RUSSIA

FAILURE OF THE GENOA CONFERENCE TO ATTAIN A GENERAL UNDERSTANDING BETWEEN RUSSIA AND THE OTHER POWERS

550.E1/183 : Telegram

The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

GENOA, April 11, 1922—3 p.m.
[Received April 12—2:38 p.m.]

1. There were no high lights at the opening session of the Conference with the exception of Chicherin's speech. This speech asserted too strongly what Soviet Russia could offer the world and demanded disarmament. It was considered so brazen that it gave the impression here that the Russians had come to Genoa more to carry on propaganda and to lay the basis for separate commercial agreements than with the thought of giving guarantees so that the Russian problem could be dealt with as a whole by the Conference. In reply to Russian suggestion of departing from the agenda, Barthou entered upon a provocative debate. This was in line with his whole conduct in all the preliminary and later conferences. It has led many to think that there will be an attempt to break up the proceedings or to render them futile. Lloyd George is reported as showing personal bitterness at the absence of America from the Conference, when he is not with persons associated with the United States. The reason given for this is that he desires support for an economic as against a political European program and that he is irritated at French independence and uncompromising attitude. There was a lengthy and dull speech by Wirth and from all the evidence it appears that Germany will show a completely supine attitude. Benes and the Japanese delegates Hayashi and Ishii are not optimistic. It may be that they believe that the Conference

1 See also section entitled, “Decision of the United States not to participate in the Genoa Conference,” vol. 1, p. 384.
2 George V. Chicherin, acting head of the Soviet delegation.
3 Louis Barthou, head of the French delegation.
4 David Lloyd George, head of the British delegation.
5 Joseph Wirth, German Chancellor, head of the German delegation.
6 Eduard Benes, principal Czechoslovak delegate.
7 Baron Gonsuke Hayashi, head of the Japanese delegation.
8 Viscount Kikujiro Ishii.
will finish with a sharp controversy that will be used by Lloyd George to show where the responsibility for the woes of Europe lies or that the Conference will become sidetracked on detailed academic discussions of economics, leaving untouched and unaffected the glaring fundamental troubles which no one has the courage to discuss as the real issues.

You may reach me at the Hotel Bristol, Genoa, with the ... code. In using any other code address the Embassy at Rome.

711.61/60: Telegram

The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

GENOA, April 24, 1922—2 p.m.

[Received 2:33 p.m.]

11. I have been given information that quite possibly, in case certain nation or nations block any conference agreement with Soviet Russia, the difficulty will be overcome by other countries entering into similar but separate treaties with the Soviet Government outside of the Conference as Germany has done.9

I have informally told the Italian Minister of Foreign Affairs that should such a development come about I am confident that the same pains would be taken to protect American interests as would be done were the Conference to frame the agreements with Soviet Russia.

I will state for the Department’s information and that of any American company having interests in Soviet Russia that the general policy which the Soviet representatives have expressed so far and have firmly adhered to is to refuse recognition to former concessions whether they be foreign or Russian, which are now claimed to come under the nationalization of property. As far as possible, however, they will recognize those who held former concessions as having a prior right to substantially the indefinite use of the property under a plan whereby the Soviets will receive a small percentage of the product or of profits.

Krassin10 has made the proposal that a parent trust shall cover the entire petroleum industry in Soviet Russia with a government monopoly but operating various fields of deposits, including those controlled by foreigners, by means of private subsidiaries.

* Treaty of Rapallo, signed Apr. 16, 1922.
* Leonid Borisovich Krassin, Soviet Commissar for Foreign Trade and member of the Soviet delegation.

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The Secretary of State to the Ambassador in Italy (Child)

WASHINGTON, May 2, 1922—4 p.m.

Your 11, April 24, 2 P.M. New York Times despatch from Genoa dated May 1 states that Royal Dutch Shell has concluded arrangements with Soviet delegation for extensive concessions in Russia. Investigate discreetly and report.

Hughes

The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

GENOA, May 2, 1922—5 p.m.
[Received May 2—4:03 p.m.]

19. The Allied note to the Soviet representatives which is now being drafted will provide for recognition only after an indefinite period of probation. The note will insist upon Russian pre-war debts and a pledge for the restoration of property or indemnification for it. According to reliable information, the Russians will delay and then refuse to accept. The report of a monopolistic concession for the sale of exports follows intimations which I have received from French and German sources here that negotiations of that nature are taking place. The values of such former concessions as the Nobel \(^2\) would be infringed upon by a monopoly of export sales. I have not found it possible to secure information sufficient to create an alarm [sic], because of my inability to interrogate Russians and also because of having been informed from British sources that if there were any negotiations they were not Anglo-Persian and were private. I am now seeking to secure confirmation of my information that a contract was signed Sunday. I wish instructions. It is probable that inquiry of the Russians would only yield the same sort of misinformation as was given to Logan.\(^3\) There is still reason to believe that Soviet Russia is reluctant to give offense to attitude of Americans.

Child

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\(^2\) Nobel Brothers Petroleum Production Company (Swedish).

\(^3\) Col. James A. Logan, Jr., American unofficial assistant representative on the Reparation Commission.
Memorandum by the Economic Adviser of the Department of State
(Millspaugh)

[WASHINGTON,] May 3, 1922.

Ambassador Child in his telegram No. 19 of May 2, 5 p.m. states that he desires instructions with regard to the monopoly of petroleum transportation and sales reported to have been given to the Royal Dutch-Shell in Russia. As I understand that Mr. Bedford\(^{13}\) will visit the Department to-morrow, I think that we shall be in a better position to draft instructions after we get his information and views. As of possible assistance to you in your conversation with Mr. Bedford, I am summing up the oil situation in Russia, particularly as affecting the interests of the Standard Oil Company of New Jersey.

In the latter part of July, 1920, the Standard Oil Company of New Jersey acquired from the Nobel family, Swedish subjects, an equal interest in their Russian oil holdings, i.e., in companies which own about one-third of the Russian production, about 40 per cent of the Russian refining business, and about 60 per cent of the distributing business. These properties are at present nationalized.

In the latter part of 1920, there were persistent reports that Krassin was negotiating with the Anglo-Persian Oil Company with a view to giving to that company concessions and possibly a monopoly in the Baku and Grosny districts. It was also reported that Krassin had approached the Royal Dutch. In the House of Commons on February 21, 1921, the Chancellor of the Exchequer said, with reference to these negotiations, “So far as is known, however, nothing has resulted from these negotiations, which, so far as they apply to lands already held by British interests, could not be countenanced by His Majesty’s Government”.

In April, 1921, Dr. John Bassett Moore stated at the Department that the Anglo-Persian Oil Company had received an offer from the Soviet authorities, by which the latter would enter into a contract to supply oil obtained from nationalized properties in the Grosny oil field. Dr. Moore stated that the Anglo-Persian had offered to take the Standard Oil Company into the deal on a fifty-fifty basis.

On January 20, 1922, Krassin indicated to Consul General Skinner\(^{14}\) that Russian oil territory could not be restored to the original owners but might be parcelled out among a small number of very large concessionnaires, preferably some American concerns, who might reimburse the original owners by distribution of shares or payments in cash.

\(^{13}\) Chairman of the Board of Directors of the Standard Oil Company of New Jersey.

\(^{14}\) Consul general at London.
During a call at the Department on January 31, 1922, Mr. Bedford referred to an offer which had been made to the Standard Oil by Krassin. A copy of Mr. Dearing's memorandum of his conversation with Mr. Bedford is attached.  

It appears from the information in the Department and from the most recent newspaper despatches that the Anglo-Persian Oil Company is not involved in the present concession, if one has been granted. It is also of interest to note that, according to Standard Oil information, the Royal Dutch-Sheik approached Nobel prior to the Genoa Conference with the proposition that Nobel go with the Royal Dutch Shell people to the Conference for the purpose of insisting upon the return of all Russian properties to private owners regardless of nationality.

Mr. Bedford presumably will have more information than the Department, and, judging from the attitude which he has previously taken, he will probably endeavor to ascertain what the position of the Department would be (1) in case the Allies were to recognize the Soviet nationalization of properties or (2) in case the Royal Dutch-Shell were to receive a concession which would conflict with the Standard Oil-Nobel properties.

ARTHUR C. MILLSPAUGH

861.6363/53: Telegram

The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

GENOA, May 3, 1922—6 p. m.
[Received 9:43 p.m.]

21. Your telegram of May 2, 4 p.m. unnumbered. The British and Krassin have denied oil story to press since report, but in any case I am confident that some negotiations were taking place. For obvious reasons the exposé gives satisfaction to the French. We might use the occasion to present either here or in London expressions of our faith that bargains with the Soviet Government which infringe upon or invalidate American rights will receive no aid nor countenance from the British Government, even when technically such bargains are not concluded by British officials.

The representatives here of Georgia, Armenia and Azerbaijan state that the region of Baku is full of agents of the Dutch-Shell. The representatives of these three states are furious because of the prospect that the field may be closed to American interests.
The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

GENOA, May 4, 1922—9 a.m.

[Received May 4—5:57 a.m.]

22. Your telegram of May 2, 5 [4] p.m. I have a categorical denial from Worthington-Evans¹⁰ that the supposed Krassin, Boyle, Dutch-Shell agreement has been signed. Evans states that the information would have been given to his delegation if it were true. In answer to an inquirer the Russian delegation has replied that while negotiations have been taking place a conclusion has not been reached.

CHILD


The Secretary of State to the Ambassador in Italy (Child)

WASHINGTON, May 4, 1922—10 a.m.

Department has no objection to your making discreet inquiries in this matter from all sources which might be able to give information.

If it should be necessary to approach the Russians directly, it would be preferable to do so through a reliable agent. If a member of the Russian Delegation should desire to see you, you may receive him personally and informally and report whatever he might have to say. Department relies upon your discretion and desires that every effort be made to avoid publicity.

HUGHES

861.6363/54 : Telegram

The Secretary of State to the Ambassador in Italy (Child)

WASHINGTON, May 4, 1922—7 p.m.

Your 21, May 3, 6 P.M., 22, May 4, 9 A.M. Please endeavor to ascertain the precise terms of the reported oil agreement between Soviet representatives and Royal Dutch Shell and its effect on rights now held by an American company in production, transportation, marketing, and exportation.

In informal conversations with British representatives, endeavor orally, discreetly and in the most friendly way to obtain information on above points and attitude of British Government toward (1) Royal Dutch Shell negotiations, as reported in the press; (2) any proposal for giving one company or group a monopoly of any

¹⁰ Sir Laming Worthington-Evans, member of the British delegation.
branch of Russian oil industry and (3) any other plan which might prevent full exercise of rights now held by American interests.

You are confidentially informed that in recent conversations on other aspects of the oil question the British Government has expressed its desire for a frank interchange of information and views and for friendly cooperation between American and British interests.

You may accordingly in your discretion make it entirely clear to the representatives of the British Government that this Government has complete confidence that the British Government will not aid or countenance any arrangement by British nationals or the nationals of any other country with the Soviet representatives that would jeopardize or prejudice the vested rights of American citizens in Russia. Large American interests are involved in all branches of the oil industry in Russia.

You are free to make similar statements to the representatives of other governments, and, in your discretion, you may also see that word reaches Soviet representatives that this Government will not countenance any arrangements to the prejudice of American interests in Russia.

Keep Department informed in detail.

Hughes

550. El Minutes/12

The Ambassador in Italy (Child) to the Secretary of State

No. 20

Genoa, May 4, 1922.

[Received May 22.]

Sir: I have the honor to transmit herewith the Minutes of the Fourth Sitting, held on April 28, 1922, of the Third Commission (Economics) of the Genoa International Economic Conference as well as the Minutes of the Second Sitting of the organizing Sub-Commission of the Fourth Commission.17 The English text of the Note directed on May 2nd to the Russian Delegation by the Allied and Associated Powers is also enclosed herewith together with a press bulletin containing the Italian text. The French and Belgian Delegations are not signatories to this document. Reports state that the Belgian Delegation has received instructions from its Government to abstain from signing because Belgian public opinion would not approve its tenor. As far as can be ascertained, the objections made by the Belgian Delegation refer to the fourth paragraph (English text) of Article 7 which the Delegation considers unsatisfactory owing to lack of precision in the terms which prohibit the

17 Minutes not printed.
Russian Government from transferring to third parties property formerly owned by foreigners in case such properties cannot be returned to their former owners. The French Delegation was reported to await authorization from its Government to sign, but the news circulated to-day states that the French Delegation has received instructions this morning from its Government to support the Belgian viewpoint. Rumors are also current that the Little Entente powers might decide to adopt the Belgian stand at the last moment and notwithstanding the fact that they had previously adhered to the terms of the Note.

RICHARD WASHBURN CHILD

[Enclosure]

The Delegations of Italy, France, Great Britain, Japan, Poland, Rumania, Switzerland, and Sweden at the Genoa Conference to the Delegation of Soviet Russia

The problem of the restoration of Russia, with a view to the re-establishment of peace over the whole of the Continent of Europe, has been considered in the most serious and sympathetic manner. There is a general and sincere desire that friendly relations should be restored among all the nations and that the Russian people may take its historic place among the European Powers.

Russia in the past has been an important element in the economic system of Europe. But today her exhaustion is complete after the events which have drained her resources for the last eight years, and her elimination from the European economic system has added to the troubles from which the world is suffering.

Every year the world deficiency in food and raw material due to the failure of Russian supplies is being made up from other sources.

In due course, the gap would be filled so far as the rest of Europe is concerned, for trade, like water, finds new channels when the older channels are blocked. But in Russia itself, privation, misery and famine would continue to spread and thus constitute a plague spot of increasing menace to the European system. Such a fate for Russia and for Europe the Powers are deeply anxious to avert.

The reconstitution of Russia must take place above all in the interests of Russia herself. But Russian prosperity cannot be revived without the assistance of the capital and the commercial experience of the west. As soon as the feeling of security has been revived in Russia, that is to say, when the nationals of foreign countries have guarantees that they can resume their former indus-
trial or commercial and agricultural undertakings, and start new ones, with the certainty that their property and their rights will be respected and the fruits of their enterprise secured them, they will hasten to afford Russia the benefit of their technical knowledge, their work and their capital.

Russia is a country of great possibilities. Economic disaster has paralysed but has not destroyed her resources. If Russia and the Russian people are to recover, the resources of Russia must be developed. Her agriculture, which is fundamental to her economic system, must be restored; her mines must be re-opened; and her factories must be set to work again. The other nations of the world played a great part in the development of Russia. They will play that part again as soon as Russia establishes conditions which command their confidence.

The needs of Russia are so manifold that they can only be met by once more throwing open the Russian market to foreign manufacturers and traders. Today Russia is urgently in need, not only of food and clothing, medical supplies and other necessaries of normal existence, but also of locomotives, wagons, agricultural implements, tools, machinery and port appliances. If these goods are not supplied to Russia, her transport system will fall to pieces, her industries will rapidly become derelict, and the yield from the land will steadily fall.

All these supplies can be furnished by the industrial countries. As soon as security in Russia has been re-established for former owners and debts are recognized, the importation of these necessaries will recommence. Capital will flow into Russia the moment confidence begins to revive. And at the same time foreign enterprise and experience will be available for the reconstruction of the country.

There is not a country which is unable to render an effective contribution to the work of reconstructing Russia; some by financial help, others by the rapid resumption of the manufactures or public utility undertakings which they owned there; and still others, by the skilled workers which they will be able to send there. All the countries represented at Genoa have indicated their willingness to co-operate in this work, each according to its capacity.

Their Governments also are ready to hasten this restoration. It will be necessary to overcome the hesitation on the part of businessmen, who will fear the loss of capital which they might sink in a country thus deprived for the time being of the normal means of production. As soon, however, as the first pioneers have succeeded in their enterprise, others will follow in their footsteps. The object and the justification of Government assistance will be to make these first attempts succeed.
Measures have already been taken in several countries for this purpose, and Russia will be able to obtain the benefit of these measures as soon as it is possible to conclude with Russia an arrangement in conformity with the clauses which follow.

Several countries of Europe have decided to establish an international corporation with an initial capital of £20,000,000. Its aim is to finance reconstruction and development undertakings in Europe which without assistance would have difficulty in procuring the necessary funds. This sum may seem small in comparison with the magnitude of the work to be done. But it only includes the capital subscribed through the national companies formed in the leading countries. Behind it stand the resources of all these countries, resources which are available for financing operations approved by the international corporation.

In addition to this, certain countries are in a position to advance immediately substantial sums to those of their nationals who will trade with Russia or settle there for that purpose. To these facilities must be added the private credits which manufacturers who have the assurance that their undertakings can be successfully resumed in Russia will not fail to receive from the national banks.

The British Government can guarantee under the Trade Facilities Act the capital or interest required for capital undertakings, overseas as well as at home, to develop economic reconstruction in Europe. If the Soviet Government is prepared to take the steps needed to encourage enterprise, then this Act can be applied to Russia. The sum authorised by this Act was £25,000,000. If necessary, Parliament will be invited to increase the amount to be made available.

In addition to the facilities offered by this Act, there is an Export Credits Scheme for financing the export of British goods. Under this scheme, the British Government is authorised to guarantee transactions up to £26,000,000. Of this £26,000,000, £11,000,000 has been pledged. The British Government will be prepared to invite Parliament to extend the duration of the Act in question.

France, by reason of the effort which she is obliged to make in order to restore her own devastated regions, cannot at this moment afford direct financial assistance for the reconstruction of Russia. Nevertheless the French Government accepted at Cannes the principle of taking a part in the International Corporation equal to the English part.

France can send to Russia seeds of all sorts. Negotiations have already taken place with the Soviets on this subject. Detailed plans have been prepared for the despatch and use of tractors. Several thousands of these tractors could be sent with the necessary technical
personnel. Machines and technical personnel can be sent in order to establish veterinary stations and institutions for agricultural study.

With regard to transport, France can offer rolling stock of approximately twelve hundred locomotives, twenty-five thousand goods wagons, three thousand five hundred railway carriages and vans. It would be possible to form a special company for undertaking repairs, and repair shops could be let to the company which would supply the technical personnel.

Finally, French industrialists, who in great numbers have contributed to the wealth of many parts of Russia, would be able to restart their establishments as soon as they received the necessary guarantees. These industrialists would undoubtedly find in France or abroad, thanks to the confidence which they inspire, the necessary capital and the technical staffs which will be needed.

Italy, by subscribing 20 per cent. of the capital of the International Corporation, purposes to render substantial financial help as regards both the immediate aims of this organisation and its future development. She is also ready to support every undertaking which is set up in order to re-establish transport by rail or water, and to foster the marketing of Russian produce. She is also ready to contribute through her agricultural organisations and by her experience to the restoration of agriculture and to participate in co-operation with Russia in the industrial and agricultural re-equipment of the country.

Offers of help are also held out by Japan. The Japanese Government, with a view to encouraging trade with Russia, have granted a credit of eight million yen to the Russo-Japanese Trading Company. The Japanese Government has also the intention of taking further measures, if it deems it necessary, with the object of furthering trade relations between the two countries.

Time is an indispensable factor in the reconstruction of Russia, but the important thing is to make a start. As soon as the first impulse has been given, as soon as the first pioneers have been able to settle in Russia, and to make known the fact that they have been successful, and have demonstrated to themselves and their compatriots that the way which had been closed for so long is open and safe, others will follow and their number will be all the greater because the road has been barred so long.

In these circumstances, the following conditions, dealing with the more important questions requiring adjustment, are submitted to the Russian Delegation by the Delegations of Italy, France, Great Britain, Japan, Poland, Roumania, Switzerland and Sweden, represented on the Sub-Committee of the First Commission. The final approval, however, of the French Delegation is reserved until it receives its instructions from its Government.
RUSSIA

Clause I

In accordance with the terms of the Cannes Resolution that all nations should undertake to refrain from propaganda subversive of order and of the established political system in other countries than their own, the Russian Soviet Government will not interfere in any way in the internal affairs and will refrain from any action which might disturb the territorial and political status quo in other States. It will also suppress all attempts in its territory to assist revolutionary movements in other States.

The Russian Soviet Government will use all its influence to assist the restoration of peace in Asia Minor and will adopt an attitude of strict neutrality between the belligerent parties.

Clause II

(1) In conformity with the Cannes Resolution, the Russian Soviet Government recognises all public debts and obligations, which have been contracted or guaranteed by the Imperial Russian Government or the Russian Provisional Government or by the Soviet Government itself towards foreign Powers.

Being desirous of facilitating the immediate reconstruction of Russia and the rehabilitation of her credit, the creditor Powers are willing to make no claim upon Russia at present, either as to capital or interest, for the repayment of the advances made to the Russian Governments during the war.

(2) The Allies can admit no liability for the claims against them set up by the Russian Soviet Government for loss and damage suffered during the revolution in Russia since the war.

(3) When an arrangement is concluded between the Allied and Associated Powers for the liquidation or rearrangement of war debts, the Allied Governments concerned will submit to their Parliaments measures for reducing or modifying the amount due by the Russian Soviet Government on similar lines and with due regard to the economic and financial condition of Russia; but these measures will be conditional on the renunciation by Russia of the claims mentioned in paragraph 2.

(4) Where responsibility for liabilities contracted by the Russian Soviet Government or its predecessors towards foreign nationals has been assumed by a foreign Government, the liabilities will be treated on the same footing as private debts in accordance with Clause IV.

(5) The provisions of this clause will not apply to balances standing to the credit of a former Russian Government in any bank situ-

38 Quoted in telegram from the unofficial observer at Cannes, dated Jan. 6, 1922, vol. i, p. 384.
ated in a country of which the Government made advances to a former Russian Government or assumed responsibility for any Russian Government loan floated in that country between August 1, 1914, and November 7, 1917. Such balances shall, without prejudice to the rights of third parties, be transferred to the Government concerned. The liability of the Russian Soviet Government in respect of war debts shall be pro tanto reduced.

**Clause III**

All financial claims by other Governments upon the Russian Soviet Government, and by the Russian Soviet Government upon other Governments, excepting those dealt with in these clauses shall, subject to any special arrangement which may be made, remain in suspense until the agreement referred to in Clause II, paragraph 3 has been concluded. The claims shall then be extinguished.

Nevertheless, this claim [clause] shall not apply to claims on behalf of the nationals of other Powers on account of the action in Russia of the Russian Soviet Government, or to claims on behalf of Russian nationals on account of the action in other countries of the Governments of those countries.

**Clause IV**

In conformity with the general principle admitted by all Governments, the Russian Soviet Government recognises its obligation to fulfil the financial engagements which it or its predecessors, that is to say, the Imperial Russian Government or the Provisional Russian Government, have contracted vis-à-vis foreign nationals.

**Clause V**

The Russian Soviet Government undertakes to recognise or to cause to be recognised the financial engagements of all authorities in Russia, provincial or local, as well as all public utility enterprises in Russia contracted before this date vis-à-vis the nationals of other Powers, unless at the time when the engagement was contracted the territory in which the authority or enterprise was situated was not under the control of the Russian Soviet Government or of the Russian Provisional Government, or of the Russian Imperial Government.

**Clause VI**

The Russian Soviet Government agrees to conclude an arrangement within twelve months of the coming into force of this Clause with the representatives of foreign holders of bonds and bills issued
or guaranteed by the Russian Soviet Government or its predecessors, for ensuring the re-starting of the service of the loans and the payment of the bills. This arrangement will cover terms and dates of payment, including remission of interest, so that adequate account may be taken both of the actual conditions in Russia and of the necessity for her reconstruction.

The said arrangement shall apply as far as possible to all foreign holders without distinction of nationality.

In case a collective agreement cannot be reached, the benefit of an arrangement concluded with any particular group may be claimed by all other foreign holders.

If no such arrangement as is referred to in paragraph 1 can be concluded, the Russian Soviet Government agrees to accept the decision of an Arbitration Commission. This Commission shall consist of a member appointed by the Russian Soviet Government, a member appointed by the foreign holders, two members and a President appointed by the President of the Supreme Court of the United States, or failing him by the Council of the League of Nations or the President of the Permanent Court of International Justice at the Hague. This Commission shall decide all questions as to the remission of interest and as to the mode of payment of capital and interest and will take into account in so doing the economic and financial condition of Russia.

The procedure laid down in this clause as to Russian Government bonds and bills shall also be applied in the case of the financial obligations referred to in Clause V.

**Clause VII**

In order to encourage the re-starting of foreign economic activity in Russia and to permit foreign States to furnish to Russia the aid indicated above in the introduction and thereby to facilitate the restoration of the country, the Russian Soviet Government accepts the following arrangement with respect to private property.

Without prejudice to its freedom, as recognised in the Cannes Resolution, to regulate its system of ownership, internal economy and Government, and to choose for itself the system which it prefers in this respect, the Russian Soviet Government recognises its obligation, in accordance with the said Resolution, to restore or compensate all foreign interests for loss or damage caused to them when property has been confiscated or withheld.

In cases in which the previous owner is not enabled to resume possession of his former rights, the Russian Soviet Government will make an offer of compensation. If no agreement is come to between the previous owner and the Russian Soviet Government as to the
nature and amount of the compensation, the previous owner shall be entitled to submit to the Mixed Arbitral Tribunal referred to hereafter the question whether the compensation offered by the Russian Soviet Government is just and adequate.

If the Mixed Arbitral Tribunal decides that the compensation is just and adequate, it must be accepted by the previous owner; but if the Tribunal decides that the compensation is not just and adequate, and the Russian Soviet Government and the previous owner are still unable to reach an agreement as to the compensation, the previous owner shall receive from the Russian Soviet Government a grant of the enjoyment of the property on terms not less favourable in all matters relating to its use and disposition than the rights he previously possessed; provided however that where the Mixed Arbitral Tribunal decides that the grant of the enjoyment of the property is impracticable and that compensation must be given, the amount if not agreed shall be fixed by the Mixed Arbitral Tribunal and shall be payable in bonds. In cases in which the Russian Soviet Government cannot give back the property it shall not be entitled to hand it over hereafter to other parties. If the Russian Soviet Government proposed at a later date to hand it over as above, a preference shall be given to the previous owner.

If the exploitation of the property can only be ensured by its merger in a larger group, the preceding provision shall not apply, but the previous owner shall be entitled to participate in the group in proportion to his former rights.

The term "previous owner" shall include Russian financial, industrial and commercial companies, which at the date of nationalisation were controlled by nationals of other Powers, or in which at the same date such nationals possessed a substantial interest (either as shareholders or bondholders), if the majority of the foreign interests so desire. It shall also include a foreigner entitled to the beneficial use of property in Russia which was vested in a Russian nominee.

In cases in which a claim is not put forward in virtue of the preceding paragraph, a claim for compensation in conformity with this clause may be put forward by any foreign national interested in a Russian company in respect of injury or loss suffered by the company.

In the settlement of claims and in awards of compensation in respect of private property, provision shall be made for the protection of claims which third parties possessed against the property.

In cases where damage has been done to the property in consequence of the action or negligence of the Russian Soviet Government, compensation in accordance with the principles of international law shall be assessed by the Mixed Arbitral Tribunal.
RUSSIA

Clause VIII

Provision shall be made by the Russian Soviet Government for enabling foreign nationals to enforce their claims against private persons in Russia.

If the payment of the sums due has been rendered impossible by the action or negligence of the Russian Soviet Government, the liability must be assumed by that Government.

Clause IX

Pecuniary compensation awarded under Clause VII will be paid by the issue of new Russian 5 per cent. bonds for the amount fixed by the Mixed Arbitral Tribunal.

The terms as to the payment of interest on these new bonds, and the terms as to their amortisation, shall be similar mutatis mutandis to those for old bonds as fixed by the Arbitral Commission referred to in Clause VI.

Clause X

Mixed Arbitral Tribunals shall be appointed for each country to decide questions as to the compensation to be paid under these clauses. These Tribunals shall consist in respect of each country of one member appointed by the Russian Soviet Government, one member appointed by the Government of the national concerned, and a President appointed by the President of the Arbitral Commission referred to in Clause VI.

Clause XI

The re-starting in the shortest possible time of enterprises of all kinds which belonged to foreigners before the events of 1917, and the establishment of new enterprises being of the greatest importance for the rapid reconstruction of Russia, the Russian Soviet Government undertakes to take all necessary measures for ensuring forthwith the protection of the person, the property and the labour of foreigners.

For this purpose the administration of justice in Russia shall be provided for as set out in Article 8 of the Recommendations of the Experts in London, and foreigners shall be allowed to reside and trade in Russia in accordance with the provisions of Article[s] 9–17 of the said Recommendations.¹⁹

CLAUSE XII

Special arrangements will be made in agreement with the Russian Soviet Government for the settlement of questions relating to the liquidation of pre-war contracts between Russian nationals and foreigners, and questions relating to prescriptions, limitations and foreclosures.

CLAUSE XIII

The Russian Soviet Government will restore to the Roumanian Government the valuables deposited at Moscow by the said Roumanian Government.

Genoa, May 2nd, 1922.

861.6363/63

The Chairman of the Board of Directors of the Standard Oil Company of New Jersey (Bedford) to the Secretary of State

New York, May 5, 1922.

[Received May 6.]

My Dear Mr. Secretary: Referring to my conference with you yesterday regarding the matter of our interests in Russia, you will recall the statement cabled to us by Mr. Mowinkel, the head of our Italian Company located at Genoa, to the effect that he has good reasons to believe that the British Government officials have knowledge of and approve the negotiations in the interest of the Royal Dutch Company at Genoa with the Russian Soviet representatives regarding oil lands and Mr. Mowinkel's recommendation that the United States Government should protest against the consummation of such agreement.

As reported in the press, this agreement contemplates a monopoly of the sale of all Russian oil by a syndicate in which the Soviets and the Shell Group are equal partners. While the effect of such an agreement does not, in terms, assume to dispose of the titles to oil lands, yet the result would be to take from us the right which we now have under our arrangement with the Nobel Group to purchase and export oil from the Nobel properties, in which we are equally interested with the Nobels.

With regard to the return to foreign owners of their property in Russia, the memorandum handed to the Soviet on the 3rd instant with the assent of the British Government does not contemplate a complete restoration of ownership and use of such property to the former owners. Under the proposed scheme, oil lands could be appropriated and under a zoning or grouping system could be
allotted for operation to other interests than those who developed or operated them under the former Russian regime. Even assuming that any preference in such allotment would be given to former owners, this method would be unacceptable because the owner would naturally want his own property back and would not desire the properties of anyone else which might be as good, better, or very likely worse, than the properties which the former owner and his associates have picked out and developed. Furthermore, a recognition by foreign governments of such treatment of private property in any one country would be a dangerous precedent with regard to the treatment of foreign-owned property in some other countries.

With the opposition which Belgium, supported by France, has interposed to this scheme, a protest by the United States Government at this time, made through Ambassador Child at Genoa, and also possibly through the American Ambassador at London, would have perhaps a determining effect in preventing the virtual confiscation of private property. It is not, in our judgment, any answer to say that compensation made in Russian bonds for property thus appropriated would alter the fact of confiscation.

Speaking generally, we feel that there should be no attempt at the Genoa Conference, or through private agreement among the various nations, to exploit the resources of Russia, but that it should be understood a fair and equal economic opportunity should be observed by all concerned.

We think that this is the psychological time for the United States Government to express its views in reference to this matter, first because the opinion of the United States carries more weight than that of any other government, and second, because of the publicity already given to the matter, this country has in a sense been put on notice of apparently what is going on and if it registers no objection or expresses no opinion it would be very difficult to press an objection at a later day after the consummation of any agreement.

As illustrating the above point, we might mention the San Remo agreement regarding Mesopotamia, and the recent reported Italian agreement with the Turks. These are considered as accomplished facts and there seems no power in existence which can upset them or that can abrogate them.

In this connection it is particularly to be noted that the press dispatches from Genoa during the last few days have referred to the fact that Ambassador Child has denied that he has filed any protest against the proposed scheme or treatment of private property in Russia.

We, therefore, earnestly request that the United States Government should extend whatever assistance you may deem advisable in
the protection of American interests in Russia. It is our conviction, also, that a protest as above indicated would be the most effective means for extending this aid.

If it should not be deemed advisable in your judgment that there were sufficient grounds or evidence to make a formal protest, still the time seems to be very opportune to give the Governments concerned an expression of the views of the United States Government in regard to this matter through its Ambassador,—an expression which might prevent consummation of these contemplated agreements.

I am [etc.]  

A. C. Bedford


The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

GENOA, May 6, 1922—4 p.m.  
[Received May 6—2:10 p.m.]

31. Your unnumbered telegram of May 4, 7 p.m. Krassin wishes to meet me, but I propose that I do not see him until Russia has replied to the latest memorandum from the Allies, and it may be not at all. Unless I receive instructions, I will continue to be guided by my own discretion. Present status seems to me satisfactory and I consider American interests to be less endangered than was indicated by somewhat hysterical Paris reports. In answer to informal inquiry from the French delegates I have said that I could not discourage any proposal to have them here openly condemn all secret negotiations or bargains with Soviet Russia or with others, either while the Conference is in session or immediately after it adjourns.

Child


The Secretary of State to the Ambassador in Italy (Child)

[Extract]

WASHINGTON, May 6, 1922—8 p.m.

Your 23, May 4, 10 A.M. 20 The general position set forth in Department’s May 4, 7 P.M. applies also to agreement contemplated in Clause Seven, 21 and you may so state in your discretion to repre-

20 Not printed.
21 Clause VII of the conditions submitted to the Russian delegation, May 2, p. 783.
sentatives of British and other Governments. Make this known also in your discretion to Soviet representatives. Telegraph exact text of Clause Seven, with any amendments.

Hughes

550.E1/250: Telegram

The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

GENOA, May 7, 1922—9 p.m.

[Received May 8—6:35 a.m.]

35. Department’s telegram to Genoa May 4, 7 p.m., and later telegram which probably was dated May 2, 8 p.m., by mistake.22 I have sent text of the seventh clause separately.

I have plainly stated our position to the Italian, French and British delegates with respect to any such agreement as that which has been reported concerning Dutch-Shell and any such agreement with Soviet Russia as clause 7 implies. Belgium and France have now refused to subscribe to clause 7. Indirectly I have conveyed our attitude to the Soviet delegates.

I had a long conversation with Lloyd George, who called upon me today. He again assured me that the report of an agreement by the Dutch-Shell is incorrect but he indicated that should the negotiations with Soviet Russia here fall through, it will be difficult to control private interests even when the British private participation is large. Lloyd George confirms my own opinion that if the Genoa Conference fails completely to reach an agreement with the Soviet authorities, there is serious danger of a vicious rush by various countries for separate private or national agreements. There is some evidence pointing to mature separate negotiations made here already by the Dutch. I think that careful consideration must be given by the Department to its policy should these separate secret negotiations take place, especially as at present there is scarcely any likelihood of the successful termination of the Conference negotiations.

I repeat my advice that our Government and American private interests must do nothing which will prevent our being in a position to make a protest with clean hands. Informally, however, we must keep in the closest possible touch so as to prevent Soviet Russia from entering into any agreement by which our rights would be impaired. Lloyd George and I are in agreement that the Soviet

22. Refers to telegram of May 6, supra.
reply which is due tomorrow will bring a qualified eventual Soviet refusal. Joffe has temporarily left Genoa and is at Berlin where he is in confidential conference with Moscow regarding the Soviet reply. I have evidence in the meanwhile, which the British admit, that even if the Soviet delegation here signs, Trotsky or the Red Army or left party in Russia is preparing to repudiate any agreement. In spite of possible embarrassment, the Belgians, French, and others here will refuse to sign. Barthou has come back to Genoa much stiffened, and if we gave the word the participation of several countries in the Conference would be terminated. This I consider most unnecessary. Without giving any opinion, I have asked Lloyd George whether he has thought at this juncture of having the Conference refer to a committee which it should appoint the work of making a report on what is needed for the reconstruction of Russia, finding the means of making advances or extending credits, and of making a judicial study and report on the protection of foreign interests in the Soviet territory. I also inquired of Lloyd George as to the effect of delay so as to prevent a crisis here from causing a new political crisis in Soviet Russia, to get away from the atmosphere of a thousand press representatives making appeals to national prejudices by sensational news, to turn over the Soviet problem to persons not in the vicious circle of cabinets trying to keep in office, and to have the several states agree not to enter into separate deals with the Soviet authorities while the commission was at work. He replied that the most important purpose was the one named last, but that the success of the plan would depend as much on whether the United States would take part in such a commission, even though it be in only an advisory capacity. I told him I was in no position to inform him regarding that. He referred to the difficulty of not being in informal touch with the American Government and said that after a reply was received from the Moscow government he would like to have a further discussion with me and could do it then with more propriety. I made inquiries but did not give any commitment. I however suggest to the Department that American interests would be best protected and the cause of European peace best served if this plan were substituted, with or without the partial or full participation of the United States, for the ruptures, isolations, and recriminations which now threaten as an aftermath to the Genoa Conference.

Child

Adolph A. Joffe, member of the Russian delegation.
The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

Genoa, May 10, 1922—2 p.m.

[Received May 10—1 p.m.]

39. It now seems that no one is satisfied with clause 7 of the memorandum to the Soviet delegation. Under the supervision of the British and Italian delegates, it is being redrawn. As instructed, I made it clear several days ago to the delegations of France, Great Britain and Italy that clause 7 was not in accord with our views regarding the protection to be given to private property rights.

Child

The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

Genoa, May 11, 1922—5 p.m.

[Received May 11—2:04 p.m.]

42. It was widely reported under a Washington date line in European newspapers yesterday and today that at a meeting of the American Cabinet the statement was made that the policy of the United States regarding the Government of Soviet Russia coincides with that of the Allies. In so far as this statement is susceptible of any interpretation, delegates in Genoa think that it means that the United States has altered its attitude from that stated in the note of Secretary Hughes declining to take part in the Conference.24 You may desire to take some action in case the report is unfounded. I have stated consistently that I have received no notice of any change in our policy.

Child

The Secretary of State to the Ambassador in Italy (Child)

Washington, May 11, 1922—6 p.m.

4. Your 42, May 11, 5 p.m.

There has been no change in the policy of this Government as to attitude towards Soviet regime as set forth in Note declining participation in Genoa Conference and you are authorized so to state.

24 Vol. 1, p. 392.
This Government has emphasized inescapable conditions upon which extension of credit to Russia for economic reasons must depend. We have hoped that Genoa Conference might have valuable results, but in present condition of uncertainty cannot do more than to re-state our fundamental position.

Hughes

550.11/250 : Telegram

The Secretary of State to the Ambassador in Italy (Child)

WASHINGTON, May 11, 1922—7 p.m.

5. Your 35, May 7, 9 p.m.

If Genoa negotiations fail and it becomes necessary in your judgment to forestall separate and competitive dealings with the Soviet regime detrimental to American interests, it is important that efforts to this end should be so directed as to avoid commitment of United States to any plan in advance of its submission for approval, but you may intimate to Lloyd George and the other chief Allied delegates in your discretion that this government is always ready to exchange views through diplomatic channels in order to determine future course of action.

Hughes

550.11/316

The Ambassador in Italy (Child) to the Secretary of State

[Extract]

GENOA, May 12, 1922.

[Received June 1.]

Sir: I have the honor to transmit herewith an English translation of the Russian reply to the Allied and Associated Powers' Note of May 2nd.25...

I have [etc.]

Richard Washburn Child

[Enclosure—Translation] C.G. 24

The Delegation of Soviet Russia at the Genoa Conference to the Delegations of Italy, France, Great Britain, Japan, Poland, Rumania, Switzerland, and Sweden

Before examining the clauses of the Memorandum signed by a group of Powers and enclosed with the letter of Mr. Schanzer,  

President of the Political Sub-Commission, which was communicated to the Russian Delegation on May 2nd, the latter, to its great regret, feels compelled to observe that this Memorandum does not provide the equitable solution of the Russian problem which was hoped for, and that in certain respects it is less satisfactory than the conditions accorded to Russia by the Agreement of the Villa [de] Albertis of 20th April, and even than the London Memorandum. At the same time, the contents of the Memorandum of May 2nd constitute a marked deviation from the lines laid down for the Genoa Conference by the Cannes decisions.

The Inviting States, in convening [inviting] Russia to the present Conference at the same time as the other States, gave as the reason for the invitation “the necessity of remedying the paralysis of the European system.” The means for the attainment of this object were to be the “economic reconstruction of Central and Eastern Europe”. It was unanimously agreed that Russia was the State whose economic reconstruction was of the greatest importance for Europe and for the whole world.

In its first Memorandum, sent as a reply to the London Memorandum, the Russian Delegation had drawn the attention of the Conference to the fact that the problem of the reconstruction of Russia should be the basis of its work. The Russian Delegation declared its willingness to consider, in conjunction with the other Powers, this fundamental problem, the solution of which, by restoring to the industry of the world 140 million consumers and an immense quantity of raw material, would contribute towards the alleviation of the present crisis, the prevention of unemployment, and the relief of the misery due to the World War, the intervention and the blockade.

In compliance with the Cannes invitation, the Russian Delegation came to Genoa with a number of schemes and proposals regarding the credits and loans required by Russia in exchange for real guarantees, and specifying the legal guarantees already embodied in Russian legislation, for the purpose of ensuring to foreign nationals desirous of bringing to Russia their technical knowledge and their capital, security for their property, rights and profits. It was the intention of the Russian Delegation to present a list of industrial, mining, agricultural and other concessions which it was desirous of according to foreigners.

Up to the present, however, this, the most important aspect of the Russian problem and of the economic problem of the world, has not even been touched upon.

26 Great Britain, Cmd. 1067 (1922), p. 28.
27 Quoted in telegram from the unofficial observer at Cannes, dated Jan. 6, 1922, vol. i, p. 384.
The efforts of the Russian Delegates to bring this question before the Committee of Experts appointed to examine the Russian question were of no avail.

The Committee of Experts laid down, as a preliminary condition of any examination of these questions, the obligation on the part of Russia to agree to the repayment of State debts and private claims. This method was bound to frustrate the most important part of the work of the Conference. Instead of beginning by examining those aspects of the Russian problem which would give rise to least controversy, both the Committee of Experts and the Memorandum of May 2nd gave precedence to a question which, owing to its political and legal complexity, was bound to give rise to most animated discussions.

As a result of this initial mistake, the problems of the future, which affect everyone, have been subordinated to the interests of the past which affect only certain groups of foreigners. The statement that the recognition of the debts of former Russian Governments and of private claims is an essential condition for the co-operation of foreign capital in improving the credit of the new Russia, is contradicted by the fact that many capitalists have begun to contribute towards the recovery of Russia without waiting for the settlement of the question of debts. Capital will not be attracted to Russia by any one solution of this question; that will depend on the guarantees which the Russian Government can provide for the future and on the international consolidation of its position which will result from its de jure recognition.

Suspicion has been cast upon the attitude of the Russian Government towards future creditors owing to its reluctance to agree blindly to proposals of too onerous a nature; this suspicion arises from interested motives.

The repudiation of the debts and obligations contracted under the old régime, which is held in abhorrence by the people, cannot in any way predetermine the attitude of Soviet Russia, the product of the revolution, towards those who may come forward with their capital and their technical knowledge to assist in her recovery. On the contrary, the fact that the Russian Delegation, in considering the question of the settlement of debts, pays most careful attention to the interests of the Russian people and to the economic possibilities of Russia, proves that it only desires to contract obligations which it is certain that Russia will be able to carry out.

It may be observed that more than one of the States present at the Genoa Conference has in the past repudiated debts and obligations which it had contracted, and that more than one has confiscated or sequestered the property of foreign nationals, as well as of its own
nationals, without for that reason being exposed to the ostracism inflicted upon Soviet Russia.

It is difficult to explain the persistence with which certain Powers are endeavouring to exclude Russia from international economic and political intercourse, and to refuse her equality of treatment, by the mere fact that certain financial claims have not been met. If one reflects upon the cost of this attitude to the world at large, to the States which have adopted it, and to Russia herself, which, for nearly five years, has suffered from its disastrous consequences, it will seem scarcely credible that the only interests involved are those of bond-holders, or of former holders of nationalised property. The discussions of the last few days, particularly on the question of the restitution of nationalised property to its former owners, show clearly that a purely material question has been complicated by the introduction of a political issue. The controversy which is being waged at Genoa on the Russian problem has a wider and deeper significance. The political and social reaction which in most countries followed the war, is aiming at the complete triumph of capitalist individualism through the defeat of Soviet Russia, which represents collectivist tendencies in the organisation of society. The Soviet Delegation has refused, and still refuses, to introduce political considerations of any kind into the negotiations in progress, but it cannot refrain from pointing out that this attempt to secure at Genoa the triumph of the programme of one party or of one social system is contrary to the letter and to the spirit of the First Cannes Resolution. If the work of the Conference is jeopardised, the responsibility will rest entirely with those Powers which are thwarting the general desire for agreement by placing the interests of certain social groups above the common interests of Europe.

EXAMINATION OF THE PREAMBLE OF THE MEMORANDUM OF MAY 2

The Russian Delegation realises that the preamble of the Memorandum of May 2 seeks to justify the opinion that the prolonged economic isolation of Russia would be harmful to her alone, while the rest of Europe would always find means of escaping from its economic embarrassments. The object of this assertion is clear: Russia, which needs the cooperation of the other Powers for her economic restoration, must alone bear the sacrifices which that cooperation entails.

This assertion is contrary to public opinion, which, as shown by the expressed views of competent judges and by the repeated manifestations of the working masses, insists that Russia cannot be replaced and that her absence from the world's market causes a dislocation for which there is no remedy. Russia's place can be filled
by no other country. The isolation of Russia leads to political consequences which are no less disastrous than its economic consequences. The safety of Europe and the peace of the world require that this abnormal state of affairs should be brought to an end. As long as Russia remains in a kind of economic and political quarantine, certain States which are near or distant neighbours of Russia will be encouraged by this provisional state of affairs to embark on military enterprises and, by arrogating to themselves the functions of a “police force of European civilisation”, will seek to trouble the peace of the world and to seize the territory and riches of Russia and of the other Soviet Republics. The solution of the Russian problem will not, therefore, be brought a day nearer unless the Powers assembled at Genoa fully realise that the sacrifices which they require of Russia must find their counterpart in similar sacrifices on their side.

In its letter addressed to Mr. Lloyd George on April 20, the Russian Delegation made important concessions, but at the same time raised the question of the credits and loans to be granted to the Russian Government. At the first meeting of the Committee of Experts, the Russian Delegation requested the members of that Committee to undertake the detailed examination of this question. The Committee, however, as has already been noted rejected the proposal. This question which is so important for Russia remains unanswered in the Memorandum of May 2. Instead of specifying the credits to be granted to the Russian Government, the preamble of the Memorandum merely enumerates the credits which the various Governments are prepared to grant to those of their nationals who desire to trade with Russia. This question, however interesting it may be for the private traders of other countries, has nothing to do with the question raised by the Russian Delegation. Moreover, private traders and manufacturers themselves could not make use of the credits to the desired extent, if the financial resources necessary for restoring the productive forces of the country were not assured to the Russian Government; and this restoration is an indispensable condition of commercial relations of any importance between Russia and other States. If the Russian Government has not financial resources or credits for restoring industry and agriculture, for renewing means of transport and for establishing a currency with a stable exchange value by stopping the issue of constantly depreciating paper roubles, it will be practically impossible to realise any substantial volume of trade with foreign countries. Furthermore, measures designed to achieve the restoration of Russia can only be carried into effect by the Government itself, and in accordance with a pre-

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28 Great Britain, Cmd. 1667 (1922), p. 25.
arranged plan. It was the intention of the Russian Delegation to submit to the Conference a scheme on these lines, drawn up by qualified scientific and industrial experts.

EXAMINATION OF CLAUSE I

(A) PROHIBITION OF SUBVERSIVE PROPAGANDA

The Russian Delegation notes with some surprise a striking contrast in the Memorandum of May 2. Whereas, in the main part of the Memorandum, which deals with the restoration of Russia, no exact proposals are put forward, but only general considerations, the question of the settlement of State debts and of private claims is dealt with in the form of a definite Agreement, in which an attempt has been made to provide for the smallest details.

The Russian Delegation is no less surprised to find that political clauses, which have never yet been mentioned in the discussions of the Russian Delegation with the other Delegations, have been included in this financial Agreement at the head of all the other Clauses.

From among the Cannes Resolutions which were of a political character, and which moreover were accepted by the Russian Government, the Memorandum singles out one provision, the fifth, concerning subversive propaganda, and gives it a new meaning, by transforming it into a unilateral obligation for Russia. The Russian Government has more than once proved that the really subversive propaganda, carried on by means of the organisation and despatch of armed bands, has been the work of certain countries which are the neighbours of Russia and which have actually signed the Memorandum.

By an extension of the meaning of this Resolution, the Memorandum requires that Russia shall “suppress all attempts in its territory to assist revolutionary movements in other States.” If, by this phrase, the Memorandum means prohibiting the activity of political parties or of workers’ organisations, the Russian Delegation cannot agree to such prohibition, except in cases where the activity in question is contrary to the laws of the country.

In the same clause, the Memorandum requires Russia to “refrain from any action which might disturb the territorial and political status quo in other States.” The Russian Delegation regards this proposal as a veiled attempt to make Russia recognise the treaties concluded by other States. Russia is prepared, at the proper moment, to discuss this political question with the Powers concerned.

Another political question which has been imported without relevance into the Memorandum is that of the relations between Rou-
mania and Russia, provided for in clause 13. As this question forms part of the general body of political, territorial and other questions in dispute between Russia and Roumania, it cannot be considered apart from them.

(B) RE-ESTABLISHMENT OF PEACE IN ASIA MINOR

The Russian Delegation is particularly surprised to observe that allusion is made in the Memorandum to the question of peace in Asia Minor. This is the more surprising, seeing that Turkey was excluded from the Conference of Genoa in spite of Russia’s proposal that she should be invited. The presence of Turkey at the Conference would, as a matter of fact, have greatly contributed to the re-establishment of peace in Asia Minor. Russia also, in view of her friendly relations with Turkey, would have contributed to the achievement of the object in view.

The strict neutrality which the Memorandum of May 2 demands from Russia in the war which is being waged on Turkish territory cannot differ from that imposed upon all the Powers by International Law and International Conventions.

FINANCIAL CLAUSES

With regard to the other clauses of the Memorandum, the Russian Delegation must point out that the claims which they contain are as a whole based upon the changes consequent upon the Russian Revolution.

It is not for the Russian Delegation to defend that great movement of the Russian people before an assembly of Powers, many of which have experienced more than one revolution in the course of their history; but the Russian Delegation feels obliged to recall the principle that revolutions which constitute a violent break with the past give rise to new legal standards in the external and internal relations of States. Governments and administrations created by revolutions are not bound to respect the obligations of the Governments which have been overthrown. The French Convention, from which modern French [France] claims direct descent, proclaimed, on September 22nd, 1792, that “the sovereignty of peoples is not bound by the treaties of tyrants.” In conformity with this declaration, revolutionary France not only destroyed the political treaties entered into with foreign countries under the old régime, but also repudiated her National Debt. She only consented to pay one-third of it, and that for motives of political expediency. This was the “Tiers consolidé”, the interest upon which was not regularly paid until the beginning of the nineteenth century.
This procedure, exalted into a doctrine by eminent legal experts, has been almost universally followed by Governments created by revolutions or by wars or [of] liberation.

The United States repudiated the treaties of their predecessors, England and Spain.

Moreover, the Governments of the victorious countries, during the war, and, above all, at the time of the conclusion of the Peace Treaty, did not hesitate to seize property belonging to nationals of the vanquished countries, situated in their territory, and even in foreign territory.

In conformity with these precedents, Russia cannot be forced to assume any responsibility towards foreign Powers and their nationals for the cancellation of national debts and for the nationalisation of private property.

Another point of law may be submitted. Is the Russian Government responsible for damage caused by the civil war to foreign property, rights and interests beyond such damage as was caused by the action of the Government, in cancelling debts and nationalising property? Here again, legal tradition is in favour of the Russian Government. The Revolution, which, like all great popular movements, was an enforcement of the will of the majority, does not admit any obligation to indemnify those who suffered by it. When the Tsarist Government was asked by foreign nationals, supported by their Governments, to compensate them for the losses which they had suffered during the revolutionary disturbances of 1905 to 1906, it rejected their claims, basing its rejection on the fact that, since it had not granted compensations to its own subjects for similar losses, it could not place foreigners in a privileged position in this respect.

The Cannes Conditions

From a legal point of view, Russia is therefore in no way bound to pay debts contracted in the past, to restore property or compensate its former owners, or to pay indemnities for other losses occasioned to foreign subjects either by the legislation established by Russia in the exercise of her sovereignty, or by the events of the Revolution. Nevertheless, in a spirit of conciliation, and in the hope of reaching an agreement with all the Powers, Russia has accepted the principle contained in the third of the Cannes Conditions, under reserve of reciprocity. Such reciprocity—that is to say, the obligation of all Governments to compensate for losses occasioned by their action or negligence—has already been established by the official interpretation of the third of the Cannes Conditions, which was referred to in the first Russian Memorandum.
The war debts having been incurred for a specific purpose, were automatically cancelled by the fact that Russia, having retired from the war and having had no share in its advantages, could not be expected to share its cost. With this exception, the Russian Delegation has expressed its readiness to agree to the payment of state debts, on condition that the losses caused to Russia by intervention and blockade are recognised.

In law, the Russian counterclaims are far more justified than the claims of foreign powers and their nationals. Tradition and practice both lay down that the responsibility for losses caused by intervention and blockade should be borne by the Governments which were the authors of these measures. It will be sufficient to recall the decision of the Court of Arbitration of Geneva on September 14th, 1872, by which Great Britain was condemned to pay the United States fifteen and a half million dollars for losses caused by the privateer Alabama, which, during the Civil War between the Northern and Southern States, had assisted the latter.

The campaign of intervention and blockade carried on by the Allies and neutrals against Russia constituted official acts of war. The documents published in Annex II of the first Russian Memorandum proved clearly that the chiefs of the counter-revolutionary armies were such only in appearance, and that the real commanders of these armies were the foreign generals despatched specially for that purpose by certain Powers. These Powers not only took part directly in the Civil War, but were the actual authors of it.

In its desire to obtain a practical agreement, however, the Russian Delegation, following on the conversations which took place at the Villa de Albertis, decided to pursue a policy of liberal concessions, and expressed its readiness to abandon its counter claims on certain conditions and to assume the obligations of the Governments which have been overthrown in exchange for a series of concessions on the part of the Powers; the most important of which is the placing at the disposal of the Russian Government of real credits to an amount fixed in advance. Unfortunately, this condition has not been fulfilled. The memorandum says nothing of the credits which the signatories are definitely and finally prepared to grant to the Russian Government; moreover, the credits which they undertake to grant to their own subjects for the purpose of trading with Russia are purely optional.

Similarly, the memorandum raises again in its entirety the question of war debts, the cancellation of which was one of the conditions on which Russia was willing to abandon her counter claims. The memorandum also raises the question of the moratorium and the
cancellation of interest on pre-war debts, referring the final decision on this question to an arbitral tribunal, instead of deciding it in the Agreement itself. This again is contrary to the provisions of the London Memorandum.

In so doing, the signatories of the memorandum release themselves from their obligations, and recognise that the opposite party is equally released. In this way, the laborious negotiations which led to the Agreement of the Villa de Albertis have been rendered vain. The Russian Delegation has no desire to fix the responsibility for this on any particular Power: but in any case, Russia is not to blame.

The negotiations have been rendered still more difficult by the persistent attempt of certain States to impose on Russia, in Article VII, obligations inconsistent with her social system and with Article I of the Cannes Resolutions.

PRIVATE PROPERTY. CLAUSE 7

Clause 7 begins with an admirable preamble recognising the sovereign right of Russia to regulate within her own territory as she thinks fit her system of ownership, economy and government, but the operative part of the clause is in flagrant contradiction to its preamble. The sovereignty of the Russian State becomes the sport of chance. It may be impaired by the decisions of the Mixed Arbitral Tribunal consisting of four foreigners and one Russian, which will decide, in the last resort, whether the property of foreigners should be re-instated, restored or compensated.

On this question, the Russian Delegation must point out that, in the consideration of disputes of this kind, the particular points of disagreement will inevitably lead to the pitting one against the other, of two forms of ownership, the conflict between which has assumed today for the first time in history a real and practical importance. In these circumstances, there cannot be an impartial supreme arbiter; and, under the provisions of Clause 7, the part of supreme arbiter would inevitably be taken by one of the interested parties. This would necessarily lead to the intervention of foreigners in the internal affairs of Russia, and would in practice do away with the inviolability of the system of ownership existing in Russia, which is recognised at the beginning of Clause 7.

Moreover, the Russian Delegation can see nothing of any practical importance in Clause 7. Its inclusion in the Memorandum of May 2 can only be explained as the result of a desire to satisfy certain class or party resentments, rather than of any adequate knowledge of the state of affairs in Russia. Apart from the per-
petual conflicts between claimants and the Russian Government, and
between the latter and foreign Powers, to which this Clause will give
rise, Clause 7, so far from creating that mutual tolerance between the
Soviet régime and the capitalist régime which is the condition of any
fruitful co-operation, will only embitter the relations of these two
systems. Foreigners, coming to Russia, not as the result of an amica-
ble agreement with the Russian Government, or for the purpose of
working under the protection of the Russian laws, but by virtue of
the decision of a Mixed Arbitral Tribunal, would soon be conscious
of a general feeling of hostility against them.

In order to make it possible for the former owners of nationalised
property to apply their technical knowledge and their capital in the
economic restoration of Russia for their own profit, the Russian
Government has, on its side, recognised their preferential right in all
cases in which their former property is the subject of a concession,
either in the form of a lease or in the form of a mixed partnership
between State and foreign capital, or in any other form providing
for the participation of foreigners.

The Russian Delegation also notes that the States concerned, re-
serving all their solicitude for a small group of foreign capitalists,
and maintaining on theoretical points a quite inexplicably uncom-
promising attitude, have sacrificed a large number of foreign capi-
talists who are desirous of profiting by the facilities and guarantees
afforded them by the Russian Government to enable them to return
and resume work in Russia. They have also sacrificed the interests
of the numerous small holders of Russian bonds, and small foreign
proprietors whose property has been nationalised or sequestered,
whom the Russian Government intended to include amongst the
claimants whose claims it recognised as just and equitable. The
Russian Delegation cannot refrain from expressing its surprise that
the Powers, such as France, whose nationals include the majority
of the small Russian bondholders, should have insisted most strongly
upon the necessity of restoring property, thus subordinating the
interests of small holders of Russian bonds to those of certain groups
which demand the restoration of property.

CONCLUSIONS AND PROPOSALS

The Russian Government sent its representatives to the Genoa
Conference in the hope of concluding there an agreement with other
States which, without affecting the social and political régime estab-
lished as a result of the Revolution and of the successful repulse
of the attempts at intervention, would lead not to an aggravation but
to an improvement of the economic and financial situation of Russia,
and would at the same time pave the way for an improvement in the economic situation of Europe.

But the achievement of this end presupposed the willingness of the foreign powers which had organised armed intervention in Russia, to cease employing towards Russia the tone of victor to vanquished, since Russia was not vanquished. A common agreement could only have been reached if the tone adopted had been that of States negotiating on a footing of equality. Russia is ready to consent to substantial concessions to foreign Powers in order to ensure the success of the negotiations, but only on condition that equivalent concessions will be made by the other contracting Party in favour of the Russian people. The Russian masses cannot be a party to an agreement in which the concessions made are not balanced by real advantages.

Another solution suggested by the difficulties of the situation would be the reciprocal cancellation of claims and counter claims arising out of past relations between Russia and the other Powers. But even in the event of such a solution, the Russian Government fully intends to respect the interests of small bondholders.

If, nevertheless, the Powers desire to find a solution of the financial differences between themselves and Russia, it is suggested that since this question requires a most exhaustive examination of the nature and the scope of the claims presented to Russia, and a more precise estimate of the credits available for her, the work might be entrusted to a mixed committee of experts appointed by the Conference. This Committee would begin work at a date and in a place to be fixed by agreement.

The Russian Delegation observes that the chief obstacle which the Conference has met up to the present time is the fact that all the Powers are not yet sufficiently imbued with the idea of reciprocity referred to above. At the same time, the Delegation cannot but emphasise the fact that the negotiations which have taken place have paved the way for a closer understanding between Soviet Russia and foreign Powers. The Russian Delegation considers that the divergencies of view which have arisen in the discussion of the financial differences between Russia and foreign Powers should not constitute an obstacle to the settlement of other problems which affect all countries alike, and, in particular, those problems which concern the economic recovery of Europe and Russia, and the establishment of peace—problems which can and must be settled here at Genoa. Russia has come to the Conference in a spirit of conciliation, and still cherishes the hope that her efforts will be crowned with success.

[GENOA, May 11, 1922.]
The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

**GENOA, May 14, 1922—1 a.m.**

[Received 3:02 a.m.]

50. Although British proposal has not yet been made, I have been requested to submit to the American Government the following formal [inoperable?] invitation.

Agreement has been reached today by the Conference’s sub-commission on political affairs with respect to the suggestion for a committee of experts to be chosen by the different governments. This committee is to meet at a place to be selected by the governments concerned and will have the authority to call Russians when it is desired to secure information. It was also voted by the commission to accept the French proposal of a guarantee against separate agreements with the Soviet Government until the committee has completed its work. Only the Italian delegates made reservations on this point.

Under the circumstances, it is to be hoped that the American Government will see its way clear to accept representation on the proposed committee of experts. Such action by the American Government would be understood to involve no obligation to be represented in other European commissions or conferences of a similar nature.

In my opinion, whether it is a British or French proposal it will be a good opportunity provided there is no implied obligation to do more than advise, as it will enable us to enforce the ban on separate deals, to save much European suspicion, and to prevent ill will and the complete failure of the Conference.

**CHILD**

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The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

**GENOA, May 14, 1922—noon.**

[Received May 14—9:55 a.m.]

51. Press representatives here received authoritative information regarding the French proposal which I submitted in my telegram no. 50, 1 a.m., today. The reporters have requested me to give a general confirmation. The fact that the French have extended a tentative invitation is known to Lloyd George and this morning I discussed the matter with him. I stated that I could not forecast

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29 Apparently by Ambassador Barrère of the French delegation; see p. 809.
what action my Government would take. It is of course generally recognized that if the United States accepts at all the acceptance probably will also be tentative and will be subject to a more detailed and formal invitation by the Powers. Nevertheless, such a tentative acceptance will help to keep the Conference from being a total failure and will perhaps prevent serious breaches.

CHILD

550. El Russia/— : Telegram

The Secretary of State to the Ambassador in Italy (Child)

WASHINGTON, May 14, 1922—11 p.m.

9. Your 50, May 14, 1 a.m. and 51, May 14, noon. This Government views suggestion sympathetically and is disposed to favor acceptance of invitation provided—

1. Committee shall be constituted for expert inquiry and report as to economic situation and remedies;
2. Committee shall be wholly advisory and shall take no action to bind Governments without their explicit consent;
3. It shall be agreed in advance that no separate arrangements shall be made with Soviet authorities pending Committee’s inquiry and report.

This Government will await more detailed statement of plan and formal invitation before making final decision as to acceptance.

HUGUES

550. El Russia/3 : Telegram

The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

GENOA, May 15, 1922—1 a.m.
[Received 3:06 a.m.]

53. Your no. 5, May 11, 7 p.m. Italian Minister for Foreign Affairs, acting as presiding officer of the Conference and also on behalf of his Government, and Lloyd George have presented to me an invitation for the United States under the conditions of an agreement which the inviting powers made tonight to submit tomorrow to the political sub-commission. This agreement is sent textually and briefed in my no. 54 dated 2 a.m. today. A protest has been made by the Soviet delegation against the ban on separate agreements. The Russians ask for mixed rather than separate commissions. For the reasons which follow I do not advise acceptance:

1. Final definition of terms is lacking.
2. It is advisable to withhold final decision on account of the disciplinary effect it will have on Soviet Russia.
3. The hope of America's becoming involved has already been effective in preventing a serious Anglo-French discord. For the first time these two delegations have cooperated.

4. The inviting powers have already made public the declaration against separate agreements and it has had its moral effect.

I recommend, however, that the United States give some indication that it will seriously consider either active or advisory participation in case the Genoa Conference has a definite proposal. In this way the disciplinary effect will be maintained and the impression of prompt courtesy be given to the Conference. I have taken care to refrain from expressing any opinion. I have also given consistent warnings that American private opinion does not have official sanction and I have stated again and again that American policy was determined not at Genoa but at Washington.

CHILD

550.E1 Russia/4 : Telegram

The Ambassador in Italy (Child) to the Secretary of State

GENOVA, May 15, 1922—2 a.m.

[Received 3:35 a.m.]


1. Russian proposal May 11 for commission experts accepted in form in annex. June 26 date of meeting.

2. Powers except Germany and Russia shall be invited send representative[s] to Hague June 15 for preliminary exchange views line of action by commission of experts towards the Russians. President Genoa conference requested to extend similar invitation to America if he ascertains she is willing to attend.

3. Representatives at Hague will elect commission charged conduct permanently a Russian commission.

4. Governments at preliminary meeting will intitate unless they have already done so whether willing to participate in commission. Unwillingness on the part of a government will not prevent the meeting of the commission on behalf of other governments.

5. If no joint recommendation can be submitted by commission's experts within three months from June 26 or joint recommendations not accepted by governments concerned one month after date of recommendations each government at liberty make separate agreement with Russians on matters in clause 3.

[6.] Delegations recommend respective governments not recognize or support private agreements by their nationals with Russian Government affecting property previously belonging foreigners before conclusion work expert commissions or during month following their joint recommendations if any.
Belgians and French declared would recommend their Governments adhere to these decisions.

ANNEX. DRAFT CLAUSES [FOR] COMMUNICATION TO RUSSIAN DELEGATION

1. Powers mentioned agree commission experts be appointed for further consideration outstanding differences with Russian Government and for meeting with Russian commission similarly empowered.
2. Powers represented in non-Russian commission and names members of the commission will be communicated to the Russian Government and names members Russian commission communicated other governments not later than June 20.
3. Matters treated by these commissions will comprise all outstanding questions relating to debts, private property, credits.
5. Commissions will endeavor to arrive joint recommendations matters clause 3.
6. To enable commissions to be conducted tranquilly and restore mutual confidence engagements will be made binding Russian Government and other participating governments refrain from acts of aggression against respective territories and refrain subversive propaganda.

Pact of non-aggression be founded on observance of existing status quo will remain either until outstanding European frontier questions settled or definite period. Agreement against propaganda binds all signatory governments to abstain interference internal affairs other states, from supporting financially or otherwise political organizations other countries and to suppress internally fomentation acts violence other states or attempts which might disturb territorial and political status quo.

CHILD

550.B1 Russia/4 : Telegram

The Secretary of State to the Ambassador in Italy (Child)

WASHINGTON, May 15, 1922—4 p.m.

10. Your 53 and 54. We appreciate proposal transmitted by your 54. Entirely inconsistent with French proposal and in this view my #9, May 14, 11 p.m. cannot be acted upon. Will telegraph reply to invitation shortly; meanwhile advise at once result of meeting of subcommission.

HUGHES

550.B1 Russia/4 : Telegram

The Secretary of State to the Ambassador in Italy (Child)

WASHINGTON, May 15, 1922—5 p.m.

11. Your 53, May 15th, 1 a.m. and 54, May 15th, 2 a.m. You may deliver to Italian Minister for Foreign Affairs the following reply to the invitation contained in your 54, May 15th, 2 a.m.
“This Government has carefully considered the invitation extended to it by the President of the Genoa Conference, under the conditions set forth in the agreement of the inviting Powers, to join the proposed commission to meet at The Hague on June 15th. This Government is most desirous to aid in every practicable way the consideration of the economic exigencies in Russia and wishes again to express the deep friendship felt by the people of the United States for the people of Russia and their keen interest in all proceedings looking to the recovery of their economic life and the return of the prosperity to which their capacities and resources entitle them. The American people have given the most tangible evidence of their unselfish interest in the economic recuperation of Russia, and this Government would be most reluctant to abstain from any opportunity of helpfulness.

This Government, however, is unable to conclude that it can helpfully participate in the meeting at The Hague as this would appear to be a continuance under a different nomenclature of the Genoa Conference and destined to encounter the same difficulties if the attitude disclosed in the Russian memorandum of May 11th remains unchanged.

The inescapable and ultimate question would appear to be the restoration of productivity in Russia, the essential conditions of which are still to be secured and must in the nature of things be provided within Russia herself.

While this Government has believed that these conditions are reasonably clear, it has always been ready to join with the governments extending the present invitation in arranging for an inquiry by experts into the economic situation in Russia and the necessary remedies. Such an inquiry would appropriately deal with the economic prerequisites of that restoration of production in Russia without which there would appear to be lacking any sound basis for credits. It should be added that this Government is most willing to give serious attention to any proposals issuing from the Genoa Conference or any later conference, but it regards the present suggestions, in apparent response to the Russian Memorandum of May 11th, as lacking, in view of the terms of that Memorandum, in the definiteness which would make possible the concurrence of this Government in the proposed plan.”

In view of the fact that American press carries substance of invitation and report of approval today by political sub-committee, the summary of the invitation contained in your 54, May 15th, 2 a.m. and of above reply have been made public.

Hughes

550. E1 Russia/Ta : Telegram

The Secretary of State to the Ambassador in Italy (Child)

WASHINGTON, May 16, 1922—11 a.m.

12. French Ambassador advising me of instructions received from Poincaré indicates apparent divergence of view between Poincaré
and Barthou. French Ambassador May 13th communicated Poincaré’s proposal substantially identical with your 50, May 14, 1 a.m. and later further communication from Poincaré explaining attitude as to expert inquiry substantially like that of this Government. In interview with French Ambassador evening May 15th it appeared that he had not received advices of last proposal according to your 54, May 15th, 2 a.m., and he stated that French declaration in Genoa that they would recommend their government to adhere to the decision would seem to indicate grave difference with Poincaré. What is your view as to this?

Hughes

550. E1 Russia/7 : Telegram

The Ambassador in Italy (Child) to the Secretary of State

Paraphrase

GENOA, May 16, 1922—1 p.m.

[Received 1:05 p.m.]

56. I communicated to Barrère your reply to the French proposal as instructed and with his consent I communicated to Lloyd George and Schanzer its substance regarding the proposals made and conditions laid down. They are all in agreement that The Hague proposal now being discussed meets your three conditions. Barrère thinks that the French memorandum and the conditions of The Hague proposal are substantially the same. As I understand your formal reply to the Italian Minister for Foreign Affairs, it does not make impossible the consideration of a final invitation in case the attitude of Soviet Russia changes, as now seems likely. The Russians did not initiate the proposal for a meeting at The Hague and gave their consent reluctantly under pressure from the other powers. The connection of Russia with The Hague proposal is not at all binding, and in case the ban on separate agreements is extended our final support with a view to inquiry may have the moral effect of steadying a hectic Europe, concluding this conference without breaks, and of safeguarding American interests by close contact. It will help to have any word from you which will reinforce your assent to continuing the exchange of views.

Child

41 Camille Barrère, French Ambassador in Italy and member of the French delegation at the Genoa Conference.
42 Carlo Schanzer, Italian Minister of Foreign Affairs and president of the political subcommission of the Genoa Conference.
The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

GENOA, May 16, 1922—3 p.m.
[Received May 16—12:30 p.m.]

57. After seeing your note Lloyd George and Schenzer requested my assent to a consultation at Washington between the British Ambassador and yourself limited to inquiry regarding the means by which your views may be met.

CHILD

The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

GENOA, May 17, 1922—1 a.m.
[Received 10:45 p.m.]

58. Department’s No. 12 of May 16, 11 a.m. I have no doubt that there is misunderstanding between Barthou and Poincaré. I have received information on excellent authority that this afternoon Barthou was making explanations to Paris on demand and requesting that the following information be given to the American Government.

The second and third paragraphs of the procès-verbal from the inviting powers are intended to mean nothing more than a preliminary investigation by experts chosen by governments and not as an extension of the Genoa Conference. It is intended that the experts are not to have diplomatic or political status or authority to bind their governments. However, after the investigation and the retirement of those governments which do not care to go further, a committee may be appointed to exchange views with a Soviet commission. The French memorandum reported in my 50, May 14, 1 a.m., was drawn by Barrère, and he has expressed his opinion privately that the procès-verbal transmitted in my No. 54, May 15, 1 [2] a.m., is an awkward effort to sugar-coat the French proposal for the Russians. He points out that there is no commitment by any government to consummate negotiations with the Soviet Government.

CHILD
The Secretary of State to the Ambassador in Italy (Child)

WASHINGTON, May 17, 1922—1 p.m.

13. Your 56, May 16, 1 p.m., 57 May 16, 3 p.m., 58 May 17, 1 a.m. The radical difference between proposal submitted by your 50, May 14, 1 a.m. and that submitted by your 54, May 15, 2 a.m. is apparent and there should be no misunderstanding of the position of this Government. The proposal of your 50, May 14, 1 a.m. was understood to be for a real committee of experts and its nature was emphasized by statement that committee would be "empowered to call Russians when information is desired." To avoid any possibility of mis-apprehension I took care, in my tentative answer, No. 9, May 14, 11 p.m., to provide not only that committee should be wholly advisory and that separate arrangements should be barred pending report, but that committee should be constituted for expert inquiry and report as to economic situation and remedies. In later proposal submitted by your 54, May 15, 2 a.m., while the designation of a commission of experts is used, the true character of proposed plan is disclosed in Annex by provision (1) that commission should be appointed "for the further consideration outstanding differences with Russian Government and for meeting with Russian Commission similarly empowered," and (2) "that Powers represented in non-Russian Commission and names members of commission will be communicated to the Russian Government and names members Russian Commission communicated other governments not later than June 20."

The Genoa Conference has been so conducted as to give foremost place to question of recognition of Soviet regime and Soviet representatives have been facilitated in presenting impossible demands, as, for example, for a huge loan to Soviet regime for which there is not the slightest prospect. Further, the Soviet representatives in their memorandum of May 11th have set up barriers to political relations which might as well be recognized as such first as last. This Government has no intention of continuing such fruitless discussions or of participating in conference which merely furnishes a stage for declarations ill-adjusted to the objects sought.

There seemed to be left, however, an opportunity for a real expert investigation of Russian economic conditions relating to agriculture, industry, transportation, et cetera, by which a common understanding could be reached as to maladies and necessary economic remedies. The situation appears to this Government to be plain, but such an
inquiry might be helpful by promoting a better understanding here and abroad of the inescapable economic facts. There would be no objection to German participation or to a Russian expert sitting on such a committee provided that it was understood that the committee was not to take up differences with Russian Government or to deal with the Soviet regime itself but was entirely for the purpose of a scientific economic inquiry and for report to the governments concerned so that political questions could be considered by such governments in their proper order and in the light of the unquestionable economic conditions revealed. It would be a condition, however, of Russian participation in such an economic committee of inquiry that the Russians should withdraw their memorandum of May 11th, as there is no prospect of doing anything with Russia while the position taken in that memorandum remains unchanged. This might as well be understood now in order to save much waste of time and effort. This position is one of sincere friendliness to the Russian people.

You may make this attitude perfectly clear. I have no objection to stating it to the British Ambassador or other ambassadors here if desired, but see no reason for using any other vehicle of communication than yourself. This Government desires to help so far as practicable, but sees no advantage in proceedings continuing negotiations which merely lead Russians either to demand or to believe that the impossible can be accomplished. The best alternative is to clear the air by a direct expert inquiry as to the fundamental facts.

Repeat above to London, Paris, Brussels merely for their information.

As it is probable that Lloyd George on his return will make a full statement in Parliament, it is important that there should be no basis for any possible claim of misunderstanding of our position.

Hughes

550.E1/291: Telegram

The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

Genoa, May 18, 1922—2 p.m.
[Received May 18—10:20 a.m.]

60. I have received secret application from Krassin for an interview. He promises confidential communication. According to your unnumbered telegram of May 4, 10 a.m., I am authorized to meet Krassin. As Krassin is leaving tomorrow night, I ask immediate instructions.

Child
The Secretary of State to the Ambassador in Italy (Child)

WASHINGTON, May 18, 1922—noon.
14. No objection to your receiving Krassin privately, unofficially and confidentially.

Hughes

The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

GENOA, May 18, 1922—1 p.m.
[Received 1:15 p.m.]

61. Your 13, May 17, 1 p.m. I communicated your expressions in their exact text to Facta, the president of the Conference, and to Schanzer in the presence of Lloyd George and my secretary. Lloyd George said that in his opinion our attitude made it unlikely that the United States would join in the project for a meeting at The Hague. This position was reflected in the British press bureau resulting in press inquiries as to whether there was a change in the American position. I made an emphatic statement that from the first there has not been and that there is not now any change whatever and that now there is no room for the least misunderstanding.

Child

The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

GENOA, May 19, 1922—2 p.m.
[Received May 19—11:03 a.m.]

64. Plenary session ending Genoa Conference was perfunctory. Lloyd George rebuked Soviet delegates for their memorandum of May 11,34 as he had indicated to me that he would.
I will reach Rome May 22.

Child

The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

ROME, May 22, 1922—3 p.m.
[Received 9:55 p.m.]

77. Krassin says that the United States has the confidence of Russia to a greater extent than has any other country for the following reasons:

31 Ante, p. 792.
1. The two nationalities have similar republican individualism.
2. The reconstruction of Russia can be aided by the United States.
3. The consideration of European intrigue does not apply to the United States.
4. The Russians have great gratitude for American relief work.

Krassin says that for the reasons indicated above Russia is willing to restore or to make complete compensation for all American private property, while temporarily not admitting her obligation to do so. He also stated that Russia is so anxious to obtain the cooperation of the United States in respect to political recognition that in fact if not in law she will make restoration or restitution and is disposed to give most-favored-nation treatment to the United States in all international negotiations [unintelligible passage]. Krassin said that the Soviets are taking steps to restore freedom of labor and to reconstitute judicial system. He substantially admitted that mutual guarantees against subversive propaganda were more necessary now to the Soviets than to the United States.

I warned Krassin that it would set back American interest in Russia for a decade if anything were done infringing the rights of our legitimate claimants to equal treatment with respect to debts and private property. He promised on my suggestion to send me privately and confidentially a communication confirming as much of the above as he dares. If the State Department allowed and his personal safety permitted he would go to the United States. He says he has personal knowledge that Great Britain and France in their dealings with Russia are showing bad faith toward each other and that the British are using Germany as a tool. He gave the implication that the Soviet memorandum of May 11 was intended for Moscow consumption being written after hope for the negotiations at Genoa was abandoned. He regrets this memorandum.

Krassin is known as a conservative as compared with Litvinoff, but he says that the evidence leads him to have faith that American interests may deal with Russia without fear of losing their property interests by nationalization or other means. I said to him that it is better to conduct business with not so much polemical negotiation than to have a lot of polemical negotiation and not do any business. He said he felt the same and that he did not have particular hope for the meeting at The Hague. He agreed that it would be better for the Soviets to have a committee merely of experts but that it was necessary for Lloyd George and Schanzer to make a gesture in order to save the face of the Genoa Conference.

* Child

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* Anté, p. 792.
Memorandum by the Secretary of State of an Interview with the French Ambassador (Jusserand), May 26, 1922

The French Ambassador called with a message from M. Poincaré which he read. He did not furnish the Secretary with a memorandum of the text. He said that Mr. Poincaré, in substance, stated that he was in accord with the position of the Secretary in relation to the meeting at The Hague; that there was only one point of difference, that is, M. Poincaré was opposed to German representation in view of the Russo-German Treaty, and thought that German representation might be made conditional upon the abandonment of that Treaty. The Ambassador also said that M. Poincaré was apparently of the opinion that the Secretary contemplated in his suggestion of an expert committee that it should sit in Russia. The Secretary observed that he did not state where it should sit; that possibly it might be advisable for such a committee to go to Russia, but that it could not do a great deal of work outside of Russia; his suggestion was comprehensive enough to include an inquiry in Russia, but did not necessarily require it.

The Ambassador said that M. Poincaré proposed, in view of the agreement between the French and the American positions, that the two Governments should work out a concrete plan for an expert inquiry and propose it to the other Governments; that it could be proposed by them jointly or probably it would be more in accord with the American tradition if it was proposed separately by the American Government and the same thing could be proposed by the French Government. The Ambassador thought that in this way there would be obtained the concurrence of a number of the Powers and it might lead to the formation of a committee on the lines suggested by the Secretary.

The Secretary expressed his gratification that the views of M. Poincaré were so nearly in agreement with his own. The Secretary said that he had made our position quite clear as to the sort of inquiry this Government favored; that there could be no doubt, he thought, of the views of this Government, and he understood that the suggestion of the Ambassador related really to a matter of procedure. The Secretary said that he was not prepared to deal with the suggestion that the American Government should make any further proposal and he wished to consider that very carefully and would take the matter up in a later interview.
Memorandum by the Secretary of State of an Interview with the French Ambassador (Jusserand), May 27, 1922

The French Ambassador called at the request of the Secretary. The Secretary said that he had carefully considered the suggestion made by the Ambassador yesterday that the French and American Governments should work out a concrete plan for an expert inquiry regarding conditions in Russia and should either jointly or separately propose it to the other Powers.

The Secretary said that he wished to recall to the Ambassador exactly what had taken place; that on May 15 there had been communicated to this Government a proposed plan for a meeting at The Hague of a commission which later was to deal with the Russian Commission to take up the existing differences with the "Russian Government"; he that the Secretary had at once replied stating the views of this Government regarding the proposal and that for reasons stated this Government could not participate in the proposed meeting at The Hague. The Secretary read to the Ambassador his reply of May 15. The Secretary said that this was communicated to the President of the Conference by Ambassador Child and was published here and in Europe in the papers of May 16; that thereupon the proposed plan had been adopted by the political subcommission; that to leave no possible question of the attitude of this Government the Secretary had sent an explicit instruction to Mr. Child on May 17; that the substance of this instruction had been read at the time to the French Ambassador and a copy sent to him; that the substance had also been communicated in the same way to the British Ambassador and the Japanese Chargé; that Mr. Child had gone over the instruction with the French, British and Italian representatives at Genoa and the Secretary believed also with the representatives of the other Governments; it thus appeared that there was not the slightest question of the American position being fully known; that the instruction of May 17, which was communicated to the various Governments the following day was concrete and explicit showing exactly why we could not participate in the proposed meeting at The Hague and the sort of inquiry which this Government would favor; that thereupon the following day the proposal in its original form had been adopted in plenary session at Genoa. The Secretary said that he understood that the French and Belgian representatives had said that they would recommend the

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550.E1 Russia/24 1/2

Telegram no. 54 from the Ambassador in Italy, May 15, 2 a.m., p. 806.

7 Contained in telegram no. 11, May 15, 5 p.m., to the Ambassador in Italy, p. 807.

Ante, p. 811.
plan as thus adopted to their Governments and had voted for it subject to the approval of their Governments; the Secretary also said that the American position was made known to the representatives of the Powers at Genoa who had dealt with a concrete plan and approved it and thus called for a meeting at The Hague.

The Secretary said that it was not necessary for this Government to add anything to its statement in order to make its position plain; that its position remained precisely what it had been as thus stated. The question, then, was whether this Government should join with the French Government or independently make a counter proposal. The Secretary felt, after careful consideration, that this would be unwise; that it was quite competent for the European Powers if they so desired to hold the meeting at The Hague according to their plan as proposed; that this Government wished them well in their enterprise and certainly did not wish to be put in a position of trying to frustrate their plans; that if this Government made a counter proposal either independently or jointly with the French and attained the adherence of several other Powers it would take the responsibility not simply of declining the invitation to attend the Hague meeting but of preventing the Hague meeting. The Secretary felt that this should not be done; that this Government did not wish to take the initiative; that this Government had no proposal to make,—that it simply declined the invitation stating its grounds and making a definite suggestion as to what it would be willing to do; that it would be an entirely different matter if this Government undertook virtually with the cooperation of the French to call another meeting which might be declined by the Russians and which might frustrate The Hague meeting without accomplishing anything at all.

The Secretary said that if the European Powers who had taken part in the Genoa Conference consulted together and desired to adopt another plan which fell in line with the American suggestions that of course they could do, and the American Government stood upon the suggestions which it had made.

The Secretary felt that the next move was one for the European Powers; if they wished to go ahead with the meeting at The Hague that they could do so; if they wished to propose something else the proposal would, of course, receive the most careful consideration.

The Ambassador endeavored to convince the Secretary that all that was desired was for the American Government to restate its views and emphasize them and that while France might stand alone in Europe in refusing to go to the Conference and have certain disagreeable consequences, still she was ready to do so, but that it would be very agreeable to her if this Government would join her in mak-
ing this proposal to the Powers. The Secretary suggested that it was quite competent for France, in the light of the American suggestion, and the inability of this Government to be represented at The Hague, to take the matter up with the British Government, the Italian Government, or other Governments to see what, if any, change in the proposed plan was desired and he reiterated that this Government did not wish to take the responsibility of making a proposal which would be construed as designed to frustrate The Hague enterprise, while it would be very doubtful if anything would come of any counter proposal which was not the result of conference and agreement among the European Powers.

PLEDGE BY THE WESTERN POWERS AT THE HAGUE CONFERENCE
AND BY THE UNITED STATES NOT TO COUNTENANCE INFRINGEMENTS BY THEIR RESPECTIVE NATIONALS UPON PRIVATE FOREIGN RIGHTS IN RUSSIA

550.B1 Russia/38a: Telegram
The Secretary of State to the Chargé in the Netherlands (Sussdorff)

[Paraphrase]

WASHINGTON, June 16, 1922—5 p.m.

38. The Department wishes to receive accurate information regarding the negotiations now taking place at The Hague. It will depend upon the Legation to give full reports by mail and when occasion requires by cable. Telegraph only such items as are not carried in the press.

As the United States has refused to accept the invitation to participate in the Conference,39 use particular care not to give the impression that you are having any part in it in any capacity at all. You will keep this Government informed regarding what takes place as far as it is possible to do so, acting merely as our diplomatic representative at The Hague. You may attend the public sessions of the Conference if you deem it appropriate. Exercise great care not to express any opinion concerning the debates or negotiations.

HUGHES

550.B1 Russia/58: Telegram
The Chargé in the Netherlands (Sussdorff) to the Secretary of State

[Paraphrase]

THE HAGUE, July 13, 1922—5 p.m.
[Received 9:28 p.m.]

64. There is general agreement today among the non-Russian delegates that due to the completely impractical and stubborn attitude

39 See telegram no. 11, May 15, to the Ambassador in Italy, p. 807.
which the Russians have maintained there is no hope any longer of any accomplishment by the Conference. The delegates reached this decision after the Russians replied in a most unsatisfactory manner to a number of technical questions to which definite answers were required regarding debts and private property. In effect the Russians stated that property rights acquired in Russia after the decree of May 22 would be recognized. The Russians also said that while they were ready in principle to recognize foreign debts, it would not be possible for an indefinite period to liquidate such debts, and that they are not even willing to consider the conditions under which they would pay the debts until definite assurances are given that credits will be extended to the Moscow government.

The circumstantial indications are that when the Russians saw that the non-Russian delegates would all follow a common policy, they determined to break with the Conference and to try to obtain credits from private sources, so as to avoid the necessity of concessions concerning debts and private property.

While the non-Russian delegates are aware of the uselessness of negotiating further with the Russians, yet for about ten days they probably will continue discussions, so as not to create the impression that they are breaking abruptly with them. Consideration is being given by the non-Russian commission to the advisability of remaining in session after the Russians depart in an attempt to arrive at a solution of the Russian problem. Information has come to me that the non-Russians are contemplating asking the United States to join in their conferences, if there is reasonable likelihood that the invitation would be accepted.

There is a disquieting impression among the French delegates that negotiations for concessions are being carried on by big private interests, especially British, Dutch and Scandinavian. Major Ord has definite proof that the Vlessing company, a Dutch concern, has secured a manganese concession in Azerbaijan, Georgia and Armenia, which it is now operating. Direct negotiations for additional concessions are being carried on at The Hague by this company with a traveling Russian trade commissioner. Should there be a break-up of the Conference now, doubtless there will be a general rush for concessions. Belgian and French delegates after a study of the list of concessions which the Moscow government recently offered declare that the list contains no American property. I am transmitting a copy of this list by pouch today. The Russians have stated that all confiscated foreign property not included in the recent list will be retained by them.

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40 Maj. James B. Ord, military attaché at The Hague.
41 Not printed.
It is the hope of the French delegation that in any case a resolution will be adopted by the non-Russian delegations to the effect that none of them will give support to any of their nationals who obtain Soviet concessions containing property any of which was confiscated from a citizen or subject of any one of the signing states.

SUSSDORFF

550.B1 Russia/59: Telegram

The Chargé in the Netherlands (Sussdorff) to the Secretary of State

[Paraphrase]

THE HAGUE, July 14, 1922—5 p.m.

[Received July 14—4:55 p.m.]

65. The non-Russian delegations, in order to protect the confiscated property of their nationals in view of the intention of the Soviet Government to grant concessions to private corporations, are discussing a proposal to make a joint agreement to be signed by the representatives of the non-Russian governments participating in the Conference here to the effect that the states signing the agreement will not give support to any of their nationals who may obtain Russian concessions containing property confiscated from the nationals of other signatory states.

The Belgian and French delegations are promoting this proposal and they have inquired of the Legation how such an agreement would be viewed by the American Government. The head of the Belgian delegation, Mr. Cattier, told me today that he would be glad to suggest to the non-Russian delegations that they extend the proposed agreement to include property confiscated from citizens of the United States. He said that it would greatly strengthen his proposals if he could state that the American Government would reciprocate by giving an indication that on its part it would give no countenance to any arrangement whereby American citizens would endanger the vested interests in Soviet Russia held by nationals of other countries. Please instruct.

SUSSDORFF

550.B1 Russia/59: Telegram

The Secretary of State to the Chargé in the Netherlands (Sussedorff)

[Paraphrase]

WASHINGTON, July 14, 1922—5 p.m.

48. Legation’s No. 64, July 13, 5 p.m. It is the hope of the Department that the non-Russian delegates are not contemplating in-
viting at this time the American Government to participate. In case you think that serious consideration is being given to extending such an invitation, you may express your opinion, in whatever places you deem desirable, that although this Government has followed the deliberations at The Hague with sympathy and interest, it does not consider that it would be either helpful or desirable to take part in the extension of these deliberations.

Hughes

550.61 Russia/50 : Telegram

The Secretary of State to the Chargé in the Netherlands (Sussendorf) 42

[Paraphrase]

WASHINGTON, July 15, 1922—2 p.m.

49. Legation’s No. 65 of July 14, 5 p.m. Inform Mr. Cattier, and if you think best the other chief delegates also, that this Government gives no countenance to any arrangements with the authorities of Soviet Russia by American citizens that would jeopardize or prejudice vested rights in Soviet Russia held by the nationals of other countries and that the American Government is fully confident that the same policy will be followed by the other interested Governments.

Hughes

550.61 Russia/60 : Telegram

The Ambassador in Belgium (Fletcher) to the Secretary of State

BRUSSELS, July 15, 1922—3 p.m.

[Received July 15—1:57 p.m.]

47. Subject: The Hague Conference on Russia.

Minister for Foreign Affairs informs me that the Belgian delegation is endeavoring to have inserted in the final report of the Hague Conference a clause by virtue of which the different governments will undertake not to support their nationals in negotiations which the latter may undertake with the Soviet Government with a view to obtaining concessions which may include property of which the nationals [of] another country may have been despoiled. The Belgian delegate has received the support of French, Dutch and Italian delegates. The British delegate however without answering categorically has stated that he hesitates to subscribe to this engagement in

42 By telegrams dated July 16, 2 p.m., the substance of this telegram was repeated to the Ambassadors in Belgium, France, and Great Britain, to be conveyed to the respective Foreign Offices.
view of the fact that the United States and Germany are not represented at the conference.

Mr. Jaspar further stated that it is very desirable not to lose at The Hague part of the ground gained at Genoa; that the Belgian Government has taken the initiative of proposing the insertion in a general report of a clause to the above effect; that it seems that Sir Philip Lloyd-Greame, the English delegate, hesitates to subscribe to it because the Government of the United States is not included in this agreement; that this relates to an agreement the consummation of which is of general interest and the importance of which he believes would not be overlooked by our Government.

Minister of Foreign Affairs also said he hoped that this engagement would be incorporated in the general report of the delegates at the final plenary session, which would take place next Wednesday or at latest Friday, and that the Belgian Government, which had taken the initiative in this matter, would be very happy if the Government of the United States could see its way to support it, if only unofficially, through its Ambassador London.

Mr. Jaspar concluded by saying that he hoped that, as Belgium has defended in these negotiations principles identical with those of the United States, that the American Government will support him in this instance as requested. He would appreciate an early response.

FLETCHER

550.E1 Russia/62 : Telegram

The Chargé in the Netherlands (Sussdorf) to the Secretary of State

[Paraphrase]

THE HAGUE, July 19, 1922—11 p.m.

[Received 11:58 p.m.]

68. Conference circles are pleased at the information contained in your telegram No. 49 of July 15, 2 p.m. In view of the final exchange of notes today it is believed that the Conference will adjourn tomorrow. At the session tomorrow of the non-Russian commission an effort will be made by the Belgian and French delegates to have the countries represented in the Conference adopt a general agreement not to countenance any arrangement with the Soviet authorities by their nationals that would encroach upon the property rights in Russia of the nationals of other countries. The attitude of the United States will be cited by the Belgian and French delegates as an important argument in favor of their position. The British

48 Henri Jaspar, Belgian Minister of Foreign Affairs.
alone, it is believed, oppose the adoption of this agreement. Aside from this movement among Conference circles, the adoption of the same policy is being considered privately by several big interests, notably the oil companies.

Considering the situation as set forth above, I think it would have a most important practical and psychological effect if the Department could see its way clear to issue a public declaration at once announcing the principle stated in its telegram of July 15, 2 p.m. Such a statement would add to our prestige and would strengthen the hands of the states and companies who are endeavoring to arrive at a fair solution of the Russian problem."

SUSSDORFF

550.E1 Russia/69

The Chargé in the Netherlands (Sussdorff) to the Secretary of State

[Extract]

No. 1042

THE HAGUE, July 27, 1922.

[Received August 8.]

SIR:

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One of the most important results of the Conference was the adoption of a resolution introduced by Mr. Cattier containing a "non-infringement clause." The French and Belgian delegations laid great emphasis on the importance of this resolution because they feared that if the Conference terminated without the adoption of a satisfactory general agreement the Soviets would immediately seek to dispose of nationalized property in the form of concessions. The resolution in its final form reads as follows:

"The Conference recommends for the consideration of the governments represented thereon the desirability of all governments not assisting their nationals in attempting to acquire property in Russia formerly belonging to other foreign nationals and confiscated since November 1st 1917 without the consent of such foreign owners and concessionnaires, provided that the same recommendation is subsequently made by governments represented at The Hague Conference to all governments not so represented and that no decision shall be come to except jointly with these governments."

"On July 20, 1922, the Department issued the following press release:

"In reply to inquiries the American Chargé d'Affaires at The Hague was instructed on July 15th to say that the Government of the United States does not countenance any arrangements by its citizens with the Soviet authorities that would jeopardize or prejudice the vested rights of the citizens of other countries in Russia and that the United States has complete confidence that the other governments concerned will adhere to the same policy."
Mr. Cattier informed me that if he had not had the information contained in the Department’s telegram No. 49, of July 15, 2 pm, he would not have been successful in securing the adoption of this resolution. Mr. Cattier stated that he desired to introduce a stronger resolution, but that the British delegates had received definite instructions from their Government that the resolution which he finally proposed was the maximum statement to which the British Government would adhere. Mr. Cattier further stated that it was quite obvious that the British delegation was not at all in favor of the resolution.

Both in Conference circles, and outside, great satisfaction has been expressed at the adoption of Mr. Cattier’s resolution and it is felt that even though it will not prevent all persons from entering into agreements with the Soviets, nevertheless, it will, in many cases, act as a deterrent to the conclusion of such agreements. Great satisfaction has also been created by the Department’s statement to the press regarding the attitude of the United States on the same subject.45

I have [etc.]  

LOUIS SUSSDORFF, JR.

550.E1 Russia/68 : Telegram

The Ambassador in Belgium (Fletcher) to the Secretary of State

BRUSSELS, July 27, 1922—4 p.m.

[Received 4:40 p.m.]

52. Russian affairs. The Minister for Foreign Affairs has handed me today a memorandum which translated reads as follows:


These proposals were rejected; the three reports of the sub-commissions of credits, private property, and debts, which were unanimously adopted by the representatives of the non-Russian powers at the Hague Conference,46 indicate the reasons for which the propositions of the Russian delegates were rejected and enumerate the conditions upon which economic relations with Russia might be ultimately [subsequently] resumed.

The terms of these reports, the Genoa and the Hague Conferences being closed, mark a new step in the road to relations with Russia.

The Belgian Government considers that the conditions indicated in these reports constitute the only possible base for the resumption of economic relations with Russia.

45 Quoted in footnote 44, supra.

It thinks that the American Government shares its point of view in this respect and asks if the American Government after having examined these reports would not be willing to make a declaration indicating its approval of the conditions therein set forth."

I take it for granted that the Department is already in possession of the reports referred to above.

FLETCHER

550.E1 Russia/63 : Telegram
The Secretary of State to the Ambassador in Belgium (Fletcher)

WASHINGTON, August 17, 1922—3 p.m.

47. Your 52, July 27, 4 p.m. You may inform the Minister for Foreign Affairs that this Government has carefully considered the suggestions in his memorandum of July 27, 1922, and the reports of the Sub-commissions of Credits, Private Property and Debts, which were adopted by the representatives of the non-Russian powers at The Hague Conference.

The cogency and importance of these reports in their statement of fundamental principles are fully recognized. In view, however, of the fact that this Government has made its position clear with respect to Russia in a series of public declarations, notably that of March 25, 1921," and its subsequent statements in relation to the Genoa and Hague Conferences, with which it is presumed the Minister for Foreign Affairs is familiar, and as this Government was not a party to the Hague Conference, it does not consider it necessary to associate itself in any formal manner with the conclusions of that Conference or that it is necessary for it at this time to make a further public statement.

HUGHES

AMERICAN PROPOSAL TO SEND AN ECONOMIC MISSION TO RUSSIA

861.50 Am 3/25
The Secretary of Commerce (Hoover) to the Secretary of State

WASHINGTON, July 14, 1922.

DEAR MR. SECRETARY: Now that the Hague Conference is over I am wondering if you are inclined to favor the idea of sending a strong, technical mission to Russia to study the economic situation.

Aside from a determination of the realities of the situation in an authoritative way there is the side issue of relief next year. A report by an independent commission on the pertinent facts as to relief

needs and resources is highly important upon which to base public activities. If the report of such a comisión outlines the continued necessity for relief it furnishes a substantial background for the necessary appeal to the American people—and if not it will silence the wrongful appeals.

I recognize that the above functions are indeed secondary to the primary question of determining what purpose America can serve in the broad, economic regeneration of Russia at this or any subsequent time.

Yours faithfully,

HERBERT HOOVER

861.50 Am 3/25

The Secretary of State to the Secretary of Commerce (Hoover)

WASHINGTON, July 15, 1922.

MY DEAR MR. SECRETARY: I have received your note of July fourteenth and I am in accord.

I have been considering, and I am inclined to favor, the sending of a technical expert mission to study the economic situation in Russia. The preliminary steps are important and I shall take these under advisement.

In view of the failure of the Powers to accomplish anything of great importance at Genoa and The Hague, and on the assumption that an international expert commission would not be permitted to conduct such an investigation in Russia, the opportunity seems to be ours and we should take such action as would dispel the notion that we are indifferent, and, on the other hand, should encourage the view that we are proceeding carefully to find out the facts and shape our policy in accordance with them. This has always been the view I have entertained.

Faithfully yours,

CHARLES E. HUGHES

861.50 Am 3/ — b: Telegram

The Secretary of State to the Ambassador in Germany (Houghton)

[Paraphrase]

WASHINGTON, July 24, 1922—4 p.m.

102. The advisability of attempting to arrange with the Soviet authorities for the sending into Soviet Russia of an American commission of technical experts to study and report to the American Government regarding economic conditions there is receiving con-
sideration. Such a visit would provide trustworthy information for American business men. Because of the danger that such a proposal will create in Europe the impression that the United States is starting a scramble for concessions, it is important to learn in advance whether or not the Soviet authorities intend to allow an international commission of this nature to enter Soviet Russia. Before proposing to send an American commission, we should have exact information that an international commission of experts would not be received. If an international body would not be welcome, in view of the practical failure of the negotiations at Genoa and The Hague, it would seem that the opportunity is ours to determine what can be done in a business way to improve economic conditions in Russia.

I wish you to take an early opportunity to discuss the matter with Krassin 48 privately and informally. First try to make sure that the Soviet authorities will not admit an international commission and then suggest that possibly the American Government might consider sending such a commission as described above if the necessary facilities were offered. The commission would consist of real experts representing agricultural, industrial, transportation and other activities. They would be men whose thoroughness and impartial judgment could be relied upon.

HUGHES

86150 AM 3/2: Telegram

The Ambassador in Germany (Houghton) to the Secretary of State

[Paraphrase]

BERLIN, JULY 28, 1922—5 P.M.

[Received July 29—6:47 a.m.]

148. Department’s number 102 of July 24, 4 p.m. At present Krassin is in London. When it is possible, I will arrange meeting. In the meanwhile I suggest the following:

I have had the opportunity during the past three months to discuss intimately the Russian situation with leaders of all shades of opinion. On the one extreme there are those like General Hoffmann and Rochberg who are in favor of immediate armed intervention in order to destroy the Soviet Government, considering such action necessary for the safety of the world. At the other extreme are those like Deutsch and Stinnes who look upon Soviet Russia as potentially the greatest existing system and who are in favor of immediately opening trade, which they think carries with it any necessary security per se. I have talked with the former German Military

*Leonid Borisovich Krassin, Soviet Commissar for Foreign Trade.
Attaché at Petrograd, Von Schubert, and with a number of men who in the past have done business in Russia but who are unable to get into satisfactory relations with the Soviets for various reasons. I have also talked with travelers, correspondents and the like.

I met Chicherin\(^49\) ten days ago. He considered differences between himself and the Secretary of State were largely verbal. He believes that private property is now established in Soviet Russia, at least to the extent it ever will be, and all big business will undoubtedly be owned, controlled and managed by the state in the future. He could not understand why the Secretary of State did not utilize the present opportunity to secure concessions. As regards security, Chicherin said that the Soviet Government had always lived up to its pledges and that it always would. He insisted that the Soviet Government was created by the popular will, although he admitted that by popular will he meant a majority of selected groups, not a majority of all the citizens. Chicherin talks and acts like a broken man. Opinion here, in which I share, is that he still plays an important role, but there are persistent rumors that he fears to return to Moscow owing to the failure at Genoa. His departure has been constantly postponed at any rate. In our interview I limited myself to asking questions.

I had a long conversation yesterday with Batolin, who was formerly one of the big industrialists of Russia. As he has been promised the restitution of three-fourths of his property if he will return to Russia and give his services to the economic reconstruction of the country, he is extremely cautious in his talk. He is, however, definitely outspoken on two points. He declares that the Soviet Government still is in a process of formation, the outcome of which it is not safe to predict, and that there does not exist in Russia any real security for investment. He also recommends a policy of waiting.

I therefore venture to offer my own conclusions as follows:

1. The Soviet Government will continue in some form to hold power indefinitely. It does not need money for existence but to make it possible to carry out its economic plans. The group now in power is willing and anxious to sell concessions for limited periods in order to gain the money needed and to carry out its economic plans.

2. At any time this group may be changed, e. g., by the incapacity or death of Lenin, and a new group with opposing views and slightly different personnel may come into power.

3. The safety of investments in Russia will depend not only upon the good will of a certain group but also upon that group continuing in power.

\(^49\) George V. Chicherin, Soviet Commissar for Foreign Affairs.
4. There is now in process a struggle for power in which apparently the conservative element is winning.

5. There is no sound basis for action until the internal situation in Soviet Russia becomes clear and a new and reasonably permanent government establishes itself.

Doubtless there are opportunities for exploitation in Soviet Russia. These could be more sharply defined by technical men. It is, however, impossible for such a committee to supply us with the information we need most, i.e., the exact political situation. Only time can do that.

I therefore think that the only safe policy for us is to remain inactive for perhaps a year longer. In that time we doubtless will hear much about inroads being made by Great Britain and Germany. I am, however, unable to learn whether either the British or Germans have actually invested any large amounts of real money in Russia. The danger in the plan which is proposed is not that Europe may believe that the United States is entering upon a scramble for concessions but that Russia may consider it a basis for negotiating regarding our fundamental position. In that case the possibility that the Soviets would yield further would be lost. Such action by us would, moreover, directly tend to strengthen the group which now holds power in Russia.

HOUGHTON

861.50 Am 3/4: Telegram

The Ambassador in Germany (Houghton) to the Secretary of State

[Paraphrase]

BERLIN, August 1, 1922—5 p.m.

[Received 9 p.m.]

150. On the invitation of John Callan O’Laughlin I had lunch this noon with Krassin. O’Laughlin received word from Chicherin that he would come with Krassin as he also wished to talk with me. I did not object and Chicherin came.

Krassin and Chicherin were in agreement that it was not possible to have an international committee, because it would consist of interests that would be competing and mutually antagonistic and because the Russian people would fear that the establishment of an international committee meant that ultimately there would be a protectorate. Krassin and Chicherin both said that a technical commission from the United States of the nature outlined, representing basic industries, would be welcome provided it did not seek to enter

American journalist.
disturbed areas or meddle in politics. However they both agreed that they were without any authority to speak for the Soviet Government. Finally Krassin proposed that if I would cable and find out whether you desired to send such a commission, he and Chicherin would get in touch with Moscow at once to learn its decision. Then we could have another meeting. Since I had discussed the committee as an idea of my own, due to Chicherin's presence, I agreed to this suggestion. The above was the only matter of interest in our meeting, although there was much general conversation. Krassin goes to Moscow tomorrow morning by airplane. Chicherin told me he was staying here two weeks longer.

Houghton

961.50 Am 3/7: Telegram

The Ambassador in Germany (Houghton) to the Acting Secretary of State

[Paraphrase]

Berlin, August 29, 1922—4 p.m.

[Received August 30—2:48 a.m.]

173. Department's No. 102 of July 24, 4 p.m., and my No. 150 of August 1, 5 p.m. This morning I received the following letter which was marked "personal":

Berlin, August 28, 1922.

Sir: I am instructed to declare that the Russian Government is quite willing to allow any American business men or groups of business men, on the same footing as those of other countries which are in permanent relations with Russia, to enter Russia for the purpose of conducting negotiations relative to concessions, trade and other economic questions. As for the admission into Russia of an American committee of experts or of inquiry, which would obviously be a step of greater bearing, involving much more difficult issues, the Russian Government would consent thereto if a certain reciprocity was admitted; namely, if Russian commercial delegates were allowed to visit the United States of America in order to study the American market and trade conditions.

In a general way I am instructed to declare that the Russian Government would welcome with joy the beginning of trade negotiations with the American Government and would be glad for that purpose both to be able to send a Russian trade committee to America, or else to invite an American committee to come to Moscow.

I remain, Sir, yours most respectfully,

(signed) George Tchicherine

I request telegraphic instructions if you desire to have me discuss the matter further with Chicherin. It is reported that Krassin will

*The text of the letter is not paraphrased.
be here tomorrow morning. I suspect that there will be no particular difficulty in obtaining permission for an expert commission such as suggested in your telegram under reference to enter Russia, with certain restrictions, without our giving reciprocal permission. I am reluctant to proceed further, in view of my 140 [148], July 28, 5 p.m., unless I receive definite instructions.

Houghton

861.50 Am 3/6: Telegram

The Acting Secretary of State to the Ambassador in Germany

(Houghton)

[Paraphrase]

WASHINGTON, August 29, 1922—5 p.m.

115. Our 102 of July 24, 4 p.m. Department now believes that although we should be ready to make an impartial economic investigation at any time when it may appear feasible, the better way would be not to press the matter at present but to let the proposal come from the Moscow authorities. Then we can make our conditions.

Phillips

861.50 Am 3/7: Telegram

The Acting Secretary of State to the Ambassador in Germany

(Houghton)

WASHINGTON, August 30, 1922—6 p.m.

116. [Paraphrase.] Your 173 of August 29, 4 p.m. Do not give written answer to Chicherin letter. In case he wishes to call upon you you may again tell him what it is believed you have already intimated to him, i.e., that the United States might give favorable consideration to the sending into Russia of a commission of technical experts provided there was assurance of the necessary facilities for investigation. No discussion of negotiations regarding economic or political matters or of the sending of a Soviet trade delegation to this country can be permitted. If a commission is sent to Russia it will be strictly a commission of experts with no authority whatever aside from the making of an investigation and report. [End paraphrase.]

The following statement is being given to the press at Washington today:

"In reply to inquiries concerning a statement reported to have been made at Moscow regarding informal overtures by the American Government to the Soviet authorities looking to the sending of an investigation commission to Soviet Russia, it was explained at the State Department that the American Ambassador at Berlin had
made inquiries with regard to the attitude of the Soviet authorities should this Government consider sending to Russia in the future an expert technical commission to study and report on the economic situation there. There has been no question at any time of sending any commission to Russia, other than an economic commission of experts to investigate and report."

PHILLIPS

861.50 Am 3/9 : Telegram

The Ambassador in Germany (Houghton) to the Acting Secretary of State

[Paraphrase]

BERLIN, September 2, 1922—4 p.m.

[Received 9:45 p.m.]

176. Your telegram No. 116. I had interview with Chicherin this afternoon. I told him that we could not entertain his reciprocity suggestion nor could we consider question of negotiations. I said we should simply like to know the attitude of the Soviet authorities, should this Government give favorable consideration to the question of sending to Russia a commission of technical experts to investigate economic conditions. Chicherin replied that he would attempt to find out by wire but that he was going to Moscow soon in any event and would there discuss the matter, which he personally viewed as being of the highest importance. He said he would promptly inform me as to the result. Chicherin added that prior to my interview with him the Moscow authorities had been informed by the Far Eastern Republic representative 51a in Washington that the United States would make a proposal to the Soviet authorities regarding a commission.

Houghton

861.50 Am 3/17 : Telegram

The Ambassador in Germany (Houghton) to the Acting Secretary of State

[Paraphrase]

BERLIN, September 16, 1922—4 p.m.

[Received September 17—12:40 p.m.]

187. This afternoon Chicherin handed me the following statement. He prefaced the statement by saying that if the prospect of Russian competition in grain alarmed the agricultural bloc, such

51a Boris E. Skvirsy.
fear was needless as the industrial development of Russia would probably bring about the consumption by Russia of her own products. However, if American capital for the industrial needs of Russia was not provided, then doubtless the surplus crop would be exported in good years while in bad years the crop would be consumed at home. The following is the statement which Chicherin handed me:

"The Russian Government is interested in the highest degree in every step which can bring nearer the reestablishment of commercial relations between Russia and the United States of America. It is evident that such commercial relations must be based upon equality of rights and reciprocal benefits. The Russian Government is therefore ready to begin at once preliminary official exchange of opinions as to reopening of regular relations with a duly authorized American delegation. The Russian Government is in the same measure disposed to carry on such discussions in Russia, in the United States or in any third country. The Russian Government would eagerly welcome any measure which being based upon mutual interest and equality would allow both the United States and Russia to acquire the necessary information as to the business conditions of the two countries. The wish of the Russian Government is to create permanent and solid business relations between Russia and America. It is from this viewpoint that Russia cannot consider as a measure promoting the desired end the nomination of an American committee of inquiry for Russia which would put Russia in a condition of inferiority. Russian public opinion would evidently consider such a nomination by one of the two governments of a committee of inquiry for the other country as an infringement to the equality of rights of free peoples. The result would be that feelings would be engendered which would be scarcely helpful to the consolidation of useful business intercourse between the two countries. The Russian Government thinks that the American Government having gathered ample information about the internal conditions in Russia with the help of officials of the Relief Administration and through many other channels, will be in a position, if it considers that the time has come for furthering new issues as to Russian trade, to propose forms of intercourse in conformity with equality of rights, and on this basis it will always find on the part of Russia the most eager desire to meet its wishes."

I told Chicherin briefly that since apparently the Soviet Government felt that it was not possible to admit a commission of technical experts to make a study and report upon Russian economic conditions, there seemed to be nothing more to say. Chicherin replied that if at a later time after he returned to Moscow the American Government had other proposals to make, of course he would gladly consider them. I told him that I had no knowledge of any other proposals and terminated the conversation.

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52 The statement is not paraphrased.
I was told this morning by De Bach, formerly the Counselor at the Russian Embassy in Washington, that he had heard from several Moscow sources that the Soviet authorities were jubilant at our proposal and were saying that now the ice was broken. Other sources of information confirm this report. Since Chicherin has released this statement to the press and is evidently seeking all the publicity possible, I suggest that we make a public acknowledgment in the briefest possible form. I believe that so far the only result of our proposing a commission has been to convince the Russians that the United States is changing its attitude.

Houghton

861.50 Am 3/17: Telegram

The Acting Secretary of State to the Ambassador in Germany (Houghton)

WASHINGTON, September 18, 1922—5 p.m.

122. Your 187, September 16, 4 p.m. A public announcement is being made that in view of Soviet refusal matter is now considered to be terminated.

Phillips

861.50 Am 3/29: Telegram

The Special Mission at Lausanne to the Secretary of State

[Paraphrase]

Lausanne, December 11, 1922—3 p.m.

[Received 9:50 p.m.]

87. We have received indirectly from Chicherin intimations which indicate that he is intensely desirous of again informally negotiating to have an unofficial commission sent by the United States to Russia to obtain information and for other purposes. Ambassador Child believes that information which can be obtained from other sources is sufficient for the present purposes of the United States. He thinks that Lausanne is not the place in which to entertain this suggestion and that the only purpose which could be confidently predicted is increased Soviet propaganda and prestige.

American Mission

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58 The Ambassador in Italy (Child) and the Minister in Switzerland (Grew) had been instructed to be present at Lausanne as observers during the sessions of the conference for negotiating peace between the Allies and Turkey.
The Secretary of State to the Special Mission at Lausanne

[Paraphrase]

WASHINGTON, December 12, 1922—7 p.m.

43. Mission’s 87, December 11, 2 p.m. Belief that you should carefully avoid this question at Lausanne has our approval.

Hughes

APPEAL TO PRESIDENT HARDING ON BEHALF OF TIKHON, PATRIARCH OF THE RUSSIAN CHURCH, ON TRIAL BEFORE A SOVIET TRIBUNAL

861.404/22

The Russian Ambassador (Bakhmeteff) to the Secretary of State

The Russian Ambassador presents his compliments to the Honorable, the Secretary of State and has the honor to request to bring to the attention of the President the enclosed letter from Archbishop Alexander, together with an appeal of several high dignitaries of the Eastern Orthodox Church in the United States of America, headed by His Grace Metropolitan Platon, relative to the reported trial of His Holiness Tikhon, Patriarch of Moscow and All the Russians.

These documents have been received by the Russian Embassy with the request to submit them to the President.

WASHINGTON, May 15, 1922.

[Enclosure 1]

Archbishop Alexander to President Harding

NEW YORK, 12 of May, 1922.

My Dear Mr. President: With the vivid recollection of your earnest Christian attitude toward the tremendous responsibility resting upon you that was so clearly manifested to me in audience you were so kind as to grant me, which attitude was further emphasized in your cordial reply to the memorial I then presented you, I have no hesitation in forwarding to you the enclosed appeal of my fellow Bishops, of the Metropolitan of Odessa and Gherson, now a refugee with us in America, and myself.

As your Excellency will see, we are appealing not so much for the life of one man, though that is dear to us, but for the life of the largest single group of Christians in the World; our appeal is that Christ may not be driven from Russia and our people there
thrown back into the barbarism of Anti-Christ as well as steeped in the poison of anti-social doctrine.

May this letter find you in perfect health, and may God preserve you in the same, is the prayer of

Your fellow servant,

Alexander
Archbishop of the Aleutian Isles
and No. America

[Enclosure 2]

The Hierarchy of the Holy Eastern Orthodox Church in America to President Harding

New York, May 12, 1922.

We, the Hierarchy of the Holy Eastern Orthodox Church, consisting of the Archbishops and Bishops in charge of the American work [of] the Church amongst peoples of Greek, Syrian, Russian, Serbian, Carpatho-Russian, Roumanian, Albanian, Bulgarian, and kindred descent, many of them native born American citizens, many others legalized citizens, together with the recent immigrants, in Conference assembled, invoking the aid of Our Common Father in Heaven, the God of us all, do herewith set forth this, our humble and earnest appeal and petition to

His Excellency, the Most Honorable
Doctor Warren G. Harding,
President of the United States:

May it Please Your Excellency

that we remind you of the two millions of Orthodox Church people now resident in the United States, on whose behalf we, their chief Pastors, appeal to you to save the life of their and our venerable Patriarch, Head of the Russian Orthodox Church, and the last remaining barrier against the total submerging of that onetime great nation in the maelstrom of organized anarchy which now has the Russian people in its powerful grip.

By public press and from other sources we have learned that His Holiness, Tikhon, Patriarch of Moscow and All the Russias, is on trial for his life before the so-called Revolutionary Tribunal in Moscow on the specious charge of inciting the Faithful to riot in that he would not, and could not in duty to his sacred oath, license the total destruction of all means for the perpetuation of the Sacraments and other Rites of Holy Religion by sanctioning the sacrilegious seizure of the intrinsically valueless vessels used in the celebra-
tion of the Holy Communion, Baptism, and other sacred forms of Divine Worship.

The charge that vast treasures were being withheld by the Church from the use of the starving people of the land is false. Long since what few treasures had escaped the sack of all sacred places by mobs had been sacrifices to this very cause of succoring the needy and in maintaining the fabric of worship since all funds of the entire ecclesiastical structure of a Church of about one hundred and twenty five millions communicants had been "confiscated" by the present regime. On pretense of seizing "treasures" the anti-christian forces now in control have attempted to prevent the Church from performing her ritual functions and thus to abolish the external forms of worship.

The refusal of His Holiness, with death as the alternative, to act as accomplice in this crime against the conscience and soul of a people, as well as his refusal to play the part of Pilate and wash his hands of responsibility when his frantic people asked his advice and guidance, is heroic evidence of his loyalty to God and to Right. For this he is now on trial before a judge and jury of atheists; his real crime is that he represents Religion! Thus,—we beg Your Excellency to believe, it is Religion,—Christianity, that is on trial in the person of His Holiness, Tikhon, Patriarch of Moscow.

Need we point out to you, Sir, that while a Church must be destroyed, that a mass of plated vessels for altar use be gathered in behalf of the poor famine sufferers, these same destroyers are spending appalling sums in the maintenance of an army arrayed avowedly against civilization, and countless sums are expended in the propaganda of world revolt against the structure of society?

God forbid that one paltry jewel remain in the custody of the Church authorities of Russia as long as one of the least of all Russians is starving because of the need of that jewel! It is but more of the vicious propaganda aimed at all decency that fabricates the lie that the Church of Christ is hording valuable baubles while the Poor of the Master are starving.

We deny this miserable imputation against the honor of our confreres of the Russian clergy. Stripped clear of deceit, this last outrage against Religion and Christ in Russia, coupled as it is with the recent decree that no person under eighteen years of age may be taught anything whatever of religious principle, is seen to be the great and desperate attempt of the agents of Anti-Christ to destroy the Church completely before the hoped-for resumption of international relations shall bring these present rulers of Russia under the scrutiny and coercive judgement of civilized nations.
Whatever may be the destiny of the Slav, and great thinkers predict a great future for this people, will the world profit to have an anti-Christian as well as an anti-social power to deal with? The one organized body left in Russia is the Orthodox Christian Church; this body alone has withstood the assaults of the Terror-ruling regime, and it alone holds the traditional life of Russia in keeping ready for that morn when, as after a night of horrid nightmare, the Nation shall awake to better and greater days! Bolshevism is not safe in Russia as long as the Church remains! It was the Church that brought the Russian Nation into being; two of her Bishops created the very written language of the people. Once before after years of black misery and defeat, when all the country had been conquered, it was the Church which rallied the people and brought the Nation back to life again. In gratitude the people called the then Patriarch's son to be their Tzar, and thus began the House of Romanoff. Bolshevism cannot last if the Church remains,—therefore this trial of the Patriarch,—

"Smite the Shepherd and scatter the sheep!"

This calamity for Russia and for the world, You, Sir, may prevent! Behind you rallies the greatest Christian people in Christendom's history. For the sake of our brethren, but more for the sake of Christ in the world, we send you this, our prayerful appeal, asking that you exercise your great privilege and see to it that Christ be not taken away from a suffering people despoiled of all else.

We ask you to believe that our love for America prompts this appeal equally as much as does our love for our fellow believers in our section of Christ’s Church. Those of us who are of Russian blood and those of us who love Russia, look forward to the Russia of tomorrow, an awakened and gentle Giant of the North, fit and culturally inclined to be the friend of America. We dread, not only for Russia’s sake but for America’s, a Slavic horde, powerful, but Godless, which, like Genghis Khan, or Attila, may sweep down upon civilization like the hordes led by those barbarians of old. And this we know: Take the white Christ of Russia away from the people, and back again into the darkness of barbarism will they be plunged. A godless Russia means a war-worn world for generations.

Your Excellency will, we trust, pardon this lengthy communication; we have the temerity to send you so prolonged a statement for we know you do not despise the anxieties of those over whom you have been chosen leader and ruler. That of which we write is to our minds, taught by our consciences, a matter of historic import. You are one of those whom God has permitted to fashion in some manner and form events of today that will be the history
of tomorrow. Our appeal to you, therefore, we are assured you will find worthy of consideration. If the voice of Christian America will but sound, there will be saved a Christian world.

Praying Almighty God’s blessing upon you, upon those of your own household and upon your administration, with all respect, we are,

**Platon**
Metropolitan Archbishop of
Odessa and Gershon

**Alexander**
Archbishop of the Aleutian Isles
and No. America

**Alexander**
Bishop of Rodostolos and Acting
Archbishop of the Hellenic
Archdiocese of No. and So. America

**Aftimios**
Bishop of Brooklyn and Head of
the Syrian Church in North America

**Stephen A. Dzubay**
Bishop of Pittsburgh and Head of
the Carpatho-(Ugbro) Russian
Mission in North America

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The Secretary of State to President Harding

**Washington, May 18 [17], 1922.**

**My Dear Mr. President:** I beg to send you herewith, at the request of the Russian Embassy, a letter addressed to you by Archbishop Alexander of the Russian church in America,\(^{54}\) enclosing an appeal from the church hierarchy on behalf of the Patriarch of the Russian church, who, it is reported, is about to be placed on trial in Moscow charged with resisting the requisition of church treasures by the Soviet authorities.

The general situation to which the appeal relates is undoubtedly one of the most important recent developments in Russia, but I do not perceive that there is anything which this Government can do in the premises.

I take the occasion to send to you also a petition, in printed form, addressed to you in connection with this same matter, by the Serbian church at Lebanon, Pennsylvania.\(^{55}\) A considerable number of peti-

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\(^{54}\) Supra.

\(^{55}\) Not found in Department files.
tions in the same form are now being received in the Department from various Greek Orthodox congregations. I assume that it will suffice to send you this one copy.

Faithfully yours,

CHARLES E. HUGHES

WASHINGTON, May 20, 1922.

My dear Secretary Hughes: I have yours of May 17, in which you enclose to me the letter of Archbishop Alexander of the Russian Church in America making an appeal from the church hierarchy on behalf of the Patriarch of the Russian Church who is about to be placed on trial in Moscow on the charge of resisting the requisition of church treasures by the Soviet authorities. However much one may sympathize with the appeal I do not see that there is anything which we may do about it. I assume, therefore, that your acknowledgment of the petition is the only action which may be taken.

Very truly yours,

WARREN G. HARDING

JAPANESE EVACUATION OF THE MAINLAND OF SIBERIA* AND THE UNION OF THE FAR EASTERN REPUBLIC** WITH SOVIET RUSSIA

[WASHINGTON,] January 5, 1922.

Mr. Secretary: Mr. Kolesnikoff, Minister of Foreign Affairs of the so-called Pri-Amur Provisional Government at Vladivostok, called this morning at the Russian Division in company with Mr. J. K. Okulitch, of Boston, who describes himself as Plenipotentiary Representative of the Pri-Amur Government in this country. Mr. Kolesnikoff presented his credentials from the Pri-Amur Government, of which I took informal note, as in the case of the other representatives of unrecognized governments. I explained to Mr. Kolesnikoff that he might deal with the Russian Division and that we would be glad to receive such information or comments as he might care to contribute with respect to the situation in Eastern

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* For the beginning of Japanese military action in Siberia, see Foreign Relations, 1918, Russia, vol. ii, pp. 324 ff.
** For the establishment of the Far Eastern Republic, see ibid., 1920, vol. iii, pp. 545 ff.
Siberia. He was entirely correct in his attitude; said that his government did not pretend to recognition at this time; and said that he would be very happy to deal with the Russian Division in the way suggested.

The question of the allegations of the Chita delegation of a Franco-Japanese understanding respecting Siberia coming up in the course of our conversation, Mr. Kolesnikoff contributed the following information:

Last July the Far Eastern press reported extensively that the Wrangel army would be transferred to the East. Kolesnikoff thereupon made inquiries of Kroupensky, the old Russian Ambassador at Tokyo, and Maklakov at Paris. Kroupensky replied that he took the question up with the Japanese Foreign Office and was assured that nothing of the kind was under discussion. Maklakov replied from Paris that the reports were without foundation. Subsequently, in October, one ship, the Franz Ferdinand, arrived at Vladivostok with Russian refugees from the Near East comprising 900 in all, including women and children. The only military elements were 200 sailors from the Russian Caspian fleet and 100 Ural Cossacks, the remnant of a large body of Cossacks who had trekked from Russia through Persia into Mesopotamia. All these refugees were transported to Vladivostok not by the French but by the British Government and the British Government paid the local Vladivostok Government 8000 yen to meet the expenses of their maintenance immediately after they were put on shore.

The foregoing tends very strongly to dispose finally of the alleged Franco-Japanese agreement as a fabrication. The alleged agreement between Japanese military representatives and Semenoff, on the other hand, is probably founded upon fact, in Mr. Kolesnikoff’s opinion, and I am of the same view. You have no doubt noted the long explanation which Baron Kato made to the press concerning Japanese cooperation with Semenoff.

Respectfully,

D. C. POOLE

861a.01/184: Telegram

The Ambassador in Japan (Warren) to the Secretary of State

[Paraphrase]

Tokyo, January 26, 1922—6 p.m.

[Received 9:42 p.m.]

13. In frequent conversations regarding Siberia with Uchida 59 I have again and again urged upon him the wisdom of evacuating

59 V. A. Maklakov was appointed Russian Ambassador in Paris in 1917 by the Provisional Government. Kroupensky was an Imperial appointee.

59 Count Yasuya Uchida, Japanese Minister for Foreign Affairs.
the Japanese Army from Siberia or of gradually decreasing the
Japanese forces there so as to improve the position of Japan before
the world in view of the statement issued at the time when the troops
were originally sent to that country. He has consistently insisted
that when a commercial treaty is concluded with the Far Eastern
Republic and stable conditions are established the Japanese forces
will be withdrawn from Vladivostok. As reported in previous
despatches this agrees with declarations by Hara 60 and by Han-
hara 61 and also with the most recent official War Department state-
ment which was transmitted in my No. 416 of December 11. 62

Uchida’s most recent statement was made at the opening of the
Diet. On that occasion, speaking for the Government, he reiterated
his former declarations regarding the evacuation of the troops and
the lack of desire to annex territory or to obtain exclusive conces-
sions, etc. Nevertheless our representative at Vladivostok has con-
sistently reported actions by the Japanese military command in
Siberia intended to complicate conditions so as to make it necessary
for Japan to retain the troops and to set up some form of govern-
mental authority.

Although apparently the only course to pursue is to accept Japan’s
declaration and agreement at the Washington Conference to with-
draw when conditions are stable . . ., some observers in Siberia are
of the opinion that the Japanese military commanders there are con-
sidering some important move soon which should be checked by a
vigorous protest against acts so at variance with the policies an-
nounced by Japan.

WARREN

123.C12/145a : Telegram

The Secretary of State to the Ambassador in Japan (Warren)

[Extract]

WASHINGTON, February 7, 1922—5 p.m.

15. Instruct Caldwell 63 to return to Tokyo to assume duties as
Japanese Secretary. Instruct Vice Consul Thomas to remain at
Chita, replacing Caldwell. Inform him that Major Faymonville
sailed from San Francisco February 5th and will proceed to Chita
via Manila and Peking, reaching Chita about April 15th.

HUGHES

60 Takashi Hara, late Japanese Prime Minister.
61 Masanao Hanihara, Japanese Vice Minister for Foreign Affairs.
63 John K. Caldwell, consul, arrived at Chita on detail Nov. 2, 1921.
The Ambassador in Japan (Warren) to the Secretary of State

[Paraphrase]

Tokyo, February 10, 1922—11 a.m.
[Received February 12—10:50 a.m.]

26. Department's 10 of January 31, 1 [7] p.m. Following from Caldwell February 6, 11 p.m.:

"Minister for Foreign Affairs informed me today in reply to my inquiries that the Japanese delegates at Dairen on January 19 presented demands much the same as those reported in my telegram No. 15 of December 22, 9 p.m. The Russians consider these demands so unacceptable that since January 19 negotiations have been practically suspended. It is stated by the Minister that the latest demands of the Japanese are essentially the same as their original demands but lacking the reestablishment [of relations?] which at one time the Japanese seemed willing to make.

1. The Japanese demand that there must be assurances in the agreement that the Far Eastern Republic will not allow a communist form of government within its borders.

2. The Russians have insisted that a commission be formed to arrange matters this year regarding fishing rights irrespective of the conclusion of any other treaty or agreement between the Far Eastern Republic and Japan. This is to prevent the Japanese repeating their actions of last year. The Russian proposal includes the placing of a representative of Soviet Russia upon this commission. The inclusion of a Soviet representative is objected to by the Japanese who also propose that the commission be formed immediately but that it shall not function until a general agreement or treaty is signed.

3. Rights of navigation upon the Sungari and Amur Rivers are insisted upon by the Japanese.

4. The Japanese demand the destruction of all Pacific coast fortifications.

5. The Japanese also demand that responsibility for the Nikolaevsk massacre be accepted by the Far Eastern Republic, Japanese soldiers to remain in Sakhalin until settlement is made.

The following is the situation with respect to the other Japanese demands reported in my telegram of December 22, 9 p.m.:

The Far Eastern Republic representatives have proposed that where rights acquired by Japanese in Sakhalin were obtained legally and where the Japanese can prove title, such rights be recognized. The Japanese demand to have troops in Russian territory is not being insisted upon. The latest Japanese note does not contain the demand that with respect to industry and commerce Japanese sub-

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64 Not printed.
65 The conference at Dairen between representatives of Japan and the Far Eastern Republic opened Aug. 26, 1921.
jects shall have as favorable treatment as citizens of the Far Eastern Republic. However, this demand may be repeated later as the note states that there are a number of points of lesser importance reserved for later discussion.

In commenting upon these demands the Minister for Foreign Affairs contrasted them with the declaration made five days later by the Japanese Ambassador at the Conference on the Limitation of Armaments. The Minister for Foreign Affairs referred to the treaty [omission] to Japan. He fears this may be connected with negotiations to recognize agreement made by Japan to increase and support reactionary Russian military forces in the eastern part of Siberia.”

WARREN

861.00/0290: Telegram
The Ambassador in Japan (Warren) to the Secretary of State
Tokyo, February 17, 1922—10 a.m.
[Received 3:15 p.m.]

29. Following from Vladivostok:
“February 16, 6 p.m. Kappel troops 68 12th forced to retire before Red forces from Habarosk have taken position at River Amur. Japanese Army apparently much concerned report 10,000 Red against 4,000 White troops. If forced to retire through the Japanese zone of operation Kappels will undoubtedly be disarmed.”

WARREN

861a.01/202
The Chairman of the Special Trade Delegation of the Far Eastern Republic to the United States (Yazikoff) to the Secretary of State
Washington, March 1, 1922.

Sir: I am enclosing herewith a copy of a Note sent by Mr. Janson, the Minister of Foreign Affairs of the Far Eastern Republic to the Minister of Foreign Affairs of the Japanese Imperial Government on February 10th, 1922.
I beg [etc.]

A. YAZIKOFF

[Enclosure]
The Minister of Foreign Affairs of the Far Eastern Republic (Janson) to the Japanese Minister of Foreign Affairs (Uchida)

The Government of the Far Eastern Republic has been informed that on January 23rd, when the Siberian question was being dis-

68 White Russians, taking their name from Gen. V. O. Kappel of the Siberian Army, who died in January 1920 in the retreat following the defeat of Kolchak.
cussed by the Committee on Far Eastern Affairs at the Washington Conference on the Limitation of Armament, Baron Shidehara stated that the Japanese Delegation was authorized to declare that Japan had decided on a fixed and settled policy in respect to Russia’s integrity, to observe the principle of non-interference with Russia’s domestic affairs and also the principle of equal trade opportunity for all nations in every part of the Russian possessions.

The Government of the Far Eastern Republic expresses deep satisfaction with the principles of Japan’s policy as outlined in Baron Shidehara’s statement. The Government of the Far Eastern Republic believes that these principles must be made the foundation for any future relations between Japan and the Far Eastern Republic and hopes that the Japanese Government will be guided by these principles in settling the question of the evacuation of Japanese troops and in discussing the agreement between the Japanese Imperial Government and the Far Eastern Republic at Dairen.

To be exact and explicit, the Government of the Far Eastern Republic must, however, state that the proposed Japanese draft of agreement consisting of seventeen articles and three supplementary ones presented on September 26th, 1921, is not in accord with the principles declared by Baron Shidehara concerning non-interference in domestic affairs and the principle of equal opportunities for all nations. Likewise these principles are in contradiction with the verbal note presented by the Japanese Delegation to the Far Eastern Republic Delegation at Dairen on January 15th, 1922, embodying Japan’s final conditions of agreement.

The Government of the Far Eastern Republic believes that the systematic assistance rendered by the Japanese authorities to Russian counter-revolutionaries in the Maritime Province cannot be regarded as consistent with the declaration regarding non-interference in Russian affairs.

The Government of the Far Eastern Republic has definite information that the Japanese military command, besides the arms previously delivered to the so-called Merkulov army, also supplied it for the Khabarovsk attack with 12,000 rifles, 6 artillery guns, 50 machine guns and other materials and supplies.

A considerable quantity of Remington rifles and other arms were in the Vladivostok military stores when the Far Eastern Republic’s authority extended to Vladivostok. These stores were controlled by Japanese forces and the Japanese military command refused to deliver them to the authorities of the Far Eastern Republic. After Merkulov’s coup d’etat the Japanese command continued to guard

* Spiridon V. Merkulov, president of the Provisional Primamur Government.
these stores and the Japanese Government's diplomatic representatives at Dairen repeatedly assured the Government of the Far Eastern Republic that under no circumstances would the arms be delivered to military organizations in the Maritime Province, hostile to the Far Eastern Republic.

However, these arms have been distributed among counter-revolutionary organizations. This is proved by the presence of a great number of rifles of the above make and origin in the hands of counter-revolutionary detachments near Khabarovsk where the armoured train "Orlik" which was previously under Japanese control was also found.

The activities of the Japanese occupationary forces on the territory of the Far Eastern Republic are incompatible with the avowed principles. The following incidents may serve as illustrations: On February 6th, a Japanese detachment of 50 men occupied the village of Brovnichi on the Suchan River and after searches arrested several Russian peasants. In the village of Spaskoye, the Japanese commander requested that the priest of that village obey his rude, insolent demands and after arresting him, beat him severely. These and a series of similar incidents can be quoted as characteristic of the actions of the Japanese officials on the territory of the Far Eastern Republic occupied by the Japanese. No steps have been taken by the Japanese Government regarding the evacuation of the Maritime and Sakhalien Provinces. Despite the Japanese Government's numerous statements, its troops continue to occupy Russian territory and lately, it has been noticed that their numbers are increasing.

The Government of the Far Eastern Republic believes that even disregarding the Japanese officials' behaviour and their treatment of the Russian population, the mere presence of Japanese troops on Russian territory cannot be regarded as respect for Russia's territorial integrity nor the principle of non-interference.

The Government of the Far Eastern Republic wishes to receive a statement of the Japanese Government whether it considers the above stated facts as consistent with the principles of territorial integrity, non-interference and equal opportunity for all nations on Russian territory, or whether Baron Shidehara's statement is contrary to the Japanese Government's policy in the Russian Far East.

CHITA, February 10th, 1922.

JANSON
The Ambassador in Japan (Warren) to the Secretary of State

[Paraphrase]

Tokyo, March 1, 1922—2 p.m.
[Received March 2—2:42 p.m.]

35. Thomas telegraphs as follows from Chita February 27, 5 p.m.:

“I have been requested by the Minister for Foreign Affairs to transmit the following information to my government:

Information has been received by the Government of the Far Eastern Republic that, on evacuating Vladivostok, the counter-revolutionary groups in the Maritime Province intend to take property of the Far Eastern Republic, including ships in the port of Vladivostok, with them.

Chita government is unable, due to presence of Japanese troops, to prevent forcibly this robbery of national possessions, and if American representatives in Vladivostok could, until power of Far Eastern Republic is established in that city, prevent taking away of property in question, Chita government would be very grateful for friendliness of America.

I have been informed likewise by Chita government that, to keep order in that city, consular corps in Vladivostok wishes to arm Russian counter-revolutionary groups. The arming of groups fighting against it is considered by the Government of the Far Eastern Republic as a hostile act, and it wishes to point out that the establishment of order and lawful government can only be hindered and delayed by the arming of such groups.

It is hoped by the Government of the Far Eastern Republic that measures to prevent such arming of groups hostile to the Far Eastern Republic will be taken by the United States Government and its representative in Vladivostok. Thomas.”

The above has been received from Chita and is transmitted without comment. Will ascertain if in Vladivostok there are any new developments which require instructions to Macgowan if desired.

Warren

The Consul at Vladivostok (Macgowan) to the Secretary of State

Vladivostok, March 4, 1922—11 a.m.
[Received March 4—8:33 a.m.]

12. Embassy informed. Spiridon Merculoff has resigned as President of the Provisional Government. Successor is Yeremeiff, Mayor of Vladivostok.⁹⁰ Immediate cause was the growing dis-

⁹⁰After a few days the status quo under Merkulov was restored.
satisfaction with the President’s dictatorial ways though total bankruptcy of the Government and the retreat of the Army contributed. Failure of the Army is due to lack of funds and ammunition and excessive losses from frostbite.

Situation unstable and there is talk about military dictatorship under General Verschbitsky, commanding the Army. Japanese authorities watchful and doubtless they will shape the final result.

MacGowan

861a.01/201: Telegram

The Secretary of State to the Ambassador in Japan (Warren)

WASHINGTON, March 9, 1922—5 p.m.

22. Your 35, March 1, 2 p.m.

Communicate to MacGowan solely for his information substance of Chita’s February 27, 5 p.m. and say that the Department is confident that in this and other instances he will remain carefully neutral in all conflicts between Russian factions, limiting himself strictly to the direct protection of American interests.

Inform Thomas that he may intimate informally to the Chita authorities that such will be the course of all American officials now as in the past. The Chita authorities will appreciate that this attitude of strict neutrality will preclude the American Consul acting in any sense in their behalf at Vladivostok or from taking on the other hand any measures which could properly be regarded as unfriendly to the interests of the Russian people.

Hughes

861a.01/226

The Chairman of the Special Trade Delegation of the Far Eastern Republic to the United States (Yasikoff) to the Secretary of State

WASHINGTON, April 4, 1922.

Sir: I am enclosing herewith a memorandum regarding the present situation which has arisen since the Washington Conference in the relations between the Government of the Far Eastern Republic and the Japanese Government.

The present situation in the Russian Far East is once more very critical and may result in more bloodshed. I believe that only im-

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"Leader of the Kappel troops.

"See telegram no. 35 from the Ambassador in Japan, Mar. 1, 2 p.m.

"Not printed.
mediate action in accordance with the declaration of the Government of the United States at the Washington Conference regarding the withdrawal of the Japanese troops from Eastern Siberia may prevent the Russian Far East from once more being plunged into chaos. I beg [etc.]

A. YAZIKOFF

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861a.01/223 : Telegram

_The Ambassador in Japan (Warren) to the Secretary of State_

_Tokyo, April 5, 1922—11 a.m._
[Received April 5—10:40 a.m.]

55. Following from Vladivostok dated April 4, 11 a.m. “The Japanese publicity bureau states that Chita government forces numbering about 800 attacked the Japanese with (?) quite near Spassk Sunday as reply to the request to leave neutral territory. Chita casualties 80, Japanese none. There were several minor collisions yesterday and according to same source four Japanese aeroplanes bombarded Chita government positions at three stations including Sviyagino.”

WARREN

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861a.01/228 : Telegram

_The Ambassador in Japan (Warren) to the Secretary of State_

_Tokyo, April 8, 1922—10 a.m._
[Received April 8—8:50 a.m.]

59. Following from Vladivostok dated April 5, 11 a.m. “There are unofficial reports that battle at Spassk was on larger scale than the Japanese have indicated and that losses on both sides were heavy. Monday and Tuesday the Japanese sent 99 troop cars, that is, about 2,500 men, from Nikolsk to Spassk. Today they are sending 64 troop cars from Vladivostok to Nikolsk.”

WARREN

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861a.01/229 : Telegram

_The Ambassador in Japan (Warren) to the Secretary of State_

_Tokyo, April 10, 1922—5 p.m._
[Received April 10—10:08 a.m.]

63. Three telegrams too long for repetition from Thomas at Chita state that Chita command was desirous of avoiding conflict with Japanese, that after news of conflict in which thirty casualties were suffered, feeling against Japanese ran high but trend of speeches by
military and political leaders urged that the crisis could not now be met with hostilities. Protest handed to Japanese Government on April 4th insisting Japanese command had covered retreat of Kappel army and had attacked Chita forces without provocation. Text by mail.

Warren

861a.01/240: Telegram

The Ambassador in Japan (Warren) to the Secretary of State

[Paraphrase]

Tokyo, April 20, 1922—9 a.m.
[Received April 20—6:15 a.m.]

66. On April 19 I had a lengthy discussion with Uchida concerning the situation which arises from the breaking off of the Dairen negotiations, which is announced in the press. Later I discussed the same question with Minister of War Yamanashi. Although the representative of the Far Eastern Republic in a statement gives the refusal of Japan to set a definite date for the evacuation of her troops from Siberia as the reason for the break, Uchida declares that the Japanese were willing to remove their troops three months after a military agreement should be concluded which would cover the method and manner of evacuation, and that while this question was being discussed by the delegates and while they were waiting for instructions the delegates of the Far Eastern Republic announced that they were leaving. The conclusion of Uchida is that the Far Eastern Republic had received a request from the Moscow government to await the results of the conference at Genoa.

I was informed by Yamanashi that he was making preparations for the immediate relief of part of the troops now in Siberia by sending over an equal number of fresh troops. He said that this should have been done last September but that he had delayed action in hopes that the negotiations at Dairen would be successful.

I said that I was greatly disappointed that no agreement had been reached at the Dairen Conference . . .

The present attitude of the Government is to await Russian developments and the outcome of the Genoa Conference.

The Harbin report concerning the supposed lease by Japanese interests of the Ussuri Railway and the protest against it by the Far Eastern Republic through Bosc [sic] are founded upon incorrect information. Upon inquiry made at my request, the Manchuria Railway through its President, who is now in Tokyo, and also Uchida, deny that there is any foundation for the report. I have assurance
of Uchida that the Japanese Government has not been consulted, that it has no knowledge of any such negotiations, and that no plan for acquisition of the Ussuri Railway by the Manchuria Railway or by Japanese interests will receive the Government's support.

Warren

The Chairman of the Special Trade Delegation of the Far Eastern Republic to the United States (Yazikoff) to the Secretary of State

WASHINGTON, April 26, 1922.

SIR: The Dairen Conference which opened on August 26th, 1921 was suddenly terminated on April 16th at the initiative of the Japanese Government at the moment when after seven months of discussion solutions to many problems had been reached. The principal problem, that regarding the evacuation of Japanese troops, or, rather, the date of the evacuation, remained unsolved. The Japanese delegates insisted that a general treaty be signed prior to any discussion of the problem regarding the date of evacuation. The delegates of the Far Eastern Republic, taught by three and one half years of experience with Japanese methods and policies in the Russian Far East, declared that they would sign a general treaty only if the Japanese delegates would simultaneously set down in writing the date of evacuation of Japanese troops from the territory of the Russian Far East. Having no intention to fulfill the obligations assumed by them at the Washington Conference, and wishing at the same time to mask their purposes, the Japanese suddenly and unexpectedly presented new demands for the reconsideration of the general terms of the treaty, and demanded the inclusion in it of the following clauses:

1. The granting to Japanese subjects rights in commerce and trade and in the development of forest and mining wealth on the territory of the Far Eastern Republic equal to those of the citizens of the Far Eastern Republic.
2. The consent of the Government of the Far Eastern Republic to the destruction of the war materials of the Far Eastern Republic which are within the territory of the Maritime Province.
3. An agreement on the part of the Far Eastern Republic not to increase its fleet in the Vladivostok port.

The Delegates of the Far Eastern Republic stated that they were not opposed to a discussion of any new demands, that they were ready to consider the new Japanese proposals, but that, in any event, the question of the date of evacuation of Japanese troops must be
definitely established. In reply to this declaration of the Delegation of the Far Eastern Republic, the Japanese delegates stated that they had received instructions from the Japanese Government to end the negotiations.

Wishing to effect a speedy settlement of the difficult situation created on the territory of the Russian Far East in connection with the presence and actions of Japanese troops, the Government of the Far Eastern Republic in its negotiations with the Japanese did everything possible in order to bring to a satisfactory conclusion the long drawn out Dairen conference, but this proved to be impossible. The Japanese did not abandon their intentions to dominate the territory of the Russian Far East under one pretext or another.

In accordance with recent official reports the Japanese are bringing in new troops and are occupying points in the Maritime Province which had already been evacuated by them and which are outside their zone of occupation. The Japanese are working incessantly in erecting fortifications along the coastline of the Russian Far East.

In view of the above mentioned circumstances the Special Delegation of the Far Eastern Republic to the United States is compelled once more to call the attention of the Government of the United States to the grave situation on the territory of the Russian Far East. The Japanese Government is not only not fulfilling the obligations assumed at the Washington Conference, but, on the contrary, is openly carrying out its old policy of domination on and seizure of the territory and sovereignty of the Russian population of the Far East.

The position assumed by the Government of the United States at the Washington Conference with reference to the Siberian problem gave the population of the Far Eastern Republic cause to hope for aid from the Government of the United States in assuring to the Russian people of the Far East the rights which are being violated by the Japanese Government.

I am [etc.]

A. YAZIKOFF

861a.01/287

The Ambassador in Japan (Warren) to the Secretary of State

No. 237

TOKYO, June 7, 1922.

[Received June 27.]

Sir: I have the honor to transmit herewith a paraphrase of telegram No. 24 from Mr. Thomas dated May 27, 2 p.m., 1922.

I have [etc.]

CHARLES B. WARREN
CHITA, May 27, 1922—2 p.m.

24. The following opinion was expressed to me by the Minister of Foreign Affairs:

A result expected from the defeat of Chang Tso-lin, and from the policy of Japan in Central China, is that Japan will attempt to consolidate a sphere of control in Manchuria, Maritime Province and Mongolia. The Government of the Far Eastern Republic intends to cooperate with the Peking government in opposition to this plan and it is expected that these two governments will be able to lessen Japan's control in Mongolia without going to war. In order to accomplish this object the Far Eastern Republic and Soviet Russia wish to come to an agreement with the Peking government regarding a joint control of the Chinese Eastern Railway while yet permitting the Inter-Allied Technical Board to function for the present. This cannot be accomplished without the unofficial support of the plan by the United States in Peking.

All Russian elements in Manchuria and Maritime Province will unite in opposing the Japanese if consistent diplomatic opposition is made by the United States. . . .

THOMAS

861a.01/288

The Japanese Chargé (Saburi) to the Secretary of State

The Japanese Chargé d'Affaires presents his compliments to the Honorable the Secretary of State and, acting under instructions from the Japanese Government, has the honor to inform him that on the 24th of June the following announcement was made public in Tokio:

"The Japanese Government have decided to withdraw all the Japanese troops from the Maritime Province of Siberia by the end of October 1922. Suitable measures will be taken for the protection of resident Japanese subjects."

June 24, 1922, WASHINGTON.
The Chief of the Division of Russian Affairs, Department of State (Poole) to the Secretary of State

[WASHINGTON,] June 27, 1922.

Mr. Secretary: In connection with the announcement made by the Japanese Government that it has decided to withdraw all Japanese troops from the Maritime Province of Siberia by the end of October, 1922—

M.I.D. has received a cablegram from the Military Attaché at Tokyo reporting that the Japanese War Department informs him that the Siberian mainland will be evacuated by winter, leaving the garrison in Sakhalin Island only.

This presumably means that the mainland portion of Sakhalin Province, which embraces Nikolaievsk and the mouth of the Amur, will be evacuated along with the Maritime Province.

Respectfully,

D. C. Poole

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Telegram

The Secretary of State to the Ambassador in Japan (Warren)

[Paraphrase]

WASHINGTON, June 27, 1922—4 p.m.

65. Embassy's No. 107 of June 25, 11 a.m.** The American Government is highly pleased by the announcement of the decision of the Japanese Government to remove its armed forces from the Maritime Province of Siberia and possibly, also, as intimated in a telegram which the War Department has received from the Military Attaché and has just communicated to this Department, from the mainland opposite Sakhalin Island. At your discretion, I should be pleased to have you find some way informally and tactfully to make known to Baron Kato and others in the Japanese Government this sense of gratification. You should keep in mind, nevertheless, that the protests which this Government made before and during the Washington Conference against Japanese occupation of Siberian territory included Sakhalin Island to an equal degree. By no inference should there be any surrender of the position of our Government in this regard . . .

A report on the nature of the measures which are to be taken by Japan for the protection of her resident subjects should be made as promptly as possible. Inquiries on this subject also must, of course, be made tactfully.

Hughes

**Not printed. The Japanese announcement which this telegram transmitted is also contained in note from the Japanese Chargé, June 24, p. 853.
The Secretary of State to the Ambassador in Japan (Warren)

No. 95

WASHINGTON, July 6, 1922.

Sir: The Department has received your despatch No. 237 of June 7, 1922, and has read with interest the enclosed paraphrase of a telegram from Mr. Thomas at Chita reporting an expression of opinion by the Minister of Foreign Affairs at that city touching the relations of his government with Japan and China and the position of the United States in respect thereto.

It is presumed that a copy of this message has been furnished to the Legation at Peking.

The Department does not take too seriously any implied criticism by the Chita authorities of the Siberian policy of this Government. The record is clear and the generous action of the United States at the Conference on Limitation of Armament is generally understood and appreciated by Russians. Any different attitude at Chita is probably attributable to the supposed requirements of local politics and to suggestion from Moscow. The situation should now be somewhat clarified by the announced purpose of the Japanese Government to withdraw its troops at least from the Maritime Province. It is almost unnecessary to add that any attempt of the Chita authorities to foment antagonism between the United States and other Powers or to play one Power off against another will be unsuccessful.

You may communicate the foregoing to Vice Consul Thomas for his information and guidance.

I am [etc.]

CHARLES E. HUGHES

The Japanese Chargé (Saburi) to the Secretary of State

WASHINGTON, July 14, 1922.

Sir: Acting under instructions from the Japanese Government, I have the honor to inform you that on July 14 the following statement was made public in Tokio:

“The Japanese Government, considering it expedient to reduce the extent of territory occupied by their troops in the Province of Sakhalien, have decided to withdraw by the end of September of this year all of their troops from the districts opposite the Island of Sakhalien. As for the northern or Russian part of the Island of Sakhalien, it is their intention to terminate occupation as soon as satisfactory settlement for the Nikolaiievsk affair has been obtained.”

Accept [etc.]

SADO SABURI
The Vice Consul at Vladivostok (Winslow) to the Acting Secretary of State

Vladivostok, September 20, 1922—noon.
[Received, September 20—5:52 a.m.]

28. Embassy informed. Japanese evacuation zone 1 completed September 18th. General Tachibana" declares that evacuation zone 2 begins today. It is now technically possible for Chita troops to enter Nikolsk.

Steamer Tomsk left here yesterday for Okhotsk carrying reinforcements for White General Pepelaiief now operating with outlaw Blokhareff there.

WINSLOW

The Chief of the Division of Russian Affairs, Department of State (Poole) to the Under Secretary of State (Phillips)

[WASHINGTON,] September 25, 1922.

Mr. Phillips: Mr. Skvirsky, of the so-called Commercial Delegation of the Far Eastern Republic, talked to me this afternoon concerning the progress of the negotiations at Changchung. The following were the two principal points brought out by him in the course of a long statement:

(1) Before the Conference Matsudaira told Antonoff, an informal representative of Chita at Tokyo, that Japan would welcome the participation of a representative of Moscow. When the Conference actually convened the Japanese, however, objected to the presence of Yoffe," saying that they desired only to deal with the Far Eastern Republic. Mr. Skvirsky expressed the opinion that this was done simply to provide a point on which the Japanese could yield in order to obtain some corresponding concession from the other side.

(2) The Japanese say that they must continue to occupy Northern Sakhalin until there is a settlement of the Nikolaievsk affair. The Russians reply that Northern Sakhalin being Russian territory must be evacuated; that there is no necessary connection between the massacre at Nikolaievsk and the adjoining Sakhalin territory. The Russians are willing to discuss with the Japanese the question of

"Gen. Anatoli Nikolaevich Pepel'yaev.
"A conference between representatives of Japan and the Far Eastern Republic had convened at Changchun Sept. 5, 1922.
"Adolph A. Joffe.
compensation for the loss of Japanese lives at Nikolaiyevsk but in doing so they will bring forward large counter-claims based upon the destruction of Russian lives and property by the Japanese elsewhere in Siberia during the military occupation.

Mr. Skvirsky referred to the identity of the Russian and American views with respect to Northern Sakhalin, namely, that this territory should also be evacuated by the Japanese and that the Nikolaiyevsk massacre was merely an incident of the military intervention. He said that the Conference is now deadlocked on this point and that he had been instructed by his Government to say to us that they would appreciate very highly any pressure which we might find it possible to bring to bear upon Japan at this time in order to induce her to relinquish Sakhalin.

I told Mr. Skvirsky that I did not know what could be done at this time to meet the request made; I doubted if anything could be done which would not do more harm than good by arousing Japanese resentment. I told him, however, for the confidential information of his colleagues at Chita, that we had let the Japanese Government understand at the time that the withdrawal of their troops from the Maritime Province was announced that, while we were much gratified at this decision, we continued to adhere to the view that all Russian territory, including Northern Sakhalin, should be evacuated. Mr. Skvirsky expressed much appreciation of our attitude and especially of what Mr. Hughes had done at the Armament Conference to induce the Japanese to give up the Siberian venture.

D. C. POOLE

861a.01/373

The Chief of the Division of Russian Affairs, Department of State (Poole) to the Secretary of State

[WASHINGTON,] September 26, 1922.

Mr. Secretary: Mr. Saburi, the Japanese Chargé d’Affaires, called at the Russian Division this afternoon and informed me that he had just received a cablegram from Tokyo announcing the final failure of the Japanese-Russian negotiations at Changchung. He said that Matsudaira, the chief Japanese delegate, had sensed for some time that the Russians had determined to break up the conference and awaited only an opportune manner of doing so. They had found a good propaganda point in the demand that the Japanese evacuate Sakhalin at once and insisted upon this, in spite of the fact that this was contrary to their preliminary agreement.

This preliminary agreement to which Mr. Saburi referred, appears to have been effected through an exchange of notes between the
Japanese Consul at Changchung and the Chita authorities whereby, according to Mr. Saburi, it was arranged that a so-called basic agreement should first be made between Japan and the Far Eastern Republic relating only to Far Eastern questions and that later on Japan might make with Moscow such a trade agreement as Great Britain made in 1921 and take up also the Nikolaievsk affair and the eventual evacuation of Sakhalin.

The determination of the Russians to break up the Conference was attributed by Mr. Saburi to their disappointment at being unable to secure political recognition from Japan at once. Japan had conceded the inclusion of the Moscow delegate, Yoffe, in the negotiations, but insisted that the agreement to be arrived at should be only between Japan and the Far Eastern Republic, whereas the Russians insisted that the Russian Socialist Federated Soviet Republic should be mentioned as well as the Far Eastern Republic. After much discussion on this point as well as the question of Sakhalin, Mr. Matsudaira was instructed to say to the Russians that Japan had made every reasonable effort to come to an accord with them and that if the conference now failed the blame was on them.

Mr. Saburi said that his Government felt that it had gone very far with the Russians, especially in offering to conclude a trade agreement on the British lines, in case an agreement could first be concluded with the Far Eastern Republic. He intimated that public opinion in Japan had been influenced by the action of Great Britain in concluding its trade agreement and by Italy’s attitude, and that the Government had felt it necessary, in order to satisfy public opinion, to go further in meeting the Russians than it would have itself been inclined to do. . . .

Respectfully,

D. C. POOLE

861a.01/348: Telegram

The Ambassador in Japan (Warren) to the Secretary of State

Tokyo, September 27, 1922—1 p.m.

[Received September 27—10:03 a.m.]

155. Uchida this morning gave out statement on Changchung Conference. Chargé in Washington has text. Will mail copy.

Bearing on withdrawal of troops he said:

"The failure of the Changchung Conference is a matter of deep regret to the Japanese Government but it means no change in our policy of withdrawing our troops from Siberia. The withdrawal from Vladivostok and other mainland points will be concluded by the end of October. As for Sakhalin our retirement from the northern or Russian half of the island will take place as repeatedly stated
as soon as the Nikolaiefsk affair has been settled. The Japanese Government has no territorial design whatever in this or any other connection."

"In order to demonstrate Japan’s good faith the Japanese Government had ordered and had actually begun the withdrawal of Japanese troops from Siberian towns. Various groups of Russians as well as Japanese petitioned our Government not to withdraw the troops fearing the development of lawlessness and warfare among Russian factions as well as against Japanese. But in spite of such possibilities the Japanese Government, determined to have no further reason for criticism or suspicions of Japan’s policy, decided to continue the withdrawal."

WARREN

861a.01/356: Telegram

The Vice Consul at Vladivostok (Winslow) to the Secretary of State

VLADIVOSTOK, September 28, 1922—11 a.m.

[Received September 28—9:33 a.m.]

30. Embassy informed. General Tachibana announced commencement third period Japanese evacuation October 6th. Completion second period will permit armed forces within twenty miles of Vladivostok.

Dictator local government issued ukases for mobilization officers and reserves to be with their units at the front by October 10th; Vladivostok is to raise one and a half million gold rubles, Nikolsk half million for military necessity; higher institutions of learning to be closed until January 1st, all amusement places to be closed, sale alcoholic liquors prohibited.

WINSLOW

861a.01/362

The Acting Chairman of the Special Trade Delegation of the Far Eastern Republic to the United States (Skvirsy) to the Secretary of State

WASHINGTON, September 28, 1922.

Sir: The Government of the Far Eastern Republic whose people are suffering under the burden of the destructive Japanese Intervention, has been doing everything possible in order to induce the Japanese Government to remove its troops and establish normal political and economic relations.

Repeated efforts to accomplish this proved fruitless because of the very evident tendencies of the Japanese to predominate in the region of the Russian Far East. While carrying on negotiations with the Government of the Far Eastern Republic in Dairen, the Japa-
nese did not cease to create anarchy and chaos in the territory of the Far Eastern Republic by arming and financing monarchist bands and instigating them to attack the people of the Far Eastern Republic. While negotiating in Chang Chun, the Japanese adhering to their policy of creating disorder in the Far Eastern Republic, distributed arms which belonged to the Far Eastern Republic to monarchist and reactionary hirelings, for the purpose of attacking and weakening the Far Eastern Republic, and for the creating of an impression in the outside world that the presence of Japanese troops in Siberia has been forced upon them by circumstances.

The Conference in Chang Chun terminated without arriving at any agreement because the Russian side safeguarding the sovereign rights of the people of the Far Eastern Republic and Russia in the Far East, could not sanction the continued occupation by Japanese troops of the Island of Sakhalin, under the pretext of compensation for the Nikolaevsk events. The Russian people cannot differentiate between the seizure of Sakhalin and the seizure of any other territory of the Russian Far East. Northern Sakhalin must be liberated as well as the rest of the Russian territory occupied by the Japanese.

At the time of Japanese attacks on the Russian population in the territory of Maritime, Primur, Amur and Zabaikal Provinces, the Japanese also suffered losses in men as well as in Nikolaevsk. But the Japanese do not dare use this fact as a formal excuse for the seizure of that territory. While the Japanese during their attacks suffered losses of hundreds of people, the Russian population lost tens of thousands men, women and children killed, and property losses amounting into hundreds of millions of gold roubles.

The Russian people cannot consider themselves responsible for the intrigues and cruelties of Japanese militarists, nor can they recognize the principle of the seizure and holding of territory as security.

In this respect the representatives of the Russian people of the Far East totally share the point of view of the American Government as expressed at the Washington Conference by the Honorable Secretary of State in regard to the seizure of Sakhalin by the Japanese.

The Government of the Far Eastern Republic is moved by one strong desire—assuring and maintaining of peace in the Far East. Japanese seizures regardless under what excuses they are made, and no matter how they are masked, are constantly threatening this peace and are keeping the Far East in a state of tension and uncertainty.

Highly appreciating the friendly position assumed by the American Government at the Washington Conference, the Government and the people of the Far Eastern Republic hope that the American
Government will support them in their endeavors to liberate their territory from foreign invasion and use its influences for aiding in the speediest evacuation of the territory of Northern Sakhalin by the Japanese.

I am [etc.]

B. SKVIRSKY

861a.01/444

The Ambassador in Japan (Warren) to the Secretary of State

No. 373

Tokyo, October 4, 1922. [Received November 1.]

Sir: I have the honor to transmit herewith a translation of an announcement issued by the War Office on September 29th, relative to the withdrawal of Japanese troops from the Siberian mainland opposite Sakhalin.

I have [etc.]

CHARLES B. WARREN

[Enclosure—Translation]

Announcement by the Japanese War Office

Tokyo, September 29, 1922.

The following announcement was issued yesterday by the General Officer Commanding the Forces in North Sakhalin:

NOTICE

In conformity with the announcement issued on August 1, 1922, relative to restricting the area of occupation in North Sakhalin, the withdrawal of forces along the Amur River was completed on September 17th and 18th; of forces in the vicinity of Nikolaevsk on the 26th, and of detachments in the same vicinity on the 27th. The occupation of the mainland opposite Sakhalin and the civil administration there instituted have thereby been brought to an end.

861a.01/686 : Telegram

The Ambassador in Japan (Warren) to the Secretary of State

[Paraphrase]

Tokyo, October 11, 1922—3 p.m. [Received October 11—10:56 a.m.]

162. Thomas telegraphs following from Chita, October 6, 3 p.m. Prime Minister Nikiforoff has resigned and is going to Moscow. Kortpenoff is replacing him, having been sent from Moscow. It is believed that the Minister of the Interior, Petroff, is also to be removed on Moscow instructions.
Janson, the Minister for Foreign Affairs, has arrived in Chita. He declares that the break-up of the conference at Changchun was entirely due to the Japanese refusal to set a date for the withdrawal from Sakhalin Island prior to the settlement of the affair at Nikolaievsk and to refusal to discuss this matter before the signing of a general treaty. The Japanese expressed a desire during the conference to obtain Sakhalin either by purchase or by a long-term lease. If this cannot be done the Japanese wish the exclusive privilege of holding concessions in Russian Sakhalin. The demands meet a firm refusal from Russia, which will pursue an open-door policy if an active interest in the development of Sakhalin is shown by American capital. . . .

WARREN

861a.01/380: Telegram

The Ambassador in Japan (Warren) to the Secretary of State

Tokyo, October 11, 1922—3 p.m.
[Received October 11—9:24 a.m.]

163. Following from Vladivostok:
"October 10, noon. Mobilization progressing slowly, no enthusiasm, support Dietrichs"¹ half-hearted. Fighting around Spassk, two trains wounded arrived here. Levy million and a half rubles on wealthy residents elicited protest.

Another train blown up noncombatant Nikolsk. Communication interrupted temporarily.[²]

WARREN

861a.01/389: Telegram

The Ambassador in Japan (Warren) to the Secretary of State

Tokyo, October 16, 1922—noon.
[Received October 16—5:50 a.m.]

170. I sent Lieutenant Colonel O. P. M. Hazzard, in Japan as language student under Military Attaché at this Embassy, as courier to Vladivostok and asked him to get certain information and return before evacuation. He is an efficient officer and I thought his presence there beneficial and what he might learn important.

I am to-day in receipt of the following telegram from him through the vice consul:

¹Gen. M. K. Dietrichs, Russian officer formerly associated with the Czechoslovaks and with Kolchak, in August 1922 had been made dictator of the Zemsky Priamur Government, successor to the Provisional Priamur Government.
“Inspection of the quantity, quality, and location explosives indicates possibility serious loss of life and property if exploded by vicious or careless individual after withdrawal Japanese guards. No guards will be left in the city by Dietrichs. Survey temper residents and refugees indicates event of entry Reds active opponents will flee but majority apathetic, resigned.

Visited front, interviewed Dietrichs and Nicolai Merculoff, latter just returned from conference with Chang Tso-lin in Mukden accompanied by a Japanese official having arranged refuge for White troops in the event of defeat by the Reds. White Army will offer no resistance in the vicinity Vladivostok.

Dietrichs short of ammunition but says he will fight decisive action next few days. Consul here perfected arrangements insure safety of all Americans.”

Reference to arrangements to ensure safety refers to vice consul’s plan to use Russian Y.M.C.A. building now under American management, which is situated adjacent to the United States naval anchorage and wharf, as a place of refuge for Americans if at all necessary. Vice consul had made report on this matter in his despatch number 11 of September 27th which closes as follows:

“I do not believe that the occasion will arise which will necessitate the carrying into effect of all these plans and I do not wish to give the Department the impression that I am in the least hysterical about the matter. However, as the lives of fifty Americans are now under my care, I have deemed it advisable to take every possible precaution feeling that under present conditions discretion is the better part of valor.”

Warren

861a.01/396: Telegram

The Ambassador in Japan (Warren) to the Secretary of State

Tokyo, October 17, 1922—11 a.m.

[Received October 17—9:06 a.m.]

171. Following from Vladivostok:

“October 16, 8 p.m. Please repeat to Department. General Dietrichs personally appealed for protection and assistance for 6,000 women and children, families of his army, who would be held hostages by the Red Army entering here. Their present means will last only three weeks. Dietrichs says that decisive battle fought at Vladivostok 11th-14th, only 670 out of 3,000 of his men returning alive, Reds taking no prisoners.

Remainder Dietrichs army 4,000 marching from Razdolnoe to Hunchun near Possiet where he will join them, leaving by sea 20th. He will turn over authority in Vladivostok to town council; he says he was not being pressed by the Reds but was obliged to retreat owing to lack of cartridges and financial and moral support locally.
Vladivostok quiet but threatening; Bolshevik propaganda already being published against all White adherents and supporters.

I have approached the Japanese with the request not to release their guard over the dangerous war materials until a Red guard may relieve them. General Tachibana has told me he will not admit any armed forces in Vladivostok until Japanese evacuation completed. This seriously endangers many lives during the period between withdrawal Japanese guards and entry Red guards. Meeting will be held tonight and tomorrow morning between American, British, and Japanese naval and consular officers for safeguard measures. British Consul and I propose to approach Reds with request to safeguard lives of women and children and foreigners tomorrow”.

WARREN

861a.01/407: Telegram

The Vice Consul at Vladivostok (Winslow) to the Secretary of State

VLADIVOSTOK, October 21, 1922—11 a.m.
[Received October 21—7:40 a.m.]

37. Embassy informed.

Yesterday British and American consular and naval officers crossed lines for conference with Chita’s commander-in-chief. Japanese consul at Nikolsk was supposed to accompany to investigate welfare of Japanese in Nikolsk. When the conference was convened there were two Japanese naval officers, one Japanese army officer and two Japanese civilians. This being contrary to our understanding I withdrew Americans from conference immediately and asked separate conference with commander-in-chief which was granted. Commander-in-chief stated he would protect the lives and property of Americans on entry to Vladivostok; then he requested, as state of anarchy exists in Vladivostok, to do all I could to protect all foreigners and Russians by allowing entry of his organized forces as soon as possible.

Chita army now negotiating with the Japanese for entrance to Vladivostok. Only fear now is from lawless bands of Whites . . .

WINSLOW

861a.01/413: Telegram

The Vice Consul at Vladivostok (Winslow) to the Secretary of State

VLADIVOSTOK, undated.
[Received October 26, 1922—6:11 a.m.]

38. Embassy informed last Japanese transport sailed 3 o’clock yesterday afternoon, evacuation completed. General staff Red militia
entered followed by triumphal entry of Red Army of from ten to fifteen thousand troops late afternoon. Population received the army enthusiastically. Order prevailed throughout and tenseness of the last week now entirely relieved. Commander in Chief Uborei-vich in reply official reception at town hall declared people’s revolutionary army desires peace and order. City now draped in red.

WINSLOW

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861a.01/439

The Japanese Chargé (Saburi) to the Secretary of State

WASHINGTON, October 30, 1922.

Sir: Under instructions from my Government, I have the honor to inform you that the last detachment of Japanese troops sailed from Vladivostok on October 25th, thus completing the evacuation of the Siberian mainland.

Accept [etc.]

SADAO SABURI

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861a.01/447: Telegram

The Ambassador in Japan (Warren) to the Secretary of State

TOKYO, November 2, 1922—1 p.m.
[Received November 2—6:30 a.m.]

183. Following from Vladivostok: 80

"November 1, 1 p.m. General Uboreivich, commander in chief Chita forces and in supreme control Vladivostok, called last night. Our conversation was most cordial. He mentioned presence Sacramento 81 and stated since he intended demanding withdrawal of all Japanese war vessels now at Vladivostok it would be difficult for him not to request the departure of other foreign warships. He further emphatically stated that he was most anxious to do all in his power to help commercial and economic development of his country by facilitating entry American capital and commercial representatives. I replied that I considered myself as his guest and inasmuch as I was solely concerned in the successful economic expansion of American commercial interests in Siberia I was most grateful for his assurances. As regards Sacramento I intimated that our position was not analogous to that of the Japanese and I therefore

80 Apparently from Consul S. Pinkney Tuck, Jr., who assumed charge of the consulate at Vladivostok Nov. 1, 1922.
81 American gunboat.
assumed that our war vessels and merchant ships would be permitted to come and go at will. To this he seemed to agree. I am reliably informed that the Carlisle \*\* will be requested to leave."

WARREN

861a.01/454

The Chief of the Division of Russian Affairs, Department of State (Poole) to the Secretary of State

[WASHINGTON,] November 3, 1922.

Mr. Secretary: Mr. Skvirsky, of the so-called Commercial Delegation of the Far Eastern Republic, called at this Division this afternoon to thank this Government, as he put it, for what it had done to bring about the Japanese evacuation of the Siberian mainland. He said that this was a very happy consummation for his people and that they appreciated the large part which the friendly interest of the United States had had in bringing it about.

Mr. Skvirsky went on to say that the Far Eastern Republic still did not feel that it was freed from the danger of Japanese aggression. He referred particularly to Chang Tso-Lin’s activities, which he seemed to think were supported by Japan. He said that the people of the Far Eastern Republic, though greatly relieved by the departure of the Japanese, still felt uneasy with large Japanese forces in South Manchuria and on the Korean frontier and felt that it would possibly be necessary, in order to protect their own weak state against this menace, to enter into the general Russian federation. He said that the question might be discussed at the forthcoming meeting of the general assembly.

The foregoing fits in with other intimations which we have had that the pretense of independence of the Far Eastern Republic may now be given over, as having served its purpose, and the Far Eastern Republic be made openly a part of the Moscow system.

I took the occasion of Mr. Skvirsky’s call to say that we had sent a new Consul (Mr. Tuck) to Vladivostok and that we hoped and expected that he would be welcome and receive the friendly cooperation of the local authorities. Mr. Skvirsky said that he did not doubt that this would be the case but that he would mention the matter in communicating with Chita.

Respectfully,

D. C. POOLE

\*\* British cruiser.
The Vice Consul on Special Detail at Chita (Thomas) to the Secretary of State

Chita, November 15, 1922—10 a.m.
[Received November 19—3:06 a.m.]

On November 14 after speeches in the popular assembly in favor of union with Soviet Russia the Government of the Far Eastern Republic renounced its power. The popular assembly then unanimously passed a law to repeal the constitution of the Far Eastern Republic, to dissolve the popular assembly, to appoint a revolutionary committee to take over the power, and to apply to Moscow to be taken in as an integral part of Soviet Russia. A revolutionary committee was elected of which Kobozeff is President and Janson a member.

Thomas

The Ambassador in Japan (Warren) to the Secretary of State

Tokyo, November 19, 1922—midnight.
[Received November 19—4 a.m.]

200. The following has been received from Chita.

"The All Russian Executive Committee in Moscow has declared the Far Eastern Republic an inseparable and integral part of Soviet Russia and confirmed the personnel of the Revolutionary Committee as appointed by the popular assembly. The Revolutionary Committee has declared its authority over all parts of the former Far Eastern Republic including the concession zone of the Chinese Eastern Railway. The Revolutionary Committee has declared that gold currency will be retained. All laws of a financial or economic nature will be retained in so far as they are not contrary to the new economic policy of Soviet Russia. Of the same purport, laws which are not opposed to the revolutionary and socialistic sense of justice, will remain in force until changed by decrees of the Revolutionary Committee or replaced by the legal code of Soviet Russia. Thomas."

Warren

The Acting Chairman of the Special Trade Delegation of the Far Eastern Republic to the United States (Skvirsky) to the Secretary of State

Washington, December 4, 1922.

Sir: I have the honor to advise you that the National Assembly of the Far Eastern Republic at its session on November 12th, 1922
at Chita had unanimously voted to amalgamate with the Russian Socialist Federated Soviet Republic.

I avail myself of this occasion to express the hope of the people of the Russian Far East for a closer unity between the peoples of Russia and United States of America.

I am [etc.] B. Skvirsky

The Chief of the Division of Russian Affairs, Department of State (Poole) to the Under Secretary of State (Phillips)

[WASHINGTON,] December 4, 1922.

Mr. Phillips: Mr. Skvirsky, the sole remaining member of what was formerly known as the Commercial Delegation of the Far Eastern Republic, called this afternoon and advised me of the final consummation of the amalgamation of the Far Eastern Republic with Soviet Russia. He said that he had received word from Chita of the organization there of a Dalrevkom (an abbreviation for Eastern Revolutionary Committee), similar to the Sibrevkom (Siberian Revolutionary Committee) which has been functioning for some time at Novonikolaievsk. The Chita committee embraces seven members, Mr. Skvirsky said. He did not know who they all were but the President was Sokolov, who was recently sent to Chita from Moscow and served as President of the Far Eastern Republic during its last days. Jansen, the late Foreign Minister of the Far Eastern Republic, is also a member. I asked Mr. Skvirsky how the committee had been formed but he was unable to tell me. He thought that the dissolving national assembly of the Far Eastern Republic possibly named it or that it was merely a provisional committee which would function until the Soviet machinery was in complete operation. The truth undoubtedly is that it was appointed from Moscow.

Mr. Skvirsky said that he had been informed from Chita that no changes were contemplated in respect to economic matters. He said that he had been negotiating with a number of business groups in this country and was now able to assure them that the absorption of the Far Eastern Republic by Moscow would not affect in any material way the business contemplated. One group, he said, which was negotiating for a gold mining and timber concession in the Amur valley had, in fact, despatched a representative to Chita only two days ago. He said that the proposed contract would have to be perfected at Chita and, of course, the ratification of Moscow obtained.

In reply to a question on my part, Mr. Skvirsky said that the concession held by the Sinclair Oil Company was not affected by the

For exploitation of oil fields in the northern part of Sakhalin Island.
change in Government. This change was purely legal, he said, and the assets and liabilities of the Far Eastern Republic were taken over and maintained as they stood.

Upon Mr. Skvirsry’s referring to the situation in Manchuria, the threatening character of which he said was one of the principal reasons for the amalgamation of the Far Eastern Republic with Soviet Russia, I asked him what was going to happen with regard to the Chinese Eastern Railway. He said that this was a matter for negotiation with China and that Joffe was still in Peking for the purpose of such negotiations. The unsettled governmental situation in China had, he presumed, prevented progress up to the present. He said that Russia’s interests in the Chinese Eastern Railway were vital and China would have to consent to joint Chinese and Russian control, the existing situation could not be permitted to continue and the railway zone could not be a resort for anti-Bolshevik adventurers. He indicated that Soviet Russia intended to take a strong stand with China.

Finally Mr. Skvirsry referred to his own status here. I said that this was legally only the status of a private citizen and it was not my view that recent events had altered it in any way. I said that I did not anticipate any objection to his continuing here on the basis of the past and that I would be glad to see him informally whenever he might care to call at the Department. I said that we should be glad to continue the American Consular offices at Vladivostok and Chita for the present; that it might not be found necessary to continue the office at Chita indefinitely but that there was no immediate change in contemplation. The office at Vladivostok was more important for us, I said, and would probably be continued indefinitely provided no difficulties arose.

D. C. POOLE

RECOGNITION BY THE UNITED STATES OF THE GOVERNMENTS OF ESTONIA, LATVIA, AND LITHUANIA

SEC. 01/49

The Commissioner at Riga (Young) to the Secretary of State

No. 1916

RIGA, April 6, 1922.

[Received April 26.]

SIR: I have the honor to submit the following observations in reference to the status of the so-called Baltic States.

Although in view of the impending Conference at Genoa it might be more expedient and advisable to delay the preparation and trans-

* For previous correspondence, see Foreign Relations, 1921, vol. II, pp. 752 ff.
mission of a memorandum on this subject until after the termination of the Conference, nevertheless, it may not be amiss now to transmit a brief report, since the work of the Conference may extend over a considerable length of time, and since it is not as yet at all certain that the status of these States will be, to an important degree, affected by any decisions which may be reached at the Conference.

It would seem clear that the future status of these States will depend in no little measure upon their ability to maintain, as regards their economic and financial condition, that plane of political stability which is essential to the successful functioning of the machinery of State. Further, the continuation of their status as independent States may also well depend upon the strength or weakness of the present or any future government in Russia, and on the relationship which shall in the future exist between Russia on the one hand and the three so-called Baltic States on the other.

A careful and searching survey of conditions today unquestionably brings one to the conclusion that, given a continuation of conditions as they are at present, these States will encounter comparatively little difficulty in maintaining themselves as political entities. It is true that the same searching inquiry reveals many points of weakness, not only in the machinery which they have erected for the purpose of carrying on administrative work, but also in certain features of their economic and fiscal policies. It is, however, equally true that, on the whole, each one of these so-called States has made very considerable and very substantial progress in the primary and essential work of the successful administration of their several territories.

It is also important to bear in mind the fact that in each one of these countries the nationals of the government in power make up the great majority of the population, that their national elections have been held openly and have afforded the electorate a free expression of its wishes at the polls; in short, that these governments exercise their power by and with the consent of their respective peoples.

Although, as I have stated above, the machinery of government in each of these States contains many weak parts and although the officials and authorities not infrequently give evidence of their lack of experience in statecraft, yet one must record the fact that the operation of the administrative machinery has on the whole been attended with a very large measure of success. All three States are now functioning under either permanent or provisional Constitutions. In each country, National Assemblies were elected more than two years ago. These Assemblies, in a peaceful and orderly manner, have enacted such legislation as was deemed requisite for the welfare of the population. Taxes have been imposed and collected in a legal
and orderly manner. Small, though well trained and disciplined, armies have been organized and equipped. Commerce and trade is being carried on with neighboring countries and with the world at large. Law and order is fully maintained. In short, each of these countries unquestionably today fully meets all of the requirements, which so far as the recognition of their governments is concerned, may reasonably be exacted. In the conduct of their foreign relations they have met with no less measure of success. 'The old petty jealousies and bickerings which existed in the early days of their statehood no longer prevail. The Vilna controversy is the one outstanding adverse factor. The leaders in these States fully realize that the strength of one lies in the strength of all. That this spirit and feeling now underlies their relations with each other was clearly evidenced at the recent Conference at Warsaw. A full report of the agreements there effected has been forwarded to the Department.\footnote{Not printed.}

These same leaders also fully realize that they must facilitate in every appropriate way communication and trade through their ports between the world and Russia. I am convinced from the many informal conversations which I have had with the leading men in each of these States that they are determined to maintain an attitude which under no circumstances may be used to support the argument that the continued independence of these States will result in retarding the restoration and recovery of Russia.

It is idle at this time to discuss the question as to whether the Letts, the Estonians and the Lithuanians were morally justified in proclaiming their independence in the hour of Russia's weakness. The simple fact is that these nationalities, though unquestionably animated by nationalistic aspirations, preferred the creation and establishment of what may be termed modern civilized governments to their existence either as a part of Soviet Russia under a communist regime or with the status of autonomous soviet republics. Whatever their future may be, it is certain that their action in proclaiming their independence has resulted in the maintenance of at least this part of the former Russian Empire free from the ravages and destruction of communism and bolshevism.
that, from our view point, a strong Russia is greatly to be desired, it is still difficult for an observer here to suggest any course of action other than the immediate recognition of these States. Personally, I am not of the opinion that the recognition which has been accorded to these States by the European powers tends in any way to retard the restoration of a strong and stable Russian Government. Rather does it seem that through a certain measure of encouragement to the so-called States one may make certain that this part of Russia will remain free from the ravages of the present Moscow regime. Later, it is not improbable that through the operation of fundamental economic laws these countries will become a part of a federated Russia or will retain autonomous powers, but will be linked with the Russian government through close economic and political treaties and agreements. While our policy has been consistent, I am not at all certain that a continuation of this policy in the future would be either wise from the viewpoint of our own interests or helpful as regards the restoration of Russia.

I have [etc.]

Evan E. Young

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860n.01/49: Telegram

The Secretary of State to the Commissioner at Riga (Young)

Washington, May 15, 1922—5 p.m.

59. Your despatch No. 1916 of April 6, Telegraph briefly whether Vilna Plebiscite constitutes in your opinion such a solution of the Polish-Lithuanian controversy as would justify recognition of Lithuania at the same time with Estonia and Latvia.

Hughes

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860n.01/50: Telegram

The Commissioner at Riga (Young) to the Secretary of State

Riga, May 16, 1922—3 p.m. [Received 5:25 p.m.]

70. Department's 59 May 15, 5 p.m. No plebiscite has been held in Vilna district. In January last there were elections to the Vilna assembly. Lithuanians in that district refrained from voting. The so-called Vilna district is now administered openly as an integral part of Poland and it is not believed here that Poland will consent to a reopening of the question. The neutral zone established by control commission of the League of Nations still exists and serves for all present purposes as boundary between the two countries.
There is a marked and steadily increasing tendency under the surface in Lithuania unofficially to accept the status quo and to concentrate all forces toward procurement recognition de jure and Memel. This tendency is being encouraged by other Baltic States. European recognition de jure of Lithuania will in all probability be accorded in the near future as there is no longer any probability of armed conflict between Poland and Lithuania.

YOUNG

860m.01/132 : Telegram

The Ambassador in France (Herrick) to the Secretary of State

PARIS, June 30, 1922—6 p.m.

[Received June 30—4:35 p.m.]

271. My 234, January 23, 1920. Conference of Ambassadors at 183rd meeting held this morning decided that Principal Allied Powers would recognize Lithuania de jure. This is independent of determination of status of Memel to study which question a committee of Conference secretaries is to be appointed.

HERRICK

860n.01/52a : Telegram

The Secretary of State to the Commissioner at Riga (Young)

WASHINGTON, July 25, 1922—4 p.m.

98. Advise Foreign Offices of Estonia, Latvia and Lithuania as nearly at the same time as possible on the morning of July 28 that the United States extends to each full recognition. The fact will be communicated to the press at Washington for publication in the morning papers of July 28 and the following statement will be made:

"The Governments of Estonia, Latvia and Lithuania have been recognized either de jure or de facto by the principal Governments of Europe and have entered into treaty relations with their neighbors.

In extending to them recognition on its part, the Government of the United States takes cognizance of the actual existence of these Governments during a considerable period of time and of the successful maintenance within their borders of political and economic stability.

The United States has consistently maintained that the disturbed conditions of Russian affairs may not be made the occasion for the alienation of Russian territory, and this principle is not deemed to be infringed by the recognition at this time of the Governments of

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Not printed.
Estonia, Latvia and Lithuania which have been set up and maintained by an indigenous population."

Pending legislation by Congress to establish regular diplomatic representation Mr. Young will continue as Commissioner of the United States and will have the rank of Minister.

Request from respective governments temporary recognition pending formal application for exequatur of John P. Hurley, Charles H. Albrecht and Clement S. Edwards, Consuls at Riga, Reval and Kovno, respectively.

Hughes

860n.01/53: Telegram

The Consul at Riga (Quarton) to the Secretary of State

Riga, July 28, 1922—5 p.m.
[Received 10:36 p.m.]

140. Department’s telegram number 98, July 25, 4 p.m. Foreign Offices Riga, Reval, Kovno informed July 28, 9 a.m.

Quarton

880m.01/141

The Chargé in France (Whitehouse) to the Acting Secretary of State

No. 2266

Paris, August 24, 1922.
[Received September 8.]

Sir: With reference to my telegram No. 271, June 30, 1922, the Department’s telegraphic circular instruction of August 3 and my despatches No. 2148 of July 21 and No. 2232 of August 17, all relative to the recognition of Lithuania, I have the honor to forward herewith copy of a letter from the Lithuanian Legation, dated August 4, received to-day from the Secretariat General of the Conference of Ambassadors.

It appears from this letter that two questions may eventually come before the Conference of Ambassadors: first, whether or not the Principal Allied Powers are willing to accede to the Lithuanian interpretation of its obligations with respect to the internationalization of the River Niemen—obligations which the Principal Allied Powers made a condition precedent to their recognition de jure of Lithuania (see my despatch No. 2232); second, the disposition to be made of the Territory of Memel.

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*7 Telegram no. 271, June 30, p. 873; the others not printed.
*8 Not printed.
I should appreciate it if the Department would instruct me, in case one or both of these questions should come before the Conference, whether it has any views which it wishes presented, or whether I am to abstain from participation in any discussion which may be had.

I have [etc.]

SHELDON WHITEHOUSE

The Acting Secretary of State to the Chargé in France (Whitehouse)

No. 437

WASHINGTON, September 25, 1922.

Sir: The Department has received your despatch No. 2266, of August 24, 1922, in which you refer to the probability that discussion will arise in the Conference of Ambassadors respecting the condition made by the Allied Powers to their recognition of Lithuania and respecting the disposition to be made of the territory of Memel. You request instructions as to your course of action in the premises.

It is felt that the subjects in question are primarily matters of European concern, in the settlement of which this Government is not necessarily called upon to participate. You should refrain from any expression of views and keep the Department fully informed regarding any discussions which may take place, reporting by cable in the event of decisions which might seem to be contrary to the interests of the United States.

I am [etc.]

For the Acting Secretary of State:

LELAND HARRISON

TERMINATION OF THE FUNCTIONS OF THE RUSSIAN AMBASSADOR IN THE UNITED STATES

701.6111/591

The Russian Ambassador (Bakhmeteff) to the Secretary of State

WASHINGTON, April 28, 1922.

My Dear Mr. Secretary: In view of recent events I think it advisable to bring forward once more the subject of my position as the representative of Russia in the United States.

Received at Washington in July, 1917, as Ambassador of the first democratic government of Russia, I have remained at my post up to the present time in order to serve and protect Russian national interests and to facilitate, in cooperation with the Treasury and State Departments, the liquidation and final settlement of a large volume of commercial business for which the Government of Russia stood
obligated, partly through my agency, to American business concerns. I am happy to believe that American as well as Russian interests have been served thereby.

The work of liquidation has now been brought to a practical close. At the same time, my status as Ambassador has been made the subject of renewed discussion. I am led to question whether my continuance, as Ambassador of Russia, will longer serve the best interests of my country and the convenience of the United States Government. I am prepared if the United States Government so desires, to retire and terminate my official functions.

On account of personal matters I have planned to sail from this country within the near future. It would be necessary to wind up my affairs and to arrange for the custody of the Russian property for which I am responsible. This work could be completed about the 30th of June, which date could be regarded as the date on which my retirement from official duties would take effect.

In the event of my retirement I suggest that Mr. Serge Ughet, Financial Attaché of the Embassy, be recognized as custodian of the properties in question and as the agent through whom pending business can be transacted and terminated.

In assuring you of my deep appreciation of the personal consideration I have always enjoyed at the hands of the State Department, and other Departments of the American Government, I desire to express also my gratitude for the good will and consideration with which the United States has treated my country. America was first to welcome the advent of democracy in Russia and to recognize the Provisional Government. Since then and throughout Russia’s great trial the United States has evidenced deep and sympathetic understanding of Russia’s process of transformation and has conserved unbroken faith in the regeneration and happy future of the Russian people. The United States has lent friendly effort in preserving for the Russian people the integrity of their national patrimony and in safeguarding their economic freedom. Finally America has generously come to the relief of suffering and saved millions of Russians from starvation. For this assistance and support in the hour of distress Russia will conserve eternal gratitude.

I avail myself [etc.]

B. Bakhmeteff

701.6111/590

The Secretary of State to the Russian Ambassador (Bakhmeteff)

WASHINGTON, April 29, 1922.

My Dear Mr. Ambassador: I have received your letter of April 28, 1922, in which you bring forward the question of your status as
Ambassador in the United States and suggest that it may be appropriate to have this terminate in the near future, inasmuch as the liquidation and final settlement of the business of the Russian Government in the United States for which you were responsible is now practically completed, and as your continuance as Ambassador under the existing circumstances may give rise to misunderstanding.

I believe that a change in the present situation is desirable and I am glad to be able to concur in your suggestions as to how this may best be brought about.

You will continue to be recognized as Ambassador until June 30 next. After this date the custody of the property of the Russian Government in this country for which you have been responsible will be considered to vest in Mr. Serge Ughet, the Financial Attaché of the Embassy. Mr. Ughet’s diplomatic status with this Government will not be altered by the termination of your duties and he will continue to enjoy the usual diplomatic privileges and immunities.

With assurance of my high esteem and appreciating the friendly spirit in which you have dealt with all matters of interest to this Government, I am [etc.]

CHARLES E. HUGHES

LIQUIDATION OF THE OBLIGATIONS IN THE UNITED STATES OF THE RUSSIAN PROVISIONAL GOVERNMENT

701.6111/398a

The Secretary of State to Vice President Coolidge

WASHINGTON, May 6, 1922.

MY DEAR MR. VICE PRESIDENT: I have received from Mr. Boris Bakhmeteff, the Russian Ambassador, the following statement in regard to the transactions which, it is understood, have recently been brought into question in debate in the Senate:

"The United States Treasury advanced to the Provisional Government of Russia the sum of $187,729,750. Most of that money was spent by the Government before its fall. Following the overthrow of the Government, an arrangement was entered into with the Department of State and the Treasury by which the remainder of funds derived from the United States credits, as well as all other available funds on Russian Government accounts in this country, irrespective of their source or previous destination, were segregated into a special liquidation fund. The purpose of this fund was to liquidate Russian liabilities in the United States. Disbursements of this fund were made with the consent of and in cooperation with the United States Treasury. Complete accounts were rendered to the last penny of the disbursement of this fund. It may not be out of place to recall that the Senator who led the discussion was a member of a Senate Committee which on April 14th, 1920, rendered a report to the
Senate on Russian propaganda,\(^2\) which report reads in part as follows:

"The Department of State furnished full documentary evidence dealing with the disposition of moneys which had been advanced to earlier Russian Governments from the Treasury of the United States, and with which purchases of war and industrial materials had been made in this country. In this connection Martens, in his testimony, had given the Committee to understand that a misappropriation of American money had taken place. His testimony on this point, however, was of a most cursory and hearsay nature; and the documents furnished by the State Department and contained in the record provide a complete accounting for all these moneys and materials purchased therewith. From these documents it appears, also, that the maintenance of the recognized Russian Embassy in this country, and the carrying on of its related activities are provided for by funds accruing from a loan privately negotiated in this country and in England."

"In the Senate discussion it was asserted that the Russian people have never received any benefit from any part of this money. The funds were used for the benefit of the Russian people, to maintain the honor and the dignity of the Russian nation by discharging obligations which Russia had incurred to citizens of the United States. As the report of the Senate Committee states, no money was used for the maintenance of the Russian Embassy."

"In the course of the discussion in the Senate it was remarked that money[s] paid for the purchase of materials from the Russian Provisional Government were not credited to the Russian account with the United States. Such moneys were deposited in the liquidation fund, the expenditure of which was under the control of the Treasury Department."

"It was intimated, if not charged, that I improperly used money, derived from United States credits, even to the extent of purchasing real estate, and of fraudulently taking title in the name of a corporation. The Treasury controlled the distribution of funds and naturally would not allow such disbursement. Not only did I not acquire real estate in the City of New York or in the City of Chicago with United States funds but I never acquired any real estate in any city with any funds, neither in my own name or in the name of any corporation, or under any guise whatsoever."

"The reference made to a Greek priest leads me to guess that the matter is probably connected with the Russian Orthodox Church in North America. As it is well known, Russian Church affairs in the United States have been in a deplorable condition since the Bolshevist revolution. Various factions existed within it. Charges and counter-charges were made. Appropriations which in the past came from the Russian Holy Synod having been discontinued, the material condition slipped into a state where Church properties were in danger of being lost and the dignity of the Church molested."

"To protect Church properties from foreclosure and from loss a private corporation known as the 'Russian Church Relief Corporation' was organized by a group of Russian individuals devoted

\(^2\) S. Rept. 526, 66th Cong., 2d sess.
to Church affairs. The papers of the Corporation were duly filed in public offices. No financial assistance, however, was given to the Corporation from American or any other liquidation funds. In its efforts to conserve Church property the Corporation acquired and became the holder of certain real estate. The Corporation, I am informed, is being conducted solely for the benefit of the Russian Church and for the sole object of conserving its material interests in this country.

"There is also another corporation organised for charitable and humanitarian purposes which is known as the 'Russian Aid Society'. The papers of the Society are also filed in public offices. The purpose of the Society is to assist Russians who have been left stranded in this country and who find themselves in dire want. I am informed that this corporation holds part of its fund invested in real estate. No financial assistance has been obtained by the Russian Aid Society which in any way derives from United States Treasury funds.

"I have no interest whatsoever in the stock or in the real estate of these corporations. They are entirely private bodies.

"During the discussion much was said about General Semenoff and, unless I misread, an effort was made to make it appear that I am responsible for him in this country; that I sympathize with his activities and plans; and that in some way or other I am associated with him and have given him assistance. Such statements are gratuitous. The State Department knows that I have had no connection with General Semenoff and am not associated with him in any way. As a matter of fact I knew nothing of his intended visit to this country. I knew and know nothing of Semenoff's plans. It is true that Semenoff called on me. Practically every Russian, other than those who favor the restoration of the old regime or are in sympathy with the Bolshevists, call at the Embassy when they visit Washington. I communicated to the Department of State the circumstances under which I received Semenoff and of the valuable information I obtained from him with respect to conditions in the Far East.

"In the course of the discussion the question was raised of my willingness to state facts. As I have on many occasions indicated to the Department, I am only too glad to give all possible information relating to my activities which the Department might ask me for. I have nothing to conceal. Moreover, in so far as the use of funds is concerned, most detailed and full accounting is on file with the Treasury Department."

I have [etc.]  

CHARLES E. HUGHES

861.51/1492a

The Secretary of State to the Secretary of the Treasury (Mellon)

WASHINGTON, May 23, 1922.

MY DEAR MR. SECRETARY: I desire to refer to the arrangements made toward the close of 1917 for the liquidation of the financial
business of Russia in this country, following the fall of the last
recognized Russian Government.

It appears from the files of the State Department, and from pub-
lished records, that the extraordinarily difficult task of dealing with
the Russian financial situation in this country under the circum-
stances indicated was undertaken jointly by the State and Treasury
Departments in cooperation with Mr. Boris Bakhmeteff, represent-
ing the last recognized Russian Government, and that contracts then
outstanding with American manufacturers to the value of more
than $102,000,000 were successfully liquidated with funds of the Rus-
ssian Government amounting to much less than that sum. It is the
understanding of the State Department that this process of liq-
didation has now been brought to a practical conclusion, and that such
business as remains is in process of orderly settlement.

Having regard to recent public discussion of the subject, may I ask
that you confirm these facts and furnish any additional information
from the records of the Treasury Department which you may con-
sider helpful to a public understanding of the matter?

I am [etc.]

CHARLES E. HUGHES

861.51/1498

The Secretary of the Treasury (Mellon) to the Secretary of State

WASHINGTON, June 2, 1922.

MY DEAR MR. SECRETARY: I received your letter of May 23, 1922,
regarding the liquidation of the Russian Government's financial obli-
gations in this country after the fall of the last recognized Russian
Government.

The facts set forth in your letter are in accord with the informa-
tion possessed by the Treasury on the subject, and I am glad to
avail myself of your suggestion to furnish any additional informa-
tion from the Treasury's records that may be considered helpful
to a public understanding of the matter.

It appears that under the authority of the Liberty Bond Acts
the Secretary of the Treasury, with the approval of the President,
made certain loans to the Provisional Government of Russia for
the purpose of more effectually providing for the national security
and defense and prosecuting the war. The net amount of the loans
so made is $187,729,750. Although a credit of $100,000,000 was
established by the Treasury in favor of the Russian Government on
May 16, 1917, the first loan to that Government was not actually
made until July 6, 1917, and was in the amount of $35,000,000. No
loans were made by the Treasury to the Russian Government after
the fall of the Provisional Government early in November, 1917,
with the exception of an advance of $1,329,750 on November 15, 1917, the proceeds of which were simultaneously applied by the Russians to the payment of interest to the Government of the United States.

The funds advanced by the Treasury in making the above loans were used solely for the purchase of obligations of the Russian Government in accordance with the Liberty Bond Acts, in the same manner as with other foreign governments, and the funds so paid for these obligations became the funds of the Russian Government. All of the obligations thus purchased are signed in the name of the Provisional Government of Russia by Mr. Boris Bakhmeteff who was the representative of that Government designated to the Treasury by the Department of State as being authorized to sign them in the name and on behalf of that Government.

In connection with the loans so made to the Russian Government, the latter rendered reports to the Treasury of its expenditures. These reports cover the period from April 6, 1917, the date of the United States Government’s entry into the war, to March 4, 1921, and show total expenditures for that period of about $231,000,000. The principal items of such expenditures appear to have been munitions, including remounts; exchange and cotton purchases, and other supplies. It would seem clear that only a comparatively small portion of the total expenditures of the Russian Government in this country during the period referred to was made from funds advanced by the United States Treasury, in view of the fact that it appears from the reports filed by the Russian representatives with this Department that of the $187,729,750 so loaned about $125,000,000 was transferred by the Russian Ambassador to the account of the Russian Ministry of Finance at Petrograd and only the balance of about $62,000,000 was retained by the Russian Ambassador for expenditure in this country.

According to information shown by the Treasury records, the Russian Government’s financial situation in this country at the time of the fall of the Provisional Government in November, 1917, was, in a general way, as follows:

Its bank balances then on hand amounted to about $56,000,000. The Russian Ambassador has estimated that about $10,000,000 thereof represented the balance remaining from this Government’s loans to Russia, and that the rest of such funds consisted of moneys derived from other sources, such as British credits and loans made by private bankers in this country. At this time the Russian Government also had a large amount of property in the United States, consisting mainly of war supplies. Apart from its indebtedness to
the United States Government on account of the loans above mentioned, the Russian Government’s financial obligations in the United States arose principally out of contracts for supplies and certain private loans issued in this country. The contractual liabilities amounted to about $102,000,000, and the total principal amount of such private loans was $86,000,000. In these circumstances, the Department of State and the Treasury considered it advisable to enter into arrangements with the Russian Ambassador with a view to effecting such an application of the Russian Government’s available assets in this country that the interests of the American manufacturers and contractors and of the United States Government would be protected. In accordance with these arrangements, the Russian Ambassador deposited about $47,000,000 of the $56,000,000 cash above referred to with the National City Bank of New York in a so-called liquidation account, subject to his disposition. This money was to be devoted to the general liquidation of Russian obligations in this country. The balance of approximately $9,000,000 was placed in special accounts with that bank to be used for certain specific purposes. These funds also were subject to the Ambassador’s disposition. Pursuant to an understanding had with the National City Bank, however, no withdrawals were to be made from the liquidation account without the bank’s first notifying the Treasury and ascertaining whether it objected to the particular disbursement proposed.

It further appears that from December 1, 1917, when the liquidation account was opened, to March 4, 1921, when the account was closed, additional deposits were made therein, aggregating a total amount of about $29,000,000. The funds so deposited resulted chiefly from the sale of Russian property in this country and the charter hire from certain Russian ships. This made the total deposits in the liquidation account aggregate about $76,000,000, and the total disbursements from this account for the period in question also amounted to about $76,000,000. From the reports of the Russian representatives, it appears that these disbursements were made for supplies, transportation, storage, inspection, interest on loans made by the United States Government and on private loans floated in this country, salaries and upkeep of the Russian Embassy and consulates and other Russian institutions in the United States, and various miscellaneous purposes. It is further shown by such reports that payments on contracts for supplies amounted to approximately $36,000,000, and that about $10,000,000 was expended for interest on said loans. It will be noted that these two items alone are greatly in excess of the portion of the liquidation funds estimated by the Russian Ambassador to have been derived from American Government loans.
From the pertinent records, it appears that the settlement of the contracts outstanding in this country at the time of the fall of the Provisional Government was effected by the Russian Ambassador in cooperation with representatives of the Department of State, of the Treasury, and of the War Industries Board, with the result that the outstanding contracts were settled by payment, cancellation, and other means, without loss to American contractors. This settlement, I should say, may well be regarded as a noteworthy achievement in view of the extent of the liabilities involved in such contracts and the comparatively limited amount of cash available here to the Russian Government for use in respect thereto.

On February 14, 1921, the Treasury was informed by the Russian representatives that the liquidation of the outstanding liabilities of the Provisional Government of Russia in regard to contracts placed in the United States had been for the most part completed, and an arrangement was thereupon entered into whereby the liquidation account as such was closed out March 4, 1921, and the balance therein, amounting to $70,426.34, paid to the Treasurer of the United States and applied on account of interest due and payable on Russian obligations held by the United States. It was agreed by the Russian representatives, however, that sums which might still accrue to them from the remaining business of liquidation which would, prior to the closing out of the liquidation account, have been payable into that account, should likewise be applied on interest due on said obligations. Such sums to the aggregate amount of $337,766.73 have actually been paid since March 4, 1921 by the Russian representatives to the Treasurer of the United States and applied on interest due on the Russian obligations. It is the understanding of the Treasury that the funds so paid were realized chiefly from further sales of the Russian Government’s property.

As you are aware, all of the information above given with respect to loans made by this Government to Russia, and the greater part of the data set forth in regard to the liquidation of the Russian Government’s financial obligations in this country after the fall of the Provisional Government, have heretofore been made public in various reports and other documents. Attention is particularly called to the Annual Report of the Secretary of the Treasury for the fiscal year 1920; the testimony of Mr. Polk, then the Under Secretary of State, and of Mr. Leffingwell, a former Assistant Secretary of the Treasury, before the House Committee on Expenditures in the State Department on June 26 to September 8, 1919, in connection with House Resolution 132; the correspondence between the Russian Ambassador and the Department of State read before the sub-committee of the Senate Committee on Foreign Relations during the sec-

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ond session of the 66th Congress at the hearing on Senate Resolution 263 and printed on pages 501–504 of Senate Report 526, dated April 14, 1920; the hearings on House Resolution 635 before the Committee on Foreign Affairs of the House, 66th Congress, third session; Senate Document No. 86, 67th Congress, second session, entitled “Loans to Foreign Governments”; the testimony of former Secretary of the Treasury Houston and former Assistant Secretary of the Treasury Kelley before the Senate Committee on the Judiciary on February 2 to February 7, 1921; and the letter dated February 25, 1921, from Secretary Houston in response to Senate Resolution 417, printed in the Congressional Record for February 26, 1921.

In addition to reports showing the Russian Government’s expenditures since the entry of the United States Government into the war, the Russian Embassy has filed with the Treasury Department detailed reports and statements, with explanatory memoranda, in respect to the liquidation by such Embassy, after the fall of the Provisional Government, of the Russian Government’s obligations in the United States out of that Government’s assets in this country, and I understand that the Russian representatives have shown every disposition to make all possible information available to the Treasury.

Sincerely yours,

A. W. MELLON