week. Now one in two weeks was more normal. Industrialization and preparations for the Five-Year Plan of national reconstruction absorbed all minds and every drop of enthusiasm.

And then came the fall of Amanullah.

CHAPTER XXIX

MOSCOW ENTERTAINS A KING

'The Socialist King,' Eastern papers called Amanullah. But Socialism and Afghanistan do not mix, and the term was applied loosely to denote a spirit of progress, extreme simplicity, unaffected democracy, and protest.

While visiting the Soviet Union, Amanullah on several occasions asked Karakhan about Peter the Great. Was he the Peter of Kabul? Afghanistan in 1928 did undoubtedly offer a certain analogy to Russia at the opening of the eighteenth century. Both were primitive and under-populated. Peter counted 14,000,000 inhabitants; Afghanistan boasts of 7,000,000. Peter, like Amanullah, had to create an army, develop industry, fix his country's star in the international firmament, and mould a national State.

But their characters differed widely. Peter possessed great will-power. Not Amanullah. Peter had energy and unbounded resourcefulness. He was a rough, simple man. In Holland he worked as a carpenter, in England at wharves. His hands were as callous as his rule. The Afghan emir, to be sure, drove his own motor-car – much to the horror of the Shah of Persia – and got under it to repair punctures and breakages. But he never worked. He was a king *par excellence*. Peter evaded royal receptions and palaces on his several trips to Western Europe. Amanullah, when he arrived on Soviet territory, told Karakhan that he rejoiced to have reached a country where court ceremonies and stiff formalities might be dispensed with. And although he drank deeply of the luxury and pomp the West gave him, he spent considerable time in factories and workshops after the fashion of Peter.

Amanullah inherited neither the iron will of his mother nor the perverse profligacy of his father Habibullah. He became king by the grace of his mother, who hated the British and nursed Pan-Islamist dreams.

And then a struggle commenced between the influence of his domineering mother and that of his astute father-in-law. Queen Souriya's father was a modernist, a Westerner, a reformer. He

wished to see his daughter's royal spouse in the rôle of Kemal. Mustapha Pasha is a strong figure. Amanullah is a feeble one. But Amanullah's true greatness lay in his ability gradually to discard, like Kemal, the old ideas of a Moslem empire, of Islam for the Islamites, and to take a sharp course towards modernization.

Like Peter, Amanullah defied the Church. But unlike the Czar, he formed no military-landlord caste that would support his innovations. He never succeeded in welding conflicting tribes into a national unit or in giving them a federal consciousness. At times he could rely on one tribe against the other, but never on one class against the other. And Amanullah, with all his fine plans for an industrialized country with its schools, factories, and conscripted army, possessed no constructive talent.

¶ THE BOLSHEVIK SUBSIDY

When Amanullah rose to power, Afghanistan for the first time achieved true independence in foreign affairs and complete internal sovereignty. Yet his father had received a big subsidy from Great Britain, and its withdrawal before other sources of revenue had been consolidated proved a hardship to his rule. The Soviet Government, accordingly, decided to grant him an annual subsidy of $500,000 – a small sum, but important.

For two or three years Amanullah received his Bolshevik subsidy, sometimes in cash, sometimes in goods, sometimes in reduced volume. But in 1922 trouble started with the Basmachi in Soviet Bohkhara, and certain circles in Kabul supported the anti-Bolshevik uprising which Enver Pasha ultimately came to lead. Moscow was ill at ease. Some Communist leaders began to look at Amanullah as a 'British puppet,' and demanded the cancellation of the subsidy. But the passing of Enver and the suppression of the Basmachi soon relieved the tension between Moscow and Kabul, and a period of improved relations set in which lasted till the end of 1925. The subsidy arrears were paid, and the subsidy continued to be paid in gold, but more and more in goods, and more and more unpunctually.

In 1925 and 1926, however, Moscow began to count its gold and foreign currency with considerable niggardliness, and a disinclination made itself felt against financing Amanullah. Soviet

leaders did not wish to part with even small sums that might advance the supreme task of economic reconstruction they had undertaken. This attitude, if very narrow from the international political standpoint, is at least intelligible in view of Russia's concentration on internal problems. Yet Amanullah continued to receive a diminished subsidy in the form of armaments.

¶ AMANULLAH GOES TO EUROPE

Russo-Afghan relations remained deeply friendly, and when Amanullah undertook his trip to Europe in 1928, no doubt existed in his mind that he wished to see the Soviet Union too. In fact, it was Russia, next to Turkey, that he probably wanted to see most of all.

His purpose in travelling to the West was obvious. He aimed to import ideas, equipment, men, and capital. The programme of reform he contemplated for Afghanistan required greater resources than he could mobilize at home or obtain from politically interested foreign quarters without prejudicing his own freedom of action.

Amanullah had a natural curiosity about the West that had been lauded to him so much and which he was trying to imitate. He had never been outside the confines of Afghanistan. He wanted to see how high his country ranked with other Powers, and whether he could raise their estimation of it. He vowed to put Afghanistan on the world map. At one moment, therefore, he even thought of visiting America.

¶ BRITISH DISPLEASURE

Whatever else it accomplished, Amanullah's trip did not improve his standing with the British. *En route* to London, Sir Percival Phillips, the *Daily Mail* correspondent who had accompanied the Padishah from India, asked him whether he was a friend of England. He could not say till he had spoken to Sir Austen Chamberlain, Amanullah replied. But neither his interview with the British Foreign Secretary nor his stay in London produced any favourable practical result or any friendly impression, and although the Emir undoubtedly carried away a feeling of Britain's

wealth and military power, he could not envisage them as lending to the security or longevity of his own regime.

He had irritated the English. Leaving Kabul, he entered India amid popular jubilation. India received him as one of her own. He snubbed the British Viceroy. Lord Irwin snubbed him back. In Bombay, Amanullah preached in the great mosque and summoned the faithful to religious tolerance and peace with the Hindus. British India raged. Its policy was to divide the races, and to rule despite the consequent friction.

An independent Moslem sovereign marched abroad. Islam was proud. The Lahore *Muslim Outlook* of July 24, 1928, pointed out the contrast between little Afghanistan that could buy arms, send its sons for foreign military training, and invite Turkish army missions, and giant India which was forbidden to take measures for self-defence.

In Cairo, Amanullah addressed Parliament, and praised Zaghlul Pasha, who hated the British. To a group of Indian students in the same city, he said: 'I love India.' Later, after his exile from Afghanistan, Souriya bore him a daughter whom he called 'India.' But the English are too sensitive about India to welcome such affection on the part of a neighbour-monarch.

There was critical comparison too. The *Indian National Herald* of December 6, 1927, wrote:

'Like Kemal Pasha and Riza Pasha, His Majesty Amanullah has promoted the advancement of his country, and we have no doubt that the economic condition of Afghanistan will before a decade far exceed the achievements of India under British tutelage . . . Afghanistan is infinitely better off than Egypt, Palestine, and Iraq.'

During his stay in India, Amanullah made several veiled and several direct pleas for Moslem-Hindu amity. He called Gandhi his 'very, very great friend,' and went out of his way to make a demonstration of friendship for Mrs. Gandhi. The British naturally resented such encouragement to Indian national movements.

Amanullah's trip released tremendous Pan-Islamic momentum.

BRITISH DISPLEASURE

'Afghanistan,' wrote the *Muslim Outlook*, 'is the most vigorous of the Eastern Muslim Powers, and the Muslim peoples of Egypt, of Persia, of Arabia, look to this young and vigorous state for a lead in world policy. . . . The future of the Pan-Islamic movement will depend largely on the policy His Majesty the King of Afghanistan elects to pursue.'

The *Bombay Chronicle* of June 26, 1928, quoted Kemal's address to Amanullah on freedom and national independence, and then added its own comment:

'India,' it said, 'that has suffered most for want of freedom and on which the sun of independence has yet to shine, may derive deep inspiration from the example and precept of Kemal Pasha . . . India, we hope, is not so dead as not to be stirred by the clarion call of Kemal Pasha and the lead of Turkey, Afghanistan, Persia, and, last but not least, China.'

This sounded very much like an all-Asiatic consciousness. The same publication, in fact, urged the organization of an Asiatic League of Nations, while a Miss Nowayyadzada, editor of a Calcutta journal, suggested that Queen Souriya found a League of Eastern Women in which 'our Japanese and Chinese sisters' will participate. The *Muslim Outlook*, too, advocated a 'United States of Muslim Asia,' or, at least, a Pan-Islam alliance of Afghanistan, Persia, and Turkey.

Between official visits and shopping in the West, Queen Souriya wrote a pamphlet entitled *Islam and Women*. She wrote it in Persian. 'If the prevailing views regarding *purdah* remain unchanged,' she announced on its completion, 'then there is no possibility of any progress in the life of the Eastern peoples. . . .' It was this larger interest of Afghans in the affairs of the East generally that caused much disturbance in British-Indian circles.

¶ AMANULLAH IN MOSCOW, ANGORA, AND TEHERAN

British dailies warned Amanullah when he was in London that he had best hasten home, as insurrections had broken out in his provinces. The report was premature. Other publications in-

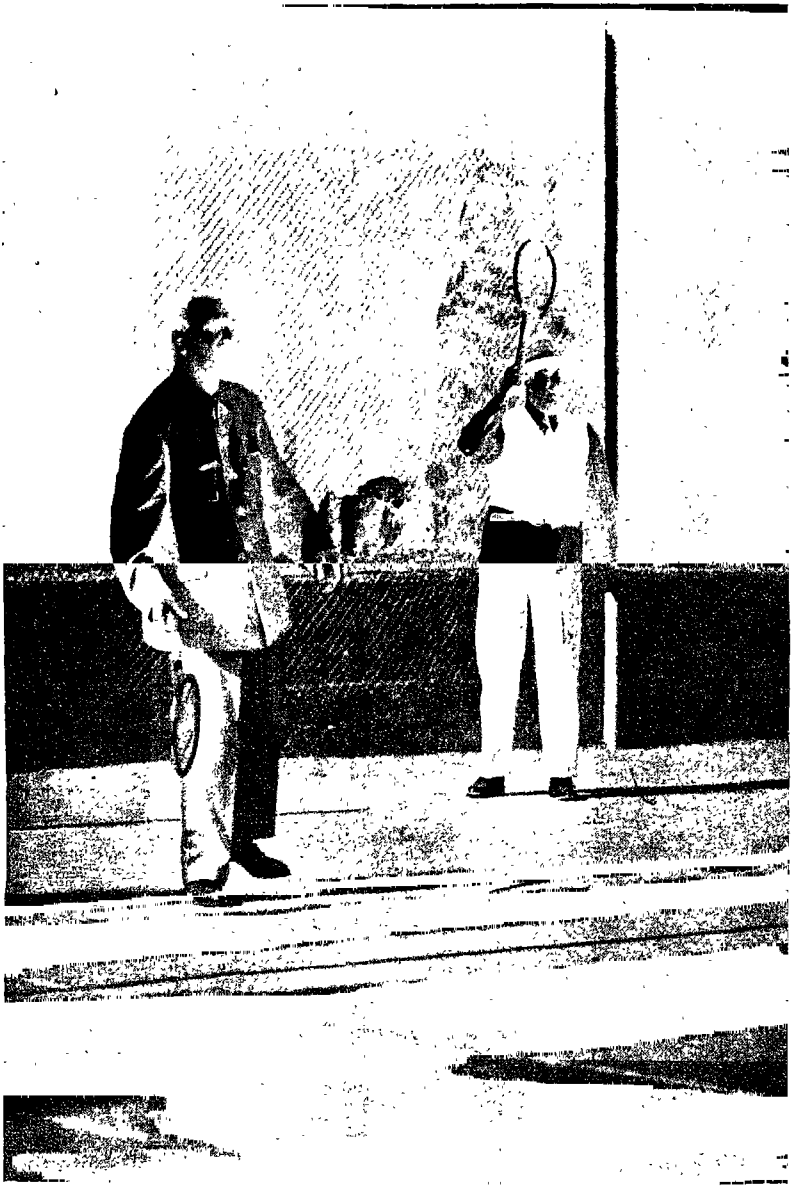
formed the emir that the trip from Kabul to England had been very strenuous for his wife; he should not, therefore, take the long land route over Russia. But he decided he would. To omit the Soviet Union was obviously impossible.

Amanullah had got nothing in Britain, nor had the English from him. In Moscow, the simplicity of President Kalinin, the expansiveness of War Commissar Voroshilov, the directness and learning of Foreign Commissar Chicherin, the engaging frankness of Karakhan who accompanied him throughout, impressed him. He saw an East that was yet of the West – his ideal for Afghanistan. Industrialization, science, art, sports, military prowess, the Lenin Institute – all were displayed to him. In Italy he was presented with military aeroplanes, elsewhere with tanks. But Kalinin made him a gift of two agricultural tractors of Soviet manufacture.

Amanullah, however, also wished to bring home from Moscow a commercial treaty. It would have been to the political advantage but the economic disadvantage of Russia. Therefore the Bolshevik statesmen refused it. His trip to Moscow, from this practical point of view, was a failure. Yet he saw the might, the extent, the energy of his great northern neighbour. And he was more than ever convinced that Moscow must, by virtue of its principles, grant him moral support in his chief aims of state.

Most success attended Amanullah's sojourn in Turkey. Kemal won his heart. Mustapha Pasha's figure breathed force, dictatorial will, irresistible ruling power – everything Amanullah desired but did not possess. They signed a pact outlawing war: it was tantamount to a promise to co-operate. They discussed the impending Afghan reforms. 'Do as I do,' Kemal must have said. 'If they refuse to remove their fezes, cut off the heads that wear them. The church will defy you. Make short shrift of it.' Their problems were not dissimilar. Amanullah decided to adopt Kemal's tactics. He would show a strong arm and a firm will. In Russia they had counselled moderation. Go slow, for you have no solid class backing, Moscow friends told him. The effect of his conversations with Kemal was to override this Bolshevik caution, and to enthrone Angoran methods.

Where Kemal grew fond of Amanullah, Riza learned to hate the Afghan king. To be sure, the Shah laid out a new public



KARAKHAN PLAYING DOUBLES WITH KING AMANULLAH

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square in Enzeli in honour of Amanullah's arrival at that port, and another in Teheran. But in the capital, Amanullah drove his own motor-car to royal receptions, and walked through the streets unceremoniously. Souriya appeared unveiled before the eyes of strange males, and gave teas to liberal-minded women. Riza was a plebeian risen to kingship, and looked to strict etiquette to lend him the awing dignity of an ancient dynast. Amanullah, however, wore the crown gracefully because he wore it so infrequently.

The Shah and the Padishah rubbed each other the wrong way. Yet Riza could not ignore the social significance of Amanullah's visit. During his stay, Persian women were permitted to be seen in public places with men other than their husbands. Women sang in amusement houses for the first time in history. The veil grew thinner, and began to smack less of Moslem *purdah* and more of Parisian chic. The Afghan Emir's sojourn galvanized the moderns and antagonized the mullahs in Persia. The mullahs had originally asked Riza to refuse Amanullah an invitation. The Shah could venture no such offence. But before Amanullah quit Persian soil, he felt the bitterness of institutionalized Mohammedanism in Persia against him. For his mere presence began to acquire iconoclastic significance.

In Russia, Amanullah had asked concerning Peter's rôle in the liberation of women. He wanted to play the part of the Great Emancipator of Islam's womanhood. Souriya helped. The clergy shuddered; the forces for progress took courage. And as Amanullah moved from capital to capital, the new spirit he personified leapt over boundaries with him. Socially, the result of the Emir's tour in the East was to correlate the movements for reform in Soviet Turkestan, Afghanistan, Turkey, and Persia.

When Amanullah finally drove into the Afghan town of Herat on June 22, 1928, he found the city decorated in Afghan, Turkish, Persian, and Soviet flags. He talked at gatherings of communal leaders. He stressed the reactionary rôle of the Moslem priesthood in stemming progress, and emphasized the necessity of feminine education. Home at last in Kabul, wildly acclaimed by tribal leaders, Amanullah in uniform and Souriya in Parisian frock and a light transparent gauze over her face, received the homage of the populace. 'Send the girls to school,' was one of the keynotes

of his speech. Yet sensing the possibility of disapproval, he recalled that he had always faithfully followed the customs of Islam.

¶ THE FALL OF AMANULLAH

Amanullah wished to be the pendulum that made the clock of Eastern progress tick faster. But deeply-entrenched forces, foreign and Asiatic, saw safety in conservatism, or, faced with the threat of reform, in reaction. A social bond between Tashkent, Kabul, Teheran, and Angora answered British interests as little as it did those of the paid servants of the Prophet. A Pan-Asiatic consciousness, and the sentiment of common aims and common goal in the East terrorized officials in India. It became necessary to turn back the hands of time.

For nine years the British had suffered Amanullah. He gave them trouble in the North-West Frontier. He inspired movements in India. Now his trip had made him a symbol, and attempts in London to wean him from his former ways had proved unsuccessful.

Yet it is short-sighted to believe, as some Bolsheviks do, that British India and Colonel Lawrence of Arabia alone could have overthrown Amanullah. The revolt that swept Amanullah from the throne possessed deep roots in Afghan soil.

The Padishah had not governed very wisely. A devout Moslem, his educational reforms tended to alienate the Moslem heirarchy. He conscripted labour to build metal roads for autos. That labour became his enemy. The same roads cost him the support of the tribes through whose territory they passed; they were deprived of the former camel transport fees and the right to levy tolls on the ancient dirt paths. Amanullah's State, army, and school innovations entailed expenses. He had to collect more taxes. The people objected. In the army, the tribal chiefs saw a menace to their autonomous position. The King's efforts towards national unity impressed them similarly.

During the six months the ruler had absented himself from his domain, these hostile forces raised their head whether with and without external encouragement. And Amanullah's obvious intention on his return to press the reform programme with Kemal-like vigour created an angry mood in wide circles.

The rebels used British rifles. They had British money.

Colonel Lawrence, that remarkable scholar, lover of empire and adventure, hater of titles, glory, and publicity, had become Private Shaw of the British aviation corps on the North-West Frontier of India. His *Revolt in the Desert of Arabia* showed that policy made by London could be crossed in the East. Such tactics, he knew, excited momentary indignation in Whitehall, but if successful, garnered official and popular approbation.

After years of study and months of active preparation, Lawrence whispered a command. Yet when the fuse began to burn, he took ship for Albion – and the correspondents at Plymouth found his lips sealed.

He asked neither credit nor acclamation. He served the King-Emperor. The British Empire is built on this self-effacing type of official who can fill the pivotal gap in widely separated storm centres.

Amanullah fell. Before he fell, Riza sent messengers offering military aid, on condition, however, that definite compensation be granted to Persia, perhaps in the province of Herat. Amanullah, though hunted, refused. Expelled from the capital and fled to Kandahar, the king's foreign minister flew over the Hindu Kush and thence to Moscow to sue for aid. Moscow was benevolently inclined, but not in a position to grant material assistance. A small Red Army push would have saved Amanullah. A battery of artillery slipped furtively into Afghanistan from Soviet territory might have driven Bache-Sakao, the 'water boy,' from Kabul. Instead, Amanullah soon saw himself in exile, leaving partisans who nevertheless had reasons of their own to continue the not-hopeless struggle.

Nadir Khan, an uncle of Amanullah and a supporter of Amanullah's general political philosophy, took up the fight, and in November, 1929, he defeated Bache-Sakao. The 'water boy' was executed, and in due course Nadir established himself on the throne. Amanullah apparently accepted the change with nonchalence. He lives in Italy. He seems devoid of ambition, and is said to be ready to become one of Nadir's foreign envoys.

The new king has appointed his brother Mohamed Azis as his minister in Moscow. The successor of Amanullah, an Associated Press dispatch stated on the occasion of the appointment, 'intends

to cultivate friendship with the Soviet Union as the nearest and most useful neighbour of Afghanistan.'

¶ SOCIAL BARRIERS

Curzon wished to carve out geographical buffers between India and the Russian bear. Afghanistan and Persia served that purpose. But with the coming of the Bolshevik revolution, Russia ceased to represent a military threat. India is secure against attack because the British defences are stronger, the Red Army weaker than the Czar's, and Moscow opposed to territorial expansion. And yet England needs buffers for India. Now, however, it is social barriers she needs rather than physical obstacles. Afghanistan and Persia are expected to serve as non-conductors of the social ideas being hatched in the Soviet East, and in Turkey. Otherwise, India faces a danger more menacing than Cossack legions. But the Afghanistan of Amanullah was not a non-conductor. It was a very fine copper wire. The insurrection against Amanullah short-circuited the contact – for a time. It blew out the fuse: Amanullah. But historic processes bore from within India and knock at her gate from without. The Communists may passively watch, and comment philosophically. If Amanullah does not return to his throne, some other Amanullah will. For the ideas of new freedom, of rights for women, of Western culture and Latin alphabet, and of anti-imperialism which, under the Soviet sun, are being germinated in Uzbekistan and Turkmenistan, in the Tartar Republic and in the Crimea, have already infected Turkey, Afghanistan, and Persia, and independent of the march of political events, they will never respect the arbitrary boundaries of map-makers.

CHAPTER XXX

THE MANCHURIAN CRISIS

The Chinese Eastern Railway has now and then in the last decade been the subject of discussion in highest Moscow councils. It is realized that the road is a weak arm of the Soviet State in an exposed position difficult of defence. Ownership of the line, moreover, opens the Bolsheviks to accusations of Red Imperialism. But Soviet military authorities maintain that Vladivostok and the Maritime Provinces would become untenable if Moscow surrendered the thin connecting link between Siberia and the Pacific across Manchuria.

In 1924 Dr. Sun Yat-sen advised the Russians not to return the Chinese Eastern Railway (C.E.R.) to China lest the anti-Sun, anti-Kuomintang Mukden Government of Chang So-lin be so strengthened thereby as to be in a position to defeat the Southern Nationalists.

The Bolsheviks are too realistic to return the road irrespective of the effect of such a move on Chinese politics. They never decide on policy in an idealistic vacuum.

The C.E.R. is Russian state property.[1] This is clear from the historic record, and was admitted by no less an authority than the Sub-Committee on the Chinese Eastern Railway of the Washington Disarmament Conference whose report, read to the conference by Charles E. Hughes, stated that 'The Railway is in effect the property of the Russian Government.' The Chinese representatives made a number of reservations to this report, but did not object to its finding on the C.E.R.[2]

The C.E.R. is a commercial asset but not indispensable to Soviet foreign trade. The Soviets could use the line if its ownership passed to China. This might be made the guaranteed condition of sale.

Chang So-lin seized the C.E.R. in January, 1926, and arrested

[1] See pages 530 *et seq.*

[2] *Conference on the Limitation of Armament.* Washington, November 12, 1921–February 6, 1922. Washington, 1922. Official Protocol. Page 1376.

M. Ivanov, the Russian director of the railway. Mukden was subsequently compelled to release Ivanov and the line. Chang Solin's son, Chang Sueh-liang, seized the C.E.R. on July 10, 1929. The reason given was Bolshevik propaganda by the Soviet consulates in Manchuria. Several months after these accusations were broadcast the Chinese Government quietly printed a pamphlet purporting to contain Bolshevik documents taken in the raid of the Soviet Consulate in Harbin and proving subversive Communist activity. Some of the papers were typed in the old, prerevolutionary Russian orthography which was abolished by the Bolsheviks and is now never used in the Soviet Union. But the White Russian *émigrés* abroad still employ it as a mark of their protest against Bolshevik innovations. It is significant, moreover, that the Chinese, who had to put the alleged documents on record after having made them the much-advertised official excuse for the raid, took special pains to restrict the circulation of the pamphlet. As historical material, it is too vulnerable.

Dr. Theodor Sternberg, the *Berliner Tageblatt's* Tokio correspondent, stated in its issue for August 15, 1929, that 'in Japan they are convinced that China does not possess any evidence of revolutionary plans on the part of the Russian railway's or the Soviet consulate's officials.' And even if such evidence were available, this bourgeois authority adds, China should have made diplomatic representations to Moscow before laying a violent hand on the C.E.R. 'The real object in view,' says the London *Bulletin of International Affairs* dated July 18, 1929, 'is to be found in the long cherished desire of the Chinese Government to obtain complete control of the Chinese Eastern Railway to the exclusion of the Russian influence.'

The explanation of the seizure of the C.E.R. must be sought in Chinese domestic politics. The Bolsheviks, to be sure, were prone, after their custom, to see in Mukden's violent act the hand of foreign imperialism. But if some suspicion may attach to Captain Frank Sutton, the British political adviser of the Manchurian Government, or to Mr. J. J. Mantell, the American railway adviser of the Nanking Government, there is no proof that London or Washington were at all implicated.

The internecine struggle in China is a continuous test of

strength between various tuchuns or provincial leaders controlling different sections of the country and exercising independent sovereignty whether or not they formally acknowledge the authority of a central Chinese government. Feng, the 'Christian' and 'Bolshevik' general – both nicknames are equally misleading – even accepted office with the Nanking regime, but he never actually recognized his obligation to obey it, and when circumstances suited his purpose he fought it. Mukden may pay paper allegiance to Nanking, but in fact its co-operation with Chang Kai-shek was restricted to the receipt of diplomatic support from him. Nanking won an international reputation as China's capital. The Chinese, however, knew that its voice was heard in only four neighbouring provinces and that it could levy taxes successfully in only two.

Chang Kai-shek, heir to the Kuomintang tradition and traitor to its principles, wished to win the support of Mukden, heir to Chang So-lin's tradition of implacable enmity to Southern Nationalism. Yen Shi-shan, the 'peace lord' of Shansi province, dominated Peking in 1928 and 1929. He was an ally of Feng. Manchuria frequently sends forces below the Great Wall to Peking, or Peiping as it has been re-christened, and did not want to see Yen establish himself there. Feng, held fast in the famine provinces of Inner Mongolia, may at any time be forced to seek shelter and sustenance in Outer Mongolia which Mukden has coveted. Feng is also a bane of Nanking's existence. He can dispute Nanking domination of the Yangtse, and he makes uncertain Nanking's control of Hankow.

Nanking and Mukden thus had a common interest in destroying Yen and Feng. The seizure of the Chinese Eastern Railway, which, had it passed smoothly, was to have been followed by a Manchurian thrust towards Outer Mongolia, would have raised Mukden's prestige, increased its territory, and outflanked Yen and Feng. Nanking was prepared to play this dangerous game although it had no surety that Mukden would remain loyal.

The confiscation of the C.E.R. by the Manchurian Government became the preliminary of renewed civil war which broke out in the fall of 1929. But the seizure was a boomerang which returned to wound Nanking's position, for the strained relations

between Russia and China in Manchuria paralysed Mukden and prevented Chang Sueh-liang from giving Chang Kai-shek the slightest assistance against Feng and Yen. On the contrary, Mukden was inclined to ask Nanking for aid. Moscow, by virtue of the seizure of the C.E.R., was thus given the whip-hand over the Chinese internal struggle, and with the issue unsettled, Nanking lacked the ability permanently to eliminate its federalist enemies from the fray.

¶ JOINT MANAGEMENT OF THE C.E.R.

The Chinese had no complaint against the Russians on the score of the C.E.R.'s operation. Dr. R. Perech, a well-known Sinologue, showed in the Berlin *Vossische Zeitung* of July 24, 1929, that since the Soviet Government took over the road in 1924, the C.E.R. earned an annual profit which was divided evenly between Moscow and Mukden. The number of passengers carried more than doubled between 1925 and 1928, and freight rose from 3,000,000 tons in 1924 to 5,459,000 tons in 1928. Millions of roubles were spent for the renewal of equipment, the construction of workers' homes, and new rolling stock. Wages, Dr. Perech writes, mounted 15 per cent during the Soviet period of management.

Most important were the changes in personnel. The Sino-Soviet treaties of 1924 provided for parity of nationalities in the working staff of the C.E.R. The Bolsheviks, accordingly, proceeded quickly to train and employ Chinese. The number of Chinese working on the line at the time Dr. Perech wrote was 17,841 or three times the number in 1924. As compared with 17,841 Chinese there were only 13,300 Russians. Chinese had received more and more positions of authority.

In all the press and platform controversy that followed the seizure of the C.E.R., the Chinese never expressed any dissatisfaction with the Sino-Soviet operation of the road.

¶ AMERICAN INTERCESSION

As soon as the Chinese took over the C.E.R., war-scare headlines blazed through the world's newspapers. No conflict in Manchuria can be localized. The situation is too important. America

is as much concerned with the future ownership of the road as Japan. France has her interest, and Great Britain could not remain indifferent. People therefore began to prophesy an international war.

The writer was in Moscow at the time of the seizure, and he knew that, all threats, ultimatums, mass demonstrations, and diplomatic demarches notwithstanding, the Soviet Union would not be provoked into war with China on the C.E.R. issue.

One danger did exist: that the thousands of White Russian *émigrés* who had fought for years as mercenaries in the Chinese civil war and would never fight more zealously than against the Bolsheviks, might grasp the opportunity of Sino-Soviet friction to march into Siberia in the hope of forcing the Soviets to fight. Karakhan's notes warned of this danger. If White Guard detachments violated Soviet soil, Moscow declared, it could not promise to remain passive.

A United States diplomat in Moscow would have known that although Russian state property had been sequestered illegally, and hundreds of Soviet officials and citizens thrown into jail in Manchuria, the Bolsheviks intended no war. But Washington wished to take a hand in the situation, and in the end, invoked the Kellogg Pact.

Eight days after the seizure, the United States, acting as guardian of the Paris Pact, urged peace on the Soviet and Chinese Governments. Both promised to remain mindful of their obligations. This, presumably, was sufficient assurance. But a few days later a mysterious *aide memoire* came into being in Washington. Secretary Stimson, according to an official announcement, handed it to the diplomatic representatives of Britain, France, Japan, Germany, and Italy on July 25. It dealt with Manchuria, but the State Department withheld publication. Secrets, however, will out. The Moscow *Pravda* of August 6 printed a Vienna dispatch throwing light on the contents of the *aide memoire*. It had suggested that (1) a neutral commission be appointed to study the Manchurian conflict; (2) the parties in dispute withdraw their troops from the danger zone and refrain from hostile action; and (3), and most important, a body of five Russians, five Chinese, and a neutral chairman operate the Chinese Eastern Railway pending a

final settlement. The Bolsheviks suspected that the 'neutral' chairman would be an American as in 1917 to 1922 when Colonel J. F. Stevens was director of the Chinese Eastern.

Previously, according to Mr. Kawakami in the Baltimore *Sun* of August 3, information of the same general character regarding the *aide memoire* had filtered into the Japanese Press, notably the *Nichi Nichi* and *Asahi*. I have reason to believe that the sources drawn upon by the *Pravda* and *Asahi* were, indirectly, the German and Japanese Foreign Offices. Moscow, at any rate, felt that it had reason to be suspicious of Washington's lively interest in the Manchurian controversy. A declaration made at Williamstown on August 25 by Stanley K. Hornbeck, chief of the Far Eastern division of the State Department, confirmed Bolshevik suspicions. He did not deny the existence of the unpublished *aide memoire*. 'I am not in a position to make a statement on that point,' he merely said. But he emphasized the fact that America's traditional policy in respect to the Chinese Eastern Railway was neutralization. He gave instances: the Knox proposals in 1907–10, and the period from 1917 to 1922 when an American managed the road.

Meanwhile, fighting proceeded on the Soviet-Chinese frontier. On August 19 the Soviets handed the German Government a note (Germany was protecting Russian interests in China) which called attention to eight raids undertaken between July 18 and August 18 by Chinese and White Russian troops into Soviet territory. On September 9 the Soviets handed the German ambassador in Moscow, von Dirksen, a second note citing nineteen further attacks by Chinese and White Russian bands on Soviet steamers, border guards, and villages. A third protest to Dr. von Dirksen dated September 17 enumerated additional incursions into Siberia. No nation invoked the Paris Pact. In November the Soviet Government undertook armed reprisals. The Press now commenced to print many details of Bolshevik pushes into Manchuria.

The Soviet Government had twice warned China, through Germany, that its patience would be exhausted if the Chinese continued to mine the Amur River, fire on Russian shipping, and torture Soviet citizens, and if White Guard groups repeated their depredations in the Soviet Far East. A Russian raid in force began on November 18. Air and artillery bombardments were reported,

and newspaper dispatches announced the capture of Manchuli, the Chinese border town, Dalainor, and Hailar. Hailar had been gutted, telegrams said.

An Associated Press wire from Tokio on November 21 informed the world that Mukden had decided to negotiate with Moscow for a settlement of the railway dispute. The Soviets had achieved their purpose. They realistically applied force in order to stop invasions of Russian territory, persecution of Russians in Manchuria, and the further demoralization of the Chinese Eastern Railway. One big raid compelled Chang Sueh-liang, the Governor of Manchuria, to sue for peace. Hugh Byas, the Tokio correspondent of the New York *Times*, wired his paper on November 28:

'The news from Manchuria confirms the Japanese anticipation that the Russians did not intend an invasion. *The Russians apparently have not occupied any Chinese towns and are back on their own territory*. They have given the Chinese a severe slap, humiliated them by disarming 10,000 troops, and scared Mukden into a settlement, all by a relatively small operation which led to no entanglements.' [Italics mine. – L. F.].

The moment the Red Army marched in, the Chinese and White Russians fled. Their commanders deserted, and the disorganized soldiers looted as they ran. The looting was debited to the Bolsheviks. The extent of the Chinese retreat was made out to be the extent of the Red advance. According to a United Press dispatch of November 26 from Harbin, the Soviet forces actually halted thirty-eight miles from the border and then returned to their base.

On November 27, the Associated Press reported from Moscow that the 'Mukden Government was officially reported to-night to have capitulated to the demand of the Soviet Government.' The same dispatch quoted a note from Litvinov to Chang Sueh-liang. 'Have received your telegram of November 26,' the commissar wrote, 'declaring full acceptance of preliminary conditions communicated in writing on November 22 through Tang Yu-chen, diplomatic commissar at Harbin.'

Chinese negotiators were now in touch with Melnikov, former Soviet consul at Harbin, and with Simanovsky at Khabarovsk.

China had acquiesced, and the statesmen had initiated pourparlers with a view to the restitution to Russia of the Chinese Eastern Railway. But Nanking demurred. To Chiang Kai-shek it was a question of prestige, of holding Mukden's paper allegiance, and perhaps of pleasing Washington. He wished to prolong the impasse in Manchuria. On November 29 the New York *Times* put the whole situation in a nutshell in its front-page headlines: 'Nanking and Mukden at Odds on Policy as Hostilities Cease. Manchuria's Yielding Ignored by Chiang, Who Offers Reds New Counter-Proposals. Appeal Seen as Gesture. Tokio Sees China Completely Beaten and Danger Over as Soviet Withdraws.' Three things appear: the fighting had ceased; Manchuria had yielded; the danger of war was gone. Even if American embassies and consulates never report important events abroad, the New York *Times* is read in Washington.

On November 25 news advices from Washington stated that Mr. Stimson had discussed the situation with the Japanese ambassador. The secretary's views were communicated to Nippon, where 'the Foreign Office disclaimed any intention of taking action at present, either independently or in concert with other nations' (A. P., Tokio, November 27). The same day Hugh Byas wired: 'The Japanese still believe that intervention by other Powers could not do any good.' On the next day he suggested that 'the collapse of Chinese resistance ends the situation which had aroused Secretary Stimson's anxiety.' Meanwhile the Press was full of reports from Berlin, Moscow, and Tokio regarding the favourable progress of the Soviet-Manchurian negotiations.

November 28 brought further light: Litvinov declared Nanking's counter-proposals superfluous as Mukden had already accepted Soviet terms. An A.P. message from Mukden stated that '*despite denials and counter-denials* [italics mine – L. F.] peace is near.' An A.P. telegram from Tokio quoted the Japanese Foreign Minister, after a talk with the United States chargé-d'affaires, as stating that peace impended, and the prospect of an early direct settlement 'makes intervention by the world Powers unnecessary and undesirable.' Dispatches stated that Soviet aeroplanes had bombed the little Manchurian town of Buchatu with bombs, cabbages, and soot. This, probably, was a way of applying a bit

more pressure as negotiations proceeded. Or perhaps the orders to cease fighting had not reached isolated aviators. No further hostilities were subsequently reported along the Manchurian border.

Japan resolutely declined to join any move for foreign mediation, on the ground that an anti-war pact could not be invoked when there was no war and when peaceful pourparlers promised immediate success. This represented the attitude of the German Government also. On December 2 Mr. Stimson announced his two communications on the subject: one to Moscow and Nanking recalling their Paris Pact obligations, the other to the signatories of the Pact urging their co-operation for peace. The German Government refused on December 2:

'At the present moment [the German rejoinder read] the German Government has before it reports to the effect that direct negotiations for the peaceful composition of the conflict have opened. As the German Government is not in possession of all the facts which would enable it to judge the momentary status of these negotiations, it would like to reserve its decision as to the time and form of its further steps in the matter.'

Mr. Stimson might have had from American officials in the Far East the same information which prompted Germany to reject his proposal. He might have had it from the Germans and probably did. He certainly was told by Mr. Debuchi, the Japanese ambassador, that hostilities had ceased, and that an agreement between Moscow and Mukden was in prospect. The Secretary of State might have learned all this even from newspaper dispatches. At least the fact that Germany and Japan declined to join his move should have given him pause, and if he had waited three days the signed Moscow-Mukden agreement would have made his action superfluous.

On November 28 the Associated Press wired from Paris that in view of reports regarding Mukden's acceptance of Moscow's conditions 'the French Government, as one of the signatories of the Kellogg-Briand Pact, feels that the situation no longer requires the intervention of the signatories.' Mr. Stimson knew this too. France, Germany (which had undertaken to protect the nationals

of China and Russia and was therefore very close to the problem), and Japan, the third party best informed on Manchurian affairs, all objected to the invocation of the Paris Pact. Then why did Secretary Stimson invoke it? Since he could not have been ignorant of the negotiations, the Bolsheviks concluded that his only purpose in intervening was to interfere with them. This may be an erroneous conclusion, but it will be readily understood how Litvinov might have reached it. Undoubtedly, Moscow also recalled the still secret Stimson *aide memoire* of July 25, which continues to disturb Russia as well as Japan.

When Secretary Stimson, acting through France, sent his note to the Soviet Government regarding the Paris Pact, Senator Borah prepared a statement declaring that this step implied recognition of the Soviet Government. The Bolsheviks do not concur. They agree with former Secretary of State Kellogg that there can be no recognition without the intention to recognize. They submit that even direct communications between the State Department and the Commissariat of Foreign Affairs would not imply recognition. They, in fact, urge at least the relatively direct method adopted by Charles E. Hughes. But if a go-between must be used, Moscow prefers Germany or Turkey or almost any other friendly Power rather than France, whose relations with Russia are marked by bitter hostility.

Replying to the Stimson note of December 2, Litvinov, on December 3, roundly rebuked the Secretary of State for interfering in the negotiations then proceeding in the Far East. This, the commissar stated, 'cannot . . . be taken as a friendly act.' More important, possibly, was his assertion that 'the Paris Pact does not give a single state or group of states the function of protector of this Pact.' Washington thinks otherwise. In fact, Mr. Stimson had stated to United States Senators before the incident that the chief weakness of the Kellogg Pact was the absence of machinery for implementing it. Such machinery is as important to America as the Pact itself. Washington's intervention in the Manchurian situation represented an attempt on its part to create that machinery. Litvinov's objection therefore caused considerable distress in the national capital. Finally, Litvinov expressed 'amazement' that the United States, while refusing to recognize

the existence of the Soviet Government, nevertheless gave it 'advice and counsel.'

The Litvinov note has been styled tactless. It certainly was no model of tact. The Bolsheviks have not yet learned to hold their tongue or to put it in their cheek. When moved by righteous indignation, they are primitive and explosive. They react violently to outside interference and remember the days of military intervention. Moreover, there must have been a tremendous temptation in Moscow to administer a whipping to Mr. Stimson for one of the worst *faux pas* in recent diplomatic history. For as a matter of fact, the Chinese Eastern Railway situation was settled a few days after Stimson invoked the Pact. The settlement accorded with Bolshevik demands. The road has been returned to mixed Russian-Chinese management.

In Washington it was said that Litvinov's note postponed American recognition. This may be progress. It used to be debts, then propaganda. Now it is Litvinov's English. How long will this last against the pressure of a growing Soviet-American trade turnover?

The vehemence of Litvinov's reply was a measure of the strong resentment felt in Moscow with Mr. Stimson's unwarranted intercession, and, above all, by the fear that America's move would encourage Mukden's resistance to a settlement. That settlement, when it was finally achieved, left much to be desired. China is not reconciled to Soviet ownership of the Chinese Eastern Railway, and, under the circumstances, the feeling in Moscow may grow more and more in favour of selling the railway.

CHAPTER XXXI

SOVIET-AMERICAN BUSINESS

Perhaps the greatest improvement in Russia's foreign position during 1928 and 1929 was the favourable trend of relations with the United States. In the absence of diplomatic relations, a kind of extra-diplomatic relations has come into existence which are occasionally as satisfactory as some of the Soviet Union's usual diplomatic contacts with European countries.

Official America trails behind business America in establishing friendlier relations with the Soviet Union. 'The American Dollar Talks with Russia' reads a *Literary Digest* headline of August 17, 1929. But the American official and Moscow are not on speaking terms.

Neither the State Department nor the Department of Commerce encourage trade with the Soviet Union. They no longer actively obstruct the ordinary processes of commerce, but the United States Government limits the turnover and profits of American manufacturers and exporters dealing with Russia by prohibiting the sale of Soviet bonds in the United States, by failing to establish agencies in Russia for the collection of reliable information about that country, and by withholding recognition which gives many conservative business men the impression that trade with the Bolsheviks is not a safe proposition. Although Secretary of State Kellogg wrote in a Republican campaign document in 1928[1] that 'The American Government . . . does not object to banking arrangements necessary to finance contracts for the sale of American goods [to Russia] on long-term credits,' and although on December 1, 1927, the State Department announced that 'the Coolidge administration will not object to long-term credits [to Russia] if they are made after the sale of American goods has been arranged,'[2] nevertheless, the Department of Commerce has, on occasions, told inquirers that long-term credits to Russia are

[1] *Foreign Relations*, by Hon. Frank B. Kellogg, Secretary of State. Republican National Committee, Bulletin No. 5, 1928, Page 49.

[2] New York *Times*, December 1, 1928.

inadvisable. The same Department, since September, 1928, prints a weekly bulletin entitled *Russian Economic Notes* which, though usually consisting of translations from the Soviet Press, is yet filled with items tending to create an unfavourable and pessimistic view of Russian conditions. Officials in the Department of Commerce hold that Russian economy must collapse because it is based on wrong theory. They have been making such predictions for twelve years. They offer them, with supporting material, to inquirers wishing to do business with Moscow. In May, 1929, for instance, the Department of Commerce was engaged in spreading statements alleging financial distress in Russia, difficulties in meeting payments on German credits, and an impending credit collapse. The State Department also tries in a similar manner to discourage American firms from going into Russia, and attempts were made by its minor officials to dissuade the General Electric Company from signing the $26,000,000 long-term credit contract.

However, Owen D. Young stepped in and others have followed, and now official Washington must try to trim its sails to the new wind. Fitzpatrick, the cartoonist of the St. Louis *Post Dispatch*, sketches a tall, robust 'Russia' carrying a suitcase marked '$120,000,000 U.S. Trade.' 'We're Bound to Recognize that,' writes the artist. Political America refuses to recognize the Soviets *de jure* but the firms which do $140,000,000 of Soviet business have been able to persuade Washington to take certain measures to facilitate travel between New York and Moscow and for the elimination of some red tape and formalities. Few, if any, Soviet engineers or business men are now refused visas by American consuls. Nor, since June, 1929, are they confined in Ellis Island as in the past. The State Department no longer advises American travellers against going into the Soviet Union, and while employees of United States consulates abroad are known to give such counsel, the general tendency is to permit unrestricted movement of tourists, traders, and technicians between the two countries. In 1928–9 450 Americans visited the Soviet Union on business while 400 Soviet executives and engineers came to the United States. Since then their number has increased. In May, 1927, Dr. Alfred P. Dennis, the Vice-Chairman of the American Tariff Commis-

sion, applied for a Soviet visa and obtained it, but did not make the trip owing to the objection of the State Department which feared that the presence of an American official on Soviet territory might constitute recognition of the Soviet regime. But in April, 1929, two specialists of the United States Department of Agriculture obtained State Department permission to investigate the principal alfalfa growing sections of Turkestan and have since been conducting investigations in Central Asia without, needless to say, having compelled Washington to exchange ambassadors with Moscow.

The change in the State Department's position was further illustrated by the treatment of the Soviet fliers who piloted the 'Land of the Soviets,' an aeroplane of all-Russian manufacture, safely over a perilous, uncharted course from Moscow, via Siberia and Alaska to the United States in October, 1929. Earlier, the State Department frowned on an American-Russian Chamber of Commerce invitation to Commander Samoilovitch and Pilot Chukhnovsky of the Soviet ice-breaker *Krassin* which had participated in the rescue of Nobile's Arctic expedition, and the men, fêted and honoured in many European capitals, failed to come to America. But the 'Land of the Soviets' received the enthusiastic and very valuable co-operation of the State Department, the Navy Department, the War Department, the U.S. Treasury, the Department of Labour, and the Department of Agriculture. It is indicative also of a new popular attitude that the fliers were warmly welcomed by the mayor, officials, and citizens of every American city where they landed. Yet the Soviet aviators were not invited to Washington.

The Soviet Government has at all times opened its doors to American citizens in the confidence that more frequent intercourse will bring about a warmer atmosphere, more goodwill, a better understanding, and better relations. Hundreds of American tourists have travelled to Russia in the past years, and they invariably bring back reports of a stable government and peaceful conditions. The Bolsheviks invite a study of the Soviet Union. Clinton Gilbert wrote early in 1929 in the New York *Evening Post* of a conversation between a Soviet official and a United States official in Washington. The Russian likened the United States to

an oriental physician who is prevented, by the practice of seclusion, from examining a woman patient. He must therefore base his diagnosis on second-hand reports. But the physician, said the Soviet official, at least learns about his woman patient from her friends. 'You learn about the Soviet Union mostly from persons who are unfriendly to her. You really ought to have a look at the Soviet Union. You would find her quite a beautiful woman.'

Moscow even gave every facility to a commission of twelve from the Veterans of Foreign Wars of the United States, which went to northern Russia in the summer of 1929 to exhume the bodies of American soldiers who had fallen in the frozen north fighting against the Bolsheviks in 1918–19. The Soviet Government volunteered to give the American corpses military honours as their ship left the Leningrad Harbour. This, however, was rejected.

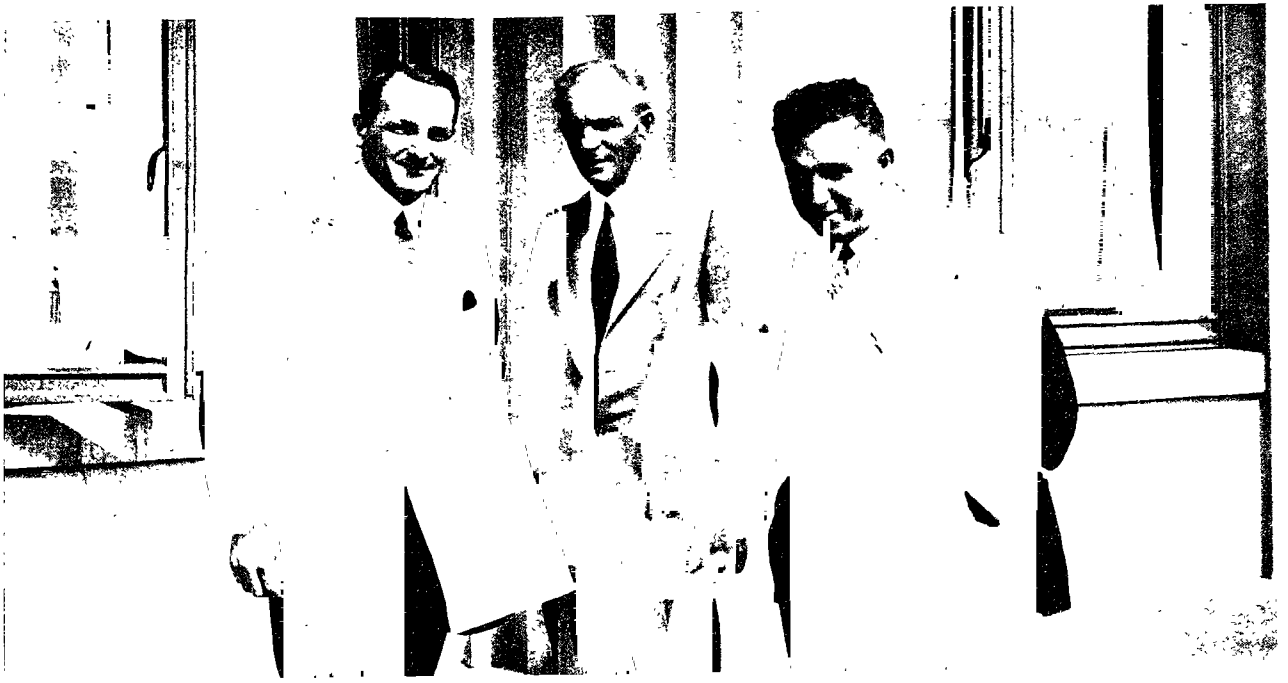
¶ THE HOOVER ADMINISTRATION

Secretary of State Stimson wrote to Matthew Woll, Vice-President of the American Federation of Labour, on April 16, 1929, stating that 'no change is under contemplation in the policy of this Government with regard to recognition of the present regime in Russia.' The improvement of Russian-American relations since Herbert Hoover took office on March 4, 1929, was merely incidental to the increase of the business of the Amtorg (the Soviet Trading Company in America) and to the pressure of American firms for better facilities. Nevertheless, Mr. Hoover's keen interest in export trade and in Russia is well known. Reports state that in 1923, Hoover, as Secretary of Commerce, approved of the sending of a United States Commission to Russia conceived as a preliminary to American *de jure* recognition. Hoover probably realizes that Soviet economic conditions and political stability are better to-day than in 1923, and, while inertia, the tradition of non-recognition, and American Federation of Labour opposition are factors against the assumption of diplomatic relations with Moscow, he cannot feel that his business is to strengthen the hand of those who object to diplomatic relations on the ground that such relations would swell the volume of Russian-American trade. Undenied Press reports stated that President Hoover

approved of the large delegation which went to Russia in the summer of 1929 under the auspices of the American-Russian Chamber of Commerce.

Apart from the psychological effect recognition would have in giving a feeling of confidence to many American business enterprises that hesitate to deal with a country like Russia in the absence of diplomatic and consular protection, recognition would directly contribute towards more business. The Soviet Union buys much more than it sells in the United States. To make up for this unfavourable trade balance, the Soviet State Bank proposed, early in 1928, to consign $5,000,000 in gold to banks in the United States. The Assay Office, however, refused to accept the gold when it reached New York. The Treasury Department had objected, and Soviet-American trade was accordingly obstructed by being compelled to cancel its adverse trade balance through indirect and complicated banking operations in Europe. Recognition might obviate such difficulties.

The State Department's ban on Soviet railway bonds in February, 1928, is yet another illustration. The Chase National Bank, the Amalgamated Bank, and the Bank of Italy in San Francisco had undertaken to make payment on the coupons and principal of the bonds of the 1927 9 per cent $30,000,000 Soviet Railway loan payable in dollars. These banks would not float the issue in the United States. They merely agreed to pay interest and to redeem the bonds from the deposits which the Soviet State Bank had made with them. Nevertheless, the State Department, acting on its own initiative, but responding to a protest from the New York Life Insurance Company and, presumably, similar organizations, wrote to the Amalgamated Bank on February 3 and to the other financial institutions involved, firmly requesting them to discontinue a practice which was not in accord with State Department policy. The banks felt that to refuse to honour the maturing bond coupons presented for payment against the account of one of their clients – the State Bank – when that client had instructed them to make payment, contravened accepted and traditional business practice in the capitalist world. It was, they maintained, the recognized function which a bank should perform for its correspondents.



V. MEZHLAUK, VICE-PRESIDENT OF SOVIET SUPREME ECONOMIC COUNCIL, HENRY FORD, AND SAUL G. BRON, PRESIDENT OF AMTORG, AFTER SIGNING THE CONTRACT WHICH MEZHLAUK HOLDS IN HIS HAND

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The State Department, however, rejected the bank's viewpoint, and made it clear to the Chase and Amalgamated that its ruling against the Soviet bond operation must be binding upon them. An official in Moscow quoted by the Associated Press declared that Secretary Kellogg's action 'served no purpose save harassing the steadily growing trade relations between Russia and the United States.' But Moscow's 'surprise' notwithstanding, the State Department's fiat remained.

The gold embargo and the bond ban necessarily restricted business and gave prominence to an official policy which stimulated the activities of the American Federation of Labour and other confirmed enemies of the Soviet Union. Washington's attitude, however, did not deter the business man seeking orders. The Amtorg's turnover continued to grow.

¶ THE FORD CONTRACT

The largest Soviet contract with an American firm was signed by Henry Ford and Saul G. Bron, for the Amtorg, on May 31, 1929. Ford will design a plant for the Soviet Government at Nizhni-Novgorod capable of producing 100,000 automobiles annually. Ford will give the Bolsheviks all his patents. He will send engineers to Russia to help build the factory. In the four years after the conclusion of the contract, the Soviets will buy from Ford cars, trucks, and parts equivalent to the cost of 72,000 Ford autos and trucks – approximately $30,000,000. The Amtorg pays Ford his own cost of production plus a 15 per cent profit. The contract, which runs for nine years, provides for only very short-term credits. The agreement stipulates that Ford will train Russian automobile engineers and mechanics. To-day, sixty Soviet citizens occupy a large room in the very midst of Ford's Detroit plant, studying and making designs.

The arrangement with Ford created a powerful impression on the American business and political world. It received wide notice and served to convince a large number of hesitant firms that the Russians were good customers. Many of them have since solicited Amtorg orders.

The Ford agreement, like the agreement of October, 1928, with the International General Electric Company, will, in the

coming years, swell the volume of American exports to Russia, even beyond its present unprecedented limits.

¶ SOVIET-AMERICAN TRADE

'Soviet-American trade' for the fiscal year ended September 30, 1929, Mr. Bron stated in *The Economic Review of the Soviet Union* (New York, October 1, 1929), 'reached, according to preliminary data, the record total of $149,000,000 as against $113,000,000 in the previous year and $48,000,000 in 1913.' Of the $149,000,000, $109,000,000 represented Soviet purchases in the United States.

But this is not the full extent of Russian-American trade. American firms buy oil and other Soviet products for distribution outside the confines of the United States, whereas many Russian goods brought to America may be purchased indirectly and are therefore missing from the record.

A new feature of American-Russian business is an arrangement whereby American companies give of their experience, patents, and engineers to assist in the economic upbuilding of the Soviet state. On October 1, 1929, thirty agreements for such technical assistance had been signed. Among the companies were Du Pont de Nemours, Ford, General Electric, Radio Corporation of America, Hugh L. Cooper for constructing the Dneiperstroi Dam, Stuart, James and Cooke for sinking coal mines, Albert Kahn who is designing the Stalingrad plant with an annual output of 40,000 tractors, and the Austin Construction Company of Cleveland.

The future of American-Russian trade depends on three things: recognition, the importation of gold to cancel the Soviet adverse trade balance, and the granting of long-term credits and loans by United States banks and manufacturers. All these matters are closely interwoven. After the establishment of diplomatic relations, the Assay Office will accept Russian gold, and Wall Street will probably float loans and open credits. In the meantime, business will increase despite all obstacles, and extra-diplomatic contacts can be expected to become more fruitful as time goes on. Ultimately, indeed, they may become so similar to ordinary diplomatic relations that *de jure* recognition will amount to no

more than a formal announcement and the exchange of ambassadors.

The banking world persists in its coldness and hostility. But the American Press, the American public, and American manufacturers and exporters are no longer dominated by the old hate or fear of Bolshevism. Amtorg, since 1927, increased its circle of business clients by many hundred and now trades with the largest corporations in all parts of the United States, many of which grant it exceptional and precedented facilities. If cordial relations and helpful conditions continue, Amtorg's turnover may soon mount to a quarter of a billion dollars, or even more. And Germany and England will follow far behind.

CHAPTER XXXII

THE RESUMPTION OF ANGLO-SOVIET RELATIONS

As long as the Baldwin-Chamberlain Conservative Cabinet remained in power in England, no improvement in Anglo-Soviet relations was expected. After Litvinov's unsuccessful attempt in December, 1927, to bridge the gap by his interview with Sir Austen in Geneva, Moscow seemed discouraged and undertook no further measures. Downing Street permitted the situation to remain unchanged.

Meanwhile, the Soviet Government had received credits in Germany, and credits and a favourable reception from American business. In consequence of these circumstances, and partly reacting to the ill-will of the Baldwin Government, Moscow diverted much of its foreign trade from Great Britain.

¶ NEGOTIATIONS WITH URQUHART

In September, 1929, Mr. Leslie Urquhart, encouraged by a Soviet announcement on concessions, applied to Piatakov, then in Paris but subsequently appointed president of the Moscow State Bank, for a concession to some of his properties in Siberia. After preliminary conversations, Urquhart wrote a lengthy letter on October 15, outlining his terms and wishes to Piatakov. Less ambitious than the concession signed by Krassin and Urquhart on September 9, 1922, Urquhart nevertheless insisted on receiving £2,000,000 from the Soviet Government as compensation for damages suffered. He would invest that sum in his concession. He would also attract W. A. Harriman and the Guggenheim copper interests in America. Apropos of this offer, Litvinov recalled to the writer that the Soviet concession policy aimed to attract foreign capital into the country and not to finance foreign concessionaires with Russian Government funds. But the greatest difficulty, apart from the problem of currency exchange rates, was the disinclination of the Bolsheviks to pay compensation and thus establish a precedent.

The Soviets, however, did not reject Urquhart's offer, and in January, 1929, one of his representatives visited Moscow to negotiate with the Chief Concessions Committee. Details of operation, and questions of currency were discussed. But the Russians permitted matters to lag, and when Urquhart sent a telegram to Ksandrov of the Concessions Committee demanding a categorical statement of the Government's intention, Ksandrov did not even reply. Here the incident ended.

In any Anglo-Soviet negotiations on debts and property, the Urquhart claim must play its rôle. Compensation is the stumbling block. If Urquhart were ready to furnish his own initial capital, some method might be found of settling other differences as the concession became a running concern. But Moscow is not convinced that Urquhart's Russo-Asiatic can mobilize the capital or render the Soviet Union outstanding services. Moreover, public statements by Mr. Urquhart in the latter part of 1929 considerably reduced the likelihood of his ever receiving a Soviet concession.

¶ THE BRITISH OIL DEAL

On the other hand, Soviet negotiations with Anglo-Saxon oil trusts reached a successful issue. The petroleum market of the United Kingdom is controlled by the Anglo-American Oil Company, an offshoot of the Standard Oil of New Jersey, the Royal Dutch-Shell, and the Anglo-Persian. But the Russian Oil Products, Ltd. (R.O.P.), caused these three giants considerable annoyance by underselling and by forcing them to pay retail distributors a 'loyalty bonus' of one penny per gallon as an inducement not to sell Soviet oil. The Anglo-American is said to have lost $12,000,000 in 1928 on account of these conditions. The Anglo-Persian lost more, while Deterding of the Shell who distributes Anglo-Persian products on commission, had a large part of his deficit covered by the Anglo-Persian, in other words, by the British Government, and could therefore afford to continue longest the struggle against 'stolen' Russian petrol.

Nevertheless, the Anglo-American and the Anglo-Persian wished to make peace with the Russians, and the combine of the three big trusts entered into discussions with the Soviet Naphtha Syndicate. The combine, however, made an agreement with

Moscow conditional on the granting of a 5 per cent commercial discount which they could use as they saw fit. This was understood to be an attempt to win compensation in veiled form from the Bolsheviks. Moscow rejected the demand. In December, 1928, accordingly, the negotiations broke down, but within a few weeks they were renewed by the Anglo-American, on behalf of the combine, after assurances had been given by the trusts that requests for compensation, direct or indirect, would not be presented. Discussions now proceeded smoothly, and in February, 1929, a contract was signed in London for the sale of several hundred thousand tons of Soviet oil to the combine. The agreement runs for three years and involves approximately $25,000,000. It also provides for supplementary sales.

A gentlemen's agreement was subjoined to the contract in which the combine promised to abolish the 'loyalty rebate' it had been paying to British garage keepers. The trusts, however, failed to keep their pledges, on the ground that they wished to use the bonus against the competition of the Texas Oil Company on the English market.

The Naphtha Syndicate's agreement with the combine eliminated Deterding's claim to compensation, and strengthened Soviet trade with Great Britain.

¶ THE BRITISH DELEGATION TO RUSSIA

British business with Russia nevertheless lagged, and the trade balance continued highly unfavourable to England. With a view to correcting this situation, British interests organized a large delegation to visit Russia in the spring of 1929. They were welcomed warmly, and shown around wherever they wished to go. But they received very few orders. On April 5, G. L. Piatakov, the President of the State Bank, told the delegation why. Soviet purchases in Great Britain, he said, fell from 23,500,000 pounds sterling in 1924–5, to 5,800,000 pounds sterling in 1927–8. The Soviet Union, he added, bought 147,000,000 roubles' worth of machinery abroad in 1926–7 and 220,000,000 roubles the following year. But in the same period, imports of machinery from England, fell from 16,000,000 to 10,000,000 roubles. Why? Piatakov indicated that this was the deliberate policy of the Soviet

Government. If relations with Great Britain were not resumed, he stated frankly, Soviet imports from Great Britain 'will be limited to just the barest essentials.' But if an agreement was reached, 'we shall without any difficulty be able to place orders in England amounting to 150,000,000 pounds sterling.'

¶ THE RESUMPTION OF RELATIONS

When MacDonald's second Labour Cabinet came to power on June 7, 1929, the Bolsheviks thought they could expect immediate and unconditional resumption of diplomatic relations. They miscalculated. MacDonald appeared in no haste.

Something important had altered in England since 1924. Continued unemployment, unrelieved by the small immigration trickle to Canada and Australia, demoralized the labour market and undermined Labour's bargaining position. The membership of Trade Unions fell appreciably. During 1929 a widespread movement asserted itself among industrialists to cut wages. This, Labour economists argued, did not reflect the ill-will of the employer. It was more his reaction to the necessity of lowering the earning standards of the British working class in order to enable England to compete with Europe and Japan.

At the same time, the ideologists of British Labour moved to the Right, and men of the type of G. D. H. Cole modified their programme to conform to changed economic possibilities. Nationalization ceased to be a popular slogan.

Under these circumstances, the Left wing of the Labour movement grew weaker. Those who had championed the cause of friendship with Russia in 1924 no longer enjoyed the influence of a former day.

Nor was any sympathy or attraction for Russia felt in other than proletarian ranks. MacDonald did not have to reckon with any powerful popular demand for better relations with the Soviet Union. Under the heading of 'Russia,' the Labour Party programme for the General Election of May 31, 1929,[1] declared that 'A Labour Government . . . would at once take steps to establish diplomatic and commercial relations with it [the Russian

[1] *Labour and the Nation.* Revised Edition. Published by the Labour Party. London, 1929.

Government], would settle by treaty or otherwise any outstanding differences, and would make every effort to encourage a revival of trade with Soviet Russia.'

This was reiterated as an election pledge by Arthur Henderson in a broadcast speech on April 11. Moscow expected therefore that relations would be resumed a few days after MacDonald took office. Instead, he promised the Conservative Opposition that he would take no step without the previous approval of Parliament. Also, in reply to a Conservative question, he stated that he would stand by his policy as laid down in previous dispatches – which was taken to mean his note to Moscow in October, 1924, on the so-called 'Zinoviev' letter. Both these promises were regarded as mistakes by many Labourites, and pressure was exerted during the summer of 1929 to invite the Russians before Parliament re-convened in November.

¶ MOSCOW CLAIMS A VICTORY

On July 17, accordingly, Henderson sent a note to Moscow through the Norwegian legation, asking that a Soviet representative meet him in London to discuss the procedure of a resumption of relations. Dovgalevsky, the Soviet ambassador in Paris, made his appearance in Downing Street on July 29. Their differences, it is said, were due to lack of a common language well-understood by both. But the Soviets' answer to Henderson's invitation had 'emphasized,' as Litvinov said in a published statement on October 4, 'that preliminary negotiations must be restricted exclusively to questions of procedure, avoiding the substance of the controversial questions.'[1] Henderson nevertheless raised controversial questions of debts and propaganda, the Bolsheviks charged. Henderson denied this.

The preliminary negotiations therefore proved abortive. Shortly afterwards, Litvinov told the writer that they would maintain their stand even if it meant no relations with England during the entire term of office of the MacDonald Cabinet.

With the Russians adamant, the British gave way, and Henderson made a conciliatory offer to Moscow in a speech at

[1] *Bulletin of International News.* London, October 11, 1929. Page 11.

SIR ESMOND OVEY, BRITISH AMBASSADOR TO MOSCOW, PRESENTING HIS LETTER OF CREDENTIALS
From left to right, Sir Esmond, President Kalinin Maxim, Litvinov

Facing page 819

Geneva which Litvinov acknowledged in an equally satisfactory statement. Notes were exchanged, Dovgalevsky returned to London, and on October 3 they signed a Protocol providing for the resumption of relations.[1] It included highly important provisions regarding future negotiations.

It accepted, as a basis for the forthcoming discussions, the treaties signed by MacDonald and Rakovsky in August, 1924, and subsequently rejected by the Baldwin-Chamberlain Cabinet. In other words; a vindication of Labour and Russia, and a blow to the Tories. After Parliament approved the resumption of relations, and after ambassadors had been exchanged – this too, the Bolsheviks regarded as a victory and an improvement on the 1924 exchange of chargé-d'affaires – both states would define their attitude to the treaties of 1924. Once again it becomes necessary for the MacDonald Government to declare its position on a State guarantee of a loan to the Soviets, or to arrange that a loan be otherwise secured for Moscow, otherwise, and in view of Moscow's principle of 'We pay if you lend,' the problem of debts remains insoluble. London must also define its attitude on Russian war debts and counter-claims, while the Soviet Government must say whether it will pay compensation to former foreign owners of nationalized property, or otherwise meet their claims.

¶ PROPAGANDA

The propaganda clause of the treaty of 1924 was immediately and finally accepted as going into effect on the exchange of ambassadors. Propaganda, therefore, should not obstruct the course of the future conference. The British Communist Party is laughably small, and has lost members despite widespread unemployment and labour discontent. The Labour Party and the trade unions no longer fear it. Nor does London dread Soviet influence in China or the East.

The propaganda clause accepted by Henderson and Dovgalevsky is extremely far-reaching and may yet create problems of interpretation and execution. According to one version, it was hastily adopted by A. A. Joffe and incorporated into Article 16 of

[1] *Ibid.*, pages 9–10.

the treaty before the Bolsheviks had offered many amendments. It reads:

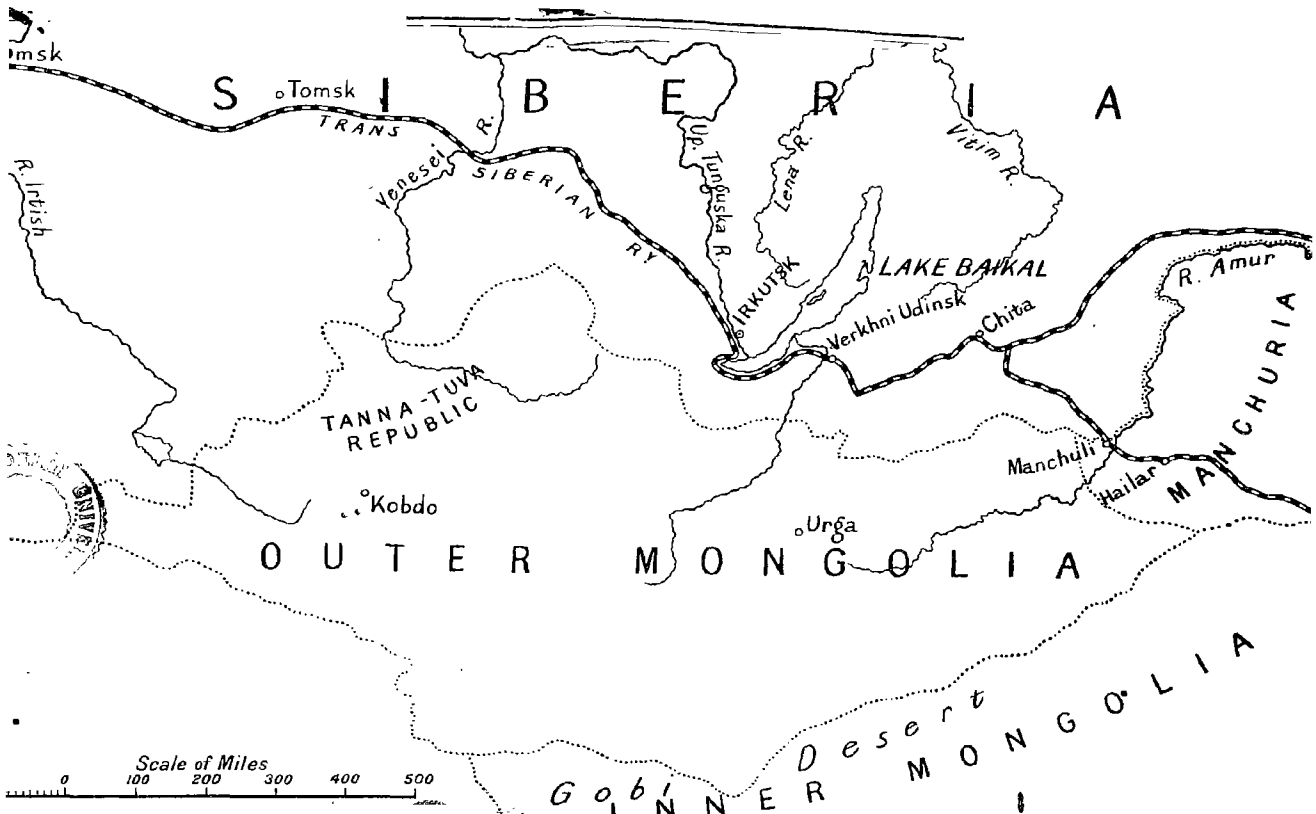
'The contracting parties solemnly affirm their desire and intention to live in peace and amity with each other, scrupulously to respect the undoubted right of a State to order its own life within its own jurisdiction in its own way, to refrain and to restrain all persons and organizations under their direct or indirect control, including organizations in receipt of any financial assistance from them, from any act overt or covert liable in any way whatsoever to endanger the tranquillity or prosperity of any part of the territory of the British Empire or the Union of Soviet Socialist Republics or intended to embitter the relations of the British Empire or the Union with their neighbours or any other countries.'

This clause may mean much, and it may mean little.

The Anglo-Soviet Conference of 1930 faces greater difficulties than the negotiations of 1924. The subjects under examination will be the same. But the parties are five years older. The Bolsheviks set less store on an agreement than they did during MacDonald's first term of office. They feel stronger and more independent. They think England has less to offer than the United States. 'There is no disposition here,' wired the *Manchester Guardian's* Moscow correspondent on August 23, 1929, 'to pay an exorbitant price for settlement' with Great Britain.

'One sometimes encounters a view, not yet predominant but stronger than it was five years ago, that economically the Soviet Union might find it more advantageous to continue industrial expansion with its own resources, receiving, as now, limited foreign credits but undertaking no obligations regarding the payment of pre-war debts and damage claims. This tendency is strengthened,' the correspondent added, 'by the extremely rapid rate of Soviet industrial development. . . .'

British coolness for a settlement will not be outdone by Soviet indifference, yet these are not indispensable elements of agreement. As it was more difficult for Russia and England to agree in 1924 than before 1917, so it will be even more difficult in 1930 than in 1924.


Tomsk
TRANS
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Yenesei R.
Up. Tunguska R.
Lena R.
Vitim R.
IRKUTSK
LAKE BAIKAL
Verkhni Udinsk
Chita
R. Amur
MANCHURIA
Manchuli
Hailar
TANNA-TUVA REPUBLIC
Kobdo
Urga
OUTER MONGOLIA
INNER MONGOLIA
Gobi Desert
Scale of Miles
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Khiva
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Baku
Krasnovodsk
CASPIAN SEA
TURKMENISTAN
UZBEK
KARA KIRGHIZ
CHINESE TURKESTAN
Bokhara
Samarkand
TADJIK
Resht
Astrabad
Merv
Hindu Kush Mts
Chitral
Kazvin
TEHERAN
KHOROSAN
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Hamadan
KABUL
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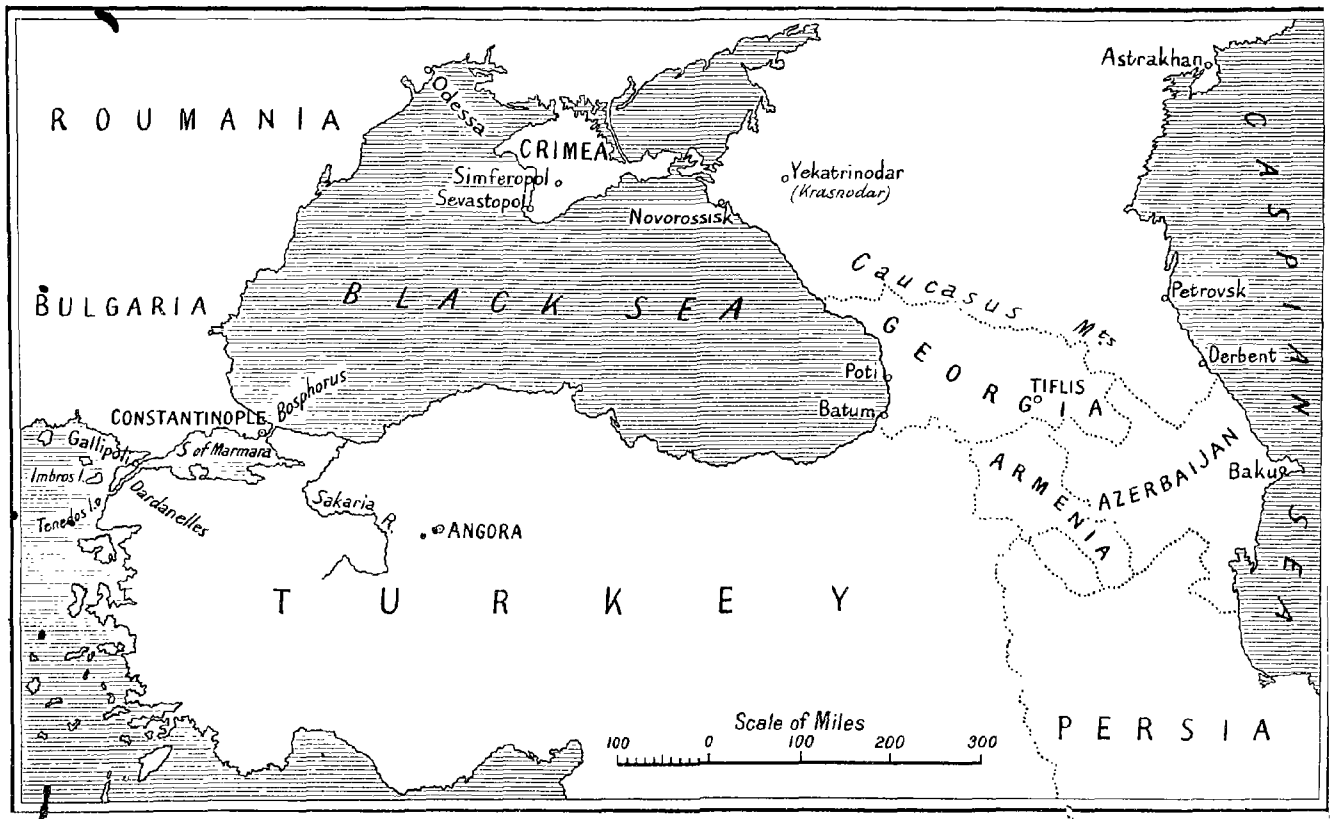
ROUMANIA
Odessa
CRIMEA
Simferopol
Sevastopol
Novorossisk
Yekatrinodar
(Krasnodar)
Astrakhan
CASPIAN SEA
BULGARIA
BLACK SEA
Caucasus Mts
GEORGIA
TIFLIS
Petrovsk
Derbent
Poti
Batum
CONSTANTINOPLE
Bosphorus
Gallipoli
S of Marmara
Imbros I
Dardanelles
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Scale of Miles
100 0 100 200 300

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