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Russia

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On board Steamship WASHINGTON

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PERSONAL AND CONFIDENTIAL

My dear Mr. President:

In addition to the report on my trip to the Union of Soviet Socialist Republics which I shall submit to the Secretary of State, I should like to set down for your own eye some of the more intimate episodes.

Paris

We passed through Paris on December 8 and Herriot turned up unexpectedly at the railroad station to bid me good-bye. We walked the platform together for a half hour. Herriot asked me to convey to you his warmest personal wishes and to tell you that when he had been asked to become President du Conseil before the post was offered to Chautemps he had replied, "I will become President du Conseil on condition that you pay the defaulted installments of the debt to the United States and that you make arrangements immediately for a debt settlement." He added that he was determined never to become President du Conseil again until France was ready to meet her obligations. I asked him if that would not indefinitely postpone his return to power. He replied that much would depend on the attitude of the United

The President,
The White House.

States, that many of the leading politicians in France were most uneasy about the present situation, but that Daladier and others were able to argue that the United States had accepted the default without protest; that France was saving a considerable amount each year by not paying, and that nothing should be done unless it were shown that continued default would produce unpleasant consequences. I asked him what he advised. He said, "Tell the President that he must in some way show his disapproval of the French action and adopt some measures which will show France that she has something to lose by continuing her default." Herriot is supporting Chautemps and the Chautemps Cabinet looks more secure than it did when it was first formed.

Berlin

On my way through Berlin on December 9 I lunched with Dodd who asked me please not to take Flack permanently for the Embassy in Moscow, as he was the only person in the Embassy competent to deal with economic matters. I avoided seeing any officials of the German Government, but "Putsi" Hanfstaengel, Hitler's intimate assistant, called on me and talked in his customary irrational manner, saying among other things, "Of course you and I know that the Jews make all wars and are the sole beneficiaries of all wars." I disagreed. The most fantastic thing which has happened in Germany lately is the christening of the new military academy "Ernst Roehm Kadetten Erziehungs Anstalt." In view of the revelations about Roehm, the English equivalent would be the renaming of Sandhurst "Oscar Wilde Institute."

U. S. S. R.

We passed through Poland without stopping and reached Negoreloye, the Russian frontier station, Sunday afternoon, December 10. We were met at the border by Ilinsky, Litvinov's personal representative, who gave us a dinner in the railroad station. All our party were impressed by the fact that the Russians seemed almost pathetically eager to please us. I learned later that this was the first time that any Ambassador, on arrival, had been greeted by an official representative at the frontier.

We reached Moscow on Monday, December 11, where I was met at the station by Troyanovsky, Divilkovsky, Florinsky and a number of other officials. We were taken to the Hotel National, where the American flag was suspended over the entrance. The apartment reserved for me was the same which I was occupying with my mother when Austria sent her ultimatum to Serbia.

I had a long talk with Litvinov, then set out to look at houses.

The aspect of Moscow has changed greatly for the better since I was there a year and a half ago. The streets have been repaved from one end of the city to the other and the people, instead of being ragged, are well-clothed, better clothed than the people of Vienna.

The two houses which the Government offered us were (1) the Supreme Court Building, (2) the house of the Central Executive Committee.

The Supreme Court Building is a huge pile in medieval style which might do well for a jail or a German Embassy, but would produce deep gloom in any American and would require a half million dollars worth of repairs.

The house of the Central Executive Committee was constructed in 1914 by a merchant who traded vodka for furs. It is cheerful and only minor repairs are necessary to make it habitable, but it contains only five bedrooms and the living rooms are small with the exception of a colossal center hall. A new dining room is being built at one side of the house, so that temporarily there is no dining room. Nevertheless, this house is the best available. It is, of course, entirely inadequate to house our entire staff and offices.

I suggested that two small adjoining buildings should be given to us. On investigation we discovered that they were being occupied as living quarters by about 200 people, about eight to a room. That, it appears, is the normal congestion in Moscow at the moment. In 1914 Moscow was an overcrowded city of 1,250,000. There has been practically no building since and Moscow is today a city of nearly 4,000,000.

I spent every available minute during the succeeding week in looking for additional quarters, but found nothing and finally was compelled to suggest that we should be given the first of the magnificent new buildings which are being planned for Lenin Avenue, which will run from the Theatre Square past the Kremlin to the Palace of the Soviets. This building should be completed about May 1. The Moscow Soviet was naturally very reluctant to hand it to us and we obtained it only by a personal order of Stalin.

The interior of this building will be finished in accordance with our desires, part living quarters and

part offices. Until May 1 it will be necessary for us to house nearly all the staff and offices in a hotel and we have been offered the whole of the small Hotel Savoy which has just been reconstructed.

It is, of course, impossible to keep codes in a hotel and until our joint office-building-residence is completed the code room and a number of auxiliary offices will have to be established in the house of the Central Executive Committee in which I shall live. As my family consists of Anne alone, I shall be glad to have living with me there temporarily some of the secretaries, keeping for myself only one room and one additional room. After May 1 it will probably prove best to have all the offices(except my own) and the code room located in the office-residence building.

On Wednesday, December 13, at noon, I presented my credentials to Kalinin at the Kremlin. Not only Kalinin and Litvinov, but everyone else in the Soviet Government was delighted by the remarks which you and I prepared in Warm Springs, and as a very special politeness Litvinov broke all diplomatic precedents and gave me a copy of Kalinin's reply a day in advance. I append a copy of Kalinin's reply.

I had a delightful conversation with Kalinin after presenting my credentials. I had never met him and I had thought from all that I had read that he was a simple-minded old peasant, but he is far from simple-minded. He has a delightful shrewdness and sense of humor. He asked me to say to you that he was following with the closest attention everything that you were doing in America, and that he and everyone else in Russia considered you completely out of the class of the leaders of capitalist

states; that it was clear to them all that you really cared about the welfare of the laboring men and the farmers and that you were not engaged in protecting the vested rights of property.

Kalinin said that he hoped that I would travel in every part of the Union of Soviet Socialist Republics, and I told him that I should be delighted to do so, but that the Union of Soviet Socialist Republics was a continent rather than a country and that I feared I should be restricted to Moscow and Leningrad unless I could cover it by airplane. He told me that I could go any place I might wish in the entire Union by plane. I replied that I should perhaps be able to arrange to have a plane of my own in Moscow for trips if he would permit me to use it without restrictions. He answered that there would be no restrictions whatever on my movements.

I was delighted by this proposal of Kalinin's, as it has been the experience of foreign diplomatists that visits to the provinces by them are not encouraged. I now have carte blanche to go where I like. Kalinin was pleased by our talk and said to a number of people in the following days, "That is the first Ambassador I have met who is also a human being."

In the afternoon I received the Press and gave them my remarks and Kalinin's reply. The entire press of the Soviet Union published articles on my arrival which were not only enthusiastic but undeservedly complimentary. Even the party press of the Communist Party which hitherto has been uniformly hostile to Ambassadors unearthed

remarks of Lenin about me from his "Testament" and various speeches. Apparently he really liked me and expressed his liking many times. In view of Lenin's present position in Russia, which is not unlike that of Jesus Christ in the Christian church, this is a bit like having the personal endorsement of the Master recorded in St. Mark. Divilkovsky, for example, said to me, "You cannot understand it, but there is not one of us who would not gladly have his throat cut to have had such things said about him by Lenin."

It had become evident that no permanently satisfactory quarters for the embassy and consulate could be established except by building, and on Friday, the 15th, I visited various building sites with Keith Merrill.

There was one which was not offered to us, but which we offered to ourselves: a bluff covered with beautiful woods containing a lake overlooking the river and the whole city of Moscow in the center of the great city park. It is a situation which suggests Monticello, and I can conceive of nothing more perfect for an American Embassy than a reproduction of Monticello in that setting with houses for the entire staff of both consulate and embassy arranged along the sides of the property. We were not modest in our demands, but asked for the entire bluff containing some fifteen acres of ground. The Moscow Soviet continued to offer us other building sites, any one of which would be adequate but none of which compared in interest or beauty to this site.

On Friday, the 15th, I saw Rosenholz, who controls all the import and export trade of the Soviet Union. He is a likeable Jew, rather reminiscent of some members of

the Warburg family. I asked him, among other things, how much manganese the Soviet could furnish to us per annum in addition to the amounts already contracted for by other countries. He replied that in his opinion not more than 300,000 tons per annum could be furnished.

That afternoon I had a long talk with Molotov, who is the President of the Council of People's Commissars. He has rarely received an Ambassador and has never talked with newspapermen, and I found that I had also underrated him. He has a magnificent forehead and the general aspect of a first-rate French scientist, great poise, kindness and intelligence. We had a frank and intimate conversation and got on the best possible footing at once.

That night Litvinov, with whom I had previously had several meals in private, gave me a formal dinner to which nearly all the members of the Government were present. It was a superb banquet with food and wines of a quality that no one in America would dare to serve nowadays, and many toasts were drunk to you and to me and to the United States.

I then began exchanging calls with the various Ambassadors and Ministers in Moscow and necessarily wasted a lot of time meeting these colleagues. The French Ambassador, Charles Alphan, is an exception--an extremely intelligent, charming old gentleman who for many years was assistant to Delcassé.

Sunday, December the 17th, I put some flowers on Jack Reed's grave, as I told you I would do. This passed completely unnoticed both by the Soviet press and other press representatives in Moscow; but it did not pass unnoticed by the authorities in the Kremlin.

It is unnecessary to record the whole series of dinners and conversations with the members of the Government that I had, but there are two, at least, which are worth noting: *first day of June, 1934, we are to compare*

On Tuesday, December 19, I had a long talk with Grinko, who is the People's Commissar for Finance, and arranged with him to handle the knotty problem of obtaining roubles in a manner which will be satisfactory to us. I am absolutely opposed to the smuggling of roubles in our diplomatic pouch. The difficulties the British have had in Moscow have come in large part from their adoption of this practice, which seems to me beneath contempt. Grinko promised me that the cost of supplies at Torgsin would be reduced and would be correlated with the cost of living index of the leading countries of Europe and the United States. He furthermore promised me that he would make a private arrangement with me for members of the American diplomatic and consular staffs in Moscow to obtain through me an adequate number of roubles for minor expenses at a fair rate. I asked one of his assistants what this fair rate might be and he said perhaps thirty to the dollar. I told Grinko that we should probably charge consular fees in roubles at a rate to be fixed by ourselves and use the roubles thus acquired for living expenses. He said he had no objection. I am opposed to handling this matter of rouble exchange except in an honorable and above-board manner and I am sure that we can make a satisfactory arrangement with Grinko. *military mission.*

I sat next to Grinko at a number of dinners and banquets and managed to establish a friendly personal

relationship with him which I think will be very helpful in the coming months. Incidentally, we agreed to enter into a personal competition with Litvinov as umpire. On the first day of June, 1934, we are to compete to see whether he speaks English better than I speak Russian, and I venture to suggest that a suitable prize for the winner would be a bronze mint medal with your own head on it, if one exists. I hope you will agree.

On Wednesday, December 20, Voroshilov, supreme commander of both the army and navy, had invited me to dine with him in the Kremlin, and Litvinov had told me that Stalin would be at the dinner. I had had several talks with Voroshilov, who is one of the most charming persons that I have ever met. He has an immense sense of humor and keeps himself in such perfect physical condition that he looks like a man of 35. He told me that he was especially anxious to have a full equipment of American military, naval and air attachés in Moscow. I replied that it was not our custom to have air attachés. He then asked if it might not be possible to have as Assistant Military Attaché and Assistant Naval Attaché men who were experts of the first water in aviation, as he hoped that he could obtain much good advice from our representatives. I told him that I would bring this matter to the attention of our Government when I reached Washington. It is obvious that our representatives in the Soviet Union today can have a really immense influence. If you wish, our military and naval men can play the part of an advisory military mission. If we send men who will be absolutely on the level with the Soviet Government and will refrain from spying and

dirty tricks of every variety we can establish a relationship which may be very useful in the future.

This will also be true of our diplomatic representatives. There has been practically no social or intellectual intercourse between the diplomats in Moscow and the members of the Soviet Government. This lack of close relations has been due partly to the inclination of the foreign diplomatists to regard themselves as spies in an enemy country and partly to the fact that the men who have been sent to the Union of Soviet Socialist Republics bore the Russians. The men at the head of the Soviet Government today are really intelligent, sophisticated, vigorous human beings and they cannot be persuaded to waste their time with the ordinary conventional diplomatist. On the other hand, they are extremely eager to have contact with anyone who has first-rate intelligence and dimension as a human being. They were, for example, delighted by young Kennan who went in with me.

The dinner at Voroshilov's was carried out with great formality. His military aide called for me with his motor and conducted me through lines of soldiers to Voroshilov's residence in a palace in the Kremlin. There I found awaiting me Mr. and Mrs. Voroshilov, Stalin, Kalinin, Molotov, Litvinov; Egorov, Chief of Staff; Mejlaouk, member of the Five Year Plan Commission; Piatakov, Assistant Commissar for Heavy Industry; Kouibychev, President of the Five Year Plan Commission; Kaganovitch, Assistant Commissar for Heavy Industry; Ordjonikidzé, Member of the Revolutionary War Council; and the following men from the Foreign Office: Krestinski,

Karakhan, Sokolnikoff, and Ambassadors Troyanovsky and Dovgalevsky.

Litvinov said to me as I looked over the room, "This is the whole 'gang' that really runs things--the inside directorate." I was introduced to Stalin after I had shaken hands with Kalinin and Molotov, but made no effort to continue conversing with him before dinner, considering it best to let him come to me in his own good time. He drifted to one side of the room and I to the other. I noticed that from time to time he looked in my direction out of the corner of his eye, as if he were sizing me up before coming to close quarters.

The first impression Stalin made was surprising. I had thought from his pictures that he was a very big man with a face of iron and a booming voice. On the contrary, he is rather short, the top of his head coming to about my eye level, and of ordinary physique, wiry rather than powerful. He was dressed in a common soldier's uniform, with boots, black trousers and a gray-green coat without marks or decorations of any kind. Before dinner he smoked a large underslung pipe, which he continued to hold in his left hand throughout dinner, putting it on the table only when he needed to use both knife and fork. His eyes are curious, giving the impression of a dark brown filmed with dark blue. They are small, intensely shrewd and continuously smiling. The impression of shrewd humor is increased by the fact that the "crow's feet" which run out from them do not branch up and down in the usual manner, but all curve upward in long crescents. His hand is rather small with short fingers, wiry rather than strong. His mustache covers his mouth so that it is difficult to

see just what it is like, but when he laughs his lips curl in a curiously canine manner. The only other notable feature about his face is the length of his nostrils. They are unusually long. With Lenin one felt at once that one was in the presence of a great man; with Stalin I felt I was talking to a wiry Gipsy with roots and emotions beyond my experience.

After we had consumed a tremendous hors d'oeuvre, consisting of every conceivable kind of caviar and crab and other Russian delicacy and every conceivable kind of vodka and other aperitif we sat down. I was placed at Madame Voroshilov's right at the center of one of the long sides of the table. Stalin was at her left. Immediately opposite her was Voroshilov with Kalinin on his right and Molotov on his left. Litvinov was on my right and on Stalin's left was Egorov, the Chief of Staff.

As soon as we had settled ourselves at the table Stalin rose, lifted his glass and proposed a toast "To President Roosevelt, who in spite of the mute growls of the Fishes dared to recognize the Soviet Union." Everyone drained his glass to the bottom and sat down again with considerable laughter at Stalin's reference to Ham Fish. I then proposed the health of President Kalinin and thereupon a series of toasts was begun which continued throughout the entire meal. The next one was Molotov's to me in which he proposed "The health of one who comes to us as a new Ambassador but an old friend."

After the tenth toast or so, I began to consider it discreet to take merely a sip rather than drain my glass, but Litvinov, who was next to me, told me that the gentleman who proposed the toast would be insulted if I did not drink to the bottom and that I must do so, whereupon I

continued to drink bottoms-up. There were perhaps fifty toasts and I have never before so thanked God for the possession of a head impervious to any quantity of liquor. Everyone at the table got into the mood of a college fraternity banquet, and discretion was conspicuous by its absence. Litvinov whispered to me, "You told me that you wouldn't stay here if you were going to be treated as an outsider. Do you realize that everyone at this table has completely forgotten that anyone is here except the members of the inner gang?" That certainly seemed to be the case.

Stalin proposed my health several times and I did his once and we had considerable conversation across Madame Voroshilov. Toward the end of the dinner Stalin rose and proposed the health and continued prosperity, happiness and triumph of the American Army, the American Navy, the President and the whole United States. In return, I proposed a toast "To the memory of Lenin and the continued success of the Soviet Union."

There was a great deal of talk about the probability of an attack by Japan. Stalin, on introducing Egorov to me, said, "This is the man who will lead our Army victoriously against Japan when Japan attacks," and proposed a toast to Egorov and the Red Army in the same terms. Just before the meal ended Stalin rose again and turning to me said, "There is one thing I want to ask of you. The second line of our railroad to Vladivostock is not completed. To complete it quickly we need 250,000 tons of steel rails at once. They need not be new rails. Your rails are so much heavier than ours that the rails you discard are good enough for us. Your railways, I understand, are reequipping themselves and will have

many old rails to dispose of immediately. Cannot you arrange for us to purchase the old rails? I do not ask that they should be given to us, but only that our purchase of them should be facilitated." I replied that I should be glad to do anything I could in the matter and asked where the rails should be delivered, to which Stalin replied, "Vladivostock." I then asked who in America would make the arrangements for their purchase and he replied, "Bogdanov." Stalin then said, "Without those rails we shall beat the Japanese, but if we have the rails it will be easier."

After dinner we adjourned to an adjoining drawing room and Stalin seized Piatakov by the arm, marched him to the piano and sat him down on the stool and ordered him to play, whereupon Piatakov launched into a number of wild Russian dances, Stalin standing behind him and from time to time putting his arm around Piatakov's neck and squeezing him affectionately.

When Piatakov had finished playing, Stalin came over and sat down beside me and we talked for some time. He said he hoped that I would feel myself completely at home in the Soviet Union; that he and all the members of the Government had felt that I was a friend for so long, that they had such admiration for yourself and the things you were trying to do in America that they felt we could cooperate with the greatest intimacy. I told him that you sincerely hoped that war might be prevented in the Far East and that the Soviet Government might work out its great experiment in peace. He said, "I know that that is what President Roosevelt wants and I hope you will tell him from me that he is today, in spite of being the leader

of a capitalist nation, one of the most popular men in the Soviet Union."

Stalin was feeling extremely gay, as we all were, but he gave me the feeling that he was speaking honestly. He had by this time made the impression on me of a man not only of great shrewdness and inflexible will (Lenin, you know, said of him that he had enough will to equip the entire Communist Party), but also possessed of the quality of intuition in extraordinary measure. Moreover, like every real statesman I have known, he has the quality of being able to treat the most serious things with a joke and a twinkle in his eye. Lenin had that same quality. You have it.

As I got up to leave, Stalin said to me, "I want you to understand that if you want to see me at any time, day or night, you have only to let me know and I will see you at once." This was a most extraordinary gesture on his part as he has hitherto refused to see any Ambassador at any time.

In order to avoid the jealousy of my colleagues, I said to Litvinov that it seemed to me desirable that it should be made known to the Press merely that I had been at Voroshilov's and that Stalin had dropped in, and that I had had a talk with him. It was so arranged. It is valuable to have the inside track, but it seems to me not desirable to emphasize the fact to the world.

After I had said good-bye to Voroshilov and the others, Stalin went to the door of the apartment with me and said, "Is there anything at all in the Soviet Union that you want? Anything?" There was one thing I wanted, but I hesitated to ask for it, as Litvinov had told me

that the Moscow Soviet had definitely decided it would not give us the building site in the center of the town's park, and that a map would be submitted to me showing that the new canal would run through the property. Therefore I first said, "Everyone has been more than kind to me and I should hesitate to ask for anything in addition, except that the intimate relations we have begun tonight may continue." Whereupon, Stalin said, "But I should really like to show you that we appreciate not only what the President has done, but also what you yourself have done. Please understand that we should have received politely any Ambassador that might have been sent us by the Government of the United States, but we should have received no one but yourself in this particular way." He seemed moved by a genuinely friendly emotion. Therefore, I thanked him and said that there was one thing that I should really like to have, that I could see in my mind's eye an American Embassy modelled on the home of the author of the Declaration of Independence on that particular bluff overlooking the Moscow River, and that I should be glad to know that that property might be given to the American Government as a site for an Embassy. Stalin replied, "You shall have it." Thereupon, I held out my hand to shake hands with Stalin and, to my amazement, Stalin took my head in his two hands and gave me a large kiss! I swallowed my astonishment, and, when he turned up his face for a return kiss, I delivered it.

This evening with Stalin and the inner circle of the Soviet Government seems almost unbelievable in retrospect, and I should have difficulty in convincing myself that it was a reality if I had not on returning to my hotel awakened my secretary and dictated the salient facts to

him. Moreover, the next day shortly before my departure Litvinov told me that Stalin had given orders to the Moscow Soviet that the property in the park should be ours if we wished to have it.

I had a long and very important conversation with Litvinov on the morning of December 21 in regard to which I cabled you briefly on my arrival in Paris.

Litvinov began by saying that he wanted to have a serious talk with me and asked me whether the Government of the United States would have any objection to the Soviet Government joining the League of Nations. I replied that as I had no codes I could not communicate with my Government, but speaking for myself I could say without hesitation that the Government of the United States would have no objection.

I then asked Litvinov why the Soviet Government was considering such a reversal of its established policy. He said that the Soviet Government was under great pressure from France to join the League, that he and all other members of the Soviet Government considered an attack by Japan in the spring so probable that everything possible must be done to secure the western frontier of the Soviet Union from attack; that he did not fear an immediate attack by Germany or Poland or both combined, but that he knew that conversations had taken place between Germany and Poland looking toward an eventual attack on the Soviet Union if the Soviet Union should become embroiled in a long war with Japan; that he feared that a war with Japan might drag on for years and that after a couple of years Germany and Poland combined might attack the Soviet Union, Poland with the hope of annexing the Ukraine and parts of Soviet Union this spring would be certain.

Lithuania, and Germany with the hope of annexing the remainder of Lithuania as well as Latvia and Estonia. France had offered to make a defensive alliance with the Soviet Union providing that if either party were attacked by Germany the other party should at once declare war on Germany, but France felt that this could be done only within the framework of the League of Nations because of the difficulties caused by the Locarno agreements, and that in order to obtain this defensive alliance with France it would be necessary for the Soviet Union to enter the League.

I asked Litvinov how an alliance of this sort could be reconciled with the Covenant of the League and he said that it would be brought before the League as a "regional understanding." I told him that there seemed to me to be a considerable region separating France and Russia and he said that the proximity of both to Germany was a sufficient excuse. I pointed out that Russia had no common border with Germany, but he said with a laugh that Germany was quite close enough to make an agreement a "regional understanding." I asked him if he considered it probable that the Red Army would march against Germany to support France. He said he considered that it would be easy compared with the difficulty of getting the French Army to march against Germany to support the Soviet Union.

We had a long discussion of the situation in the Far East and he expressed the opinion that no one could say, not even in Japan, whether or not an attack by Japan would be made this spring; that the issue would depend on very personal factors; that the civil government had today no power whatever and that if General Araki should reach the position of Dictator, which was probable, an attack on the Soviet Union this spring would be certain.

We discussed ways and means of preventing such an attack. Litvinov suggested that in addition to the supplying of the steel rails, of which Stalin had spoken to me the previous evening, the most effective means of forestalling an attack would be the institution by the United States of proposals for non-aggression pacts between the United States, the Soviet Union, China and Japan. I explained to him the difficulties in the way of any such proposal. He then said that he felt that anything that could be done to make the Japanese believe that the United States was ready to cooperate with Russia, even though there might be no basis for the belief, would be valuable. He asked whether it might not be possible for an American squadron or an individual warship to pay a visit during the spring to Vladivostock or to Leningrad. I said that I could not answer that question, but would submit it to you.

Litvinov said that it would be very important if it should be possible to obtain assurances from France and Great Britain and the United States that loans or credits would not be given to the Japanese Government for war purposes. I told him that I had good personal reason to believe that such assurances might be obtained. He expressed extreme skepticism. I did not go into the details of the matter, but assured him that he could take it from me personally that there might be such a possibility.

I had in mind, of course, the assurances which I obtained last January from Neville Chamberlain, representing the British Government on the one hand, and from Paul Boncour, representing the French Government on the

other hand. You will remember that Boncour gave a verbal assurance that the Japanese would receive no loans or credits in France for war purposes and Chamberlain gave me an aide-mémoire which I turned over to you (which is doubtless in your most personal file at the present moment), which indicated that the British Government would not allow any money to be loaned by English banks to Japan except for ordinary commercial purposes.

I had attempted repeatedly to obtain from Litvinov the figures which were wanted by the Department in regard to Soviet obligations in Germany, but Litvinov had replied invariably that the figures were not available in Moscow but only in Berlin; that he had telegraphed to Berlin for them and that he would telegraph them to Skvirsky to communicate to the Department of State as soon as they were available.

We then talked about general commercial policy and Litvinov expressed the opinion that the United States could not take more than \$60,000,000 worth of goods from the Soviet Union in any one year, and that if we wanted an export trade with the Soviet Union of more than this amount we would have to extend long-term credits. He said that the Soviet Union was not interested in developing a large export and import trade, but hoped to make itself as nearly self-sufficient as possible. On the other hand, if considerable credits could be obtained, the Soviet Union would be glad to continue to buy from the United States considerable quantities of imports of all kinds. I asked him what was his idea with regard to payments and he replied that his idea was that the United States should take from the Soviet Union each year

sufficient imports to cover interest payments and amortization on long-term loans.

In this connection, it is perhaps worth while to point out that Mr. Mejlaouk, member of the Five Year Plan Commission, informed me that the new Five Year Plan would bring up the tempo of production of consumer's goods to the tempo of the production of producer's goods, and that a great effort was to be made during the next five years to raise the standard of living. He said machine tools would be the chief articles of import from America.

Litvinov's entire preoccupation at the present time is the preservation of peace in the Far East. I am convinced that there is almost nothing that the Soviet Union will not give us in the way of commercial agreements, or anything else, in return for our moral support in preserving peace.

Litvinov gave a tremendous reception for me on the next afternoon, December 21, and that evening we left for Paris.

I arrived in Berlin on December 23 and lunched with Dodd and his family. Dodd asked me to speak to you frankly about the situation in the Embassy at Berlin. He said that Flack was an exceptionally able secretary, much the best man in his staff--and having had Flack with me on the trip to Moscow I can endorse Dodd's remarks fully. Dodd said that the Department had recently sent him two social favorites (1) Jack White, as counselor, and (2) Orme Wilson, as secretary, who knew something about South America, but knew nothing about Europe, and seemed to care only for social things. Moreover, the Department, acting with the greatest irregularity, had sent him a letter ordering him

to place Orme Wilson in charge over the head of Flack, who as the senior officer at the post in the same class in the Service should normally assume charge in the absence of himself and White. He said that this had been a terrible blow to Flack, that he could not understand it unless it was simply a piece of social politics in the Department. He said he had written vigorous letters of protest to Phillips in regard to this action, which had upset his entire Embassy staff. He considered Flack essential and Wilson relatively useless, adding that Wilson had already made himself socially insufferable.

I reached Paris on Christmas eve, December 24. Claudel telephoned me from Brussels, where he is Ambassador, and said he wanted to have a talk with me. I saw him on December 27. He had just spent the morning with Boncour and Hymans and I asked him to give me an account of French intentions with regard to Germany, which he did with his customary frankness.

Claudel said that France would continue to oppose all German rearmament; that when the Disarmament Conference reassembled on January 21 France would bring forth a plan of disarmament which Germany would not accept. I suggested that Germany would simply go on rearming and asked what France would do in that case. He replied that France would do absolutely nothing, that France had such confidence in the new fortifications that she was convinced that Germany could not attack her and that when Germany had made herself strong enough to attack France's allies France would await the German attack and would then attack Germany from the rear. I said to him that this seemed to me a method of allowing Germany to dominate the Continent

of Europe, whereupon he replied that the French Government realized that it was very dangerous, but that the opinion of France was absolutely pacifist at the moment; that no sanctions would be supported by the country, and that there was nothing to do but to rely on Germany to behave with her customary idiocy and arouse the people of France and the whole of Europe.

I subsequently had many conversations in Paris and found that this feeble procedure is the one which will probably be pursued by the French Government. Claudel asked me to convey to you his warmest personal regards and to tell you that through thick and thin he was fighting to promote belief in your success. I have discovered from different sources that this is true.

Thursday, December 28, I had lunch with de Tessan, Under Secretary for Foreign Affairs, who has written a book on you and your Administration and is an intense admirer of all things American. He got very excited when I told him that the debt situation could not go on forever and that it seemed to me rather tragic that with a real friend of France in the White House and France needing deeply the moral support of the United States against Germany, it should be inevitable that the United States should have to point out to the world the dishonest procedure of the French Government in defaulting on its debts.

De Tessan insisted that I should have tea with Boncour at the Quai d'Orsay, which I did. Boncour seemed somewhat disturbed but not so upset as de Tessan and said that French public opinion was absolutely unprepared to make any debt settlement whatsoever, that there must be a new "fact". I told him that the French Government had only

itself to blame for the situation and must take the consequences. He began to talk about approaches and I told him that no approaches were possible; that if he had anything to say to you on this subject, or any other of primary importance, he should say it directly through de Laboulaye and through no one else.

I had a chance to ask him about the matter of loans to the Japanese and inquired whether the promise he had given me last winter still held good. He said it still held good absolutely, that there was no chance whatsoever of the Japanese getting any loans or credits in France for war purposes. It seems to me that we should have this matter pinned down by an official call from our representative in Paris, as my conversation was of a personal nature. We should obviously get in touch with the British in regard to this matter also, and since Neville Chamberlain made the written promise to us last year it may be possible to deal with this matter privately through him in honor and confidence, as Sir John Simon need not know anything about it.

Dodd had told me that Neurath had told him that the German Military Attaché in Tokyo had cabled that the Japanese had definitely decided to make war on the Soviet Union this spring. I did not repeat this to Boncour, but I asked Boncour what his opinion was in regard to the same matter. Boncour replied at first that he feared very much that Japan would attack, then said, "I do expect Japan to attack this spring, but after all many wars which one expects to break out do not break out."

In conclusion:

1. It is obvious that the French Government will do nothing in the way of settling the debts unless we give French opinion a severe jolt, as suggested by Herriot.

2. Talks on my way home with Prittwitz and Scheffer and others in Berlin convinced me that the German Government will continue its policy of talking like a lamb and arming feverishly in the belief that within two years Germany will be stronger than France.

3. It is obvious that the Soviet Government values so highly the moral support it may receive from the United States in the matter of preventing war with Japan that there is almost nothing we may not ask for and obtain at the present time.

It was a good trip, unmarred by a single unpleasant incident.

Blessings on you for the New Year.

Yours devotedly,

William C. Bullitt

REPLY OF MR. MIKHAIL KALININ, PRESIDENT OF THE
CENTRAL EXECUTIVE COMMITTEE OF THE UNION OF
SOVIET SOCIALIST REPUBLICS, TO THE REMARKS OF
THE HONORABLE WILLIAM C. BULLITT, UPON THE OC-
CASION OF THE LATTER'S PRESENTATION OF HIS LETTERS
OF CREDENCE AS AMBASSADOR OF THE UNITED STATES
OF AMERICA TO THE UNION OF SOVIET SOCIALIST
REPUBLICS

Mr. Ambassador:

I have the honor to receive from you the letters which accredit you as Ambassador of the United States of America to the Government of the Union of Soviet Socialist Republics. I am sincerely moved by the cordial and friendly greetings which you have conveyed to me from the President. And on my part I beg you to convey my sincerest and most friendly greetings and wishes for the happiness and prosperity of your great country.

The outstanding role which you personally, Mr. Ambassador, have played in the matter of mutual rapprochement of our two countries is well known to the wide public in the Union of Soviet Socialist Republics, and the very fact, therefore, that it was precisely you who were chosen by the President of the United States as the first Ambassador in the USSR, in itself is considered by us as an act of friendship.

I was always deeply convinced that as soon as the artificial barriers in the way of establishing cooperation between the peoples of the USSR and the American people were removed, such cooperation would assume the widest and most varied forms, and that with good will and mutual respect on both sides, the difference in socio-political systems existing in the two countries need not at all be an obstacle thereto.

I fully share your conviction that between the peoples of the USSR and the American people there can and should exist not only normal but genuinely friendly relations. I wish to assure you that on its part the Soviet Government is filled with the firm determination to help develop and strengthen precisely such relations. The best foundation for such sincerely friendly relations and for their all-sided development is the unswerving will for the maintaining and consolidation of peace which inspires both the peoples of the Soviet Union and the American people.

I thank you, Mr. Ambassador, for the cordial wishes expressed by you to the Union of Soviet Socialist Republics and to me personally. I assure you that in the realization of those high tasks in which you rightly see the important historic significance of your mission, you will always meet with the fullest and most active cooperation on my part and on the part of the Government of the Soviet Socialist Republics.

WP

This telegram must be closely paraphrased before being communicated to anyone. (d).

Moscow

Dated March 18, 1934

Rec'd 6:10 p. m.

Secretary of State,
Washington.

20, March 18, 6 p. m.

~~SECRET CONFIDENTIAL~~

Your 11, March 17, 1 p. m., just received. I shall communicate substance to Litvinov tomorrow. I saw him this morning in hospital. At first he categorically refused to consider anything but a cash loan. However after long argument he agreed to refer entire matter to Stalin.

The hundred million crown Swedish loan produced general conviction in Moscow that direct loans may now be expected by the Soviet Union from many nations and has stiffened greatly Soviet attitude.

What is the status of Johnson Bill? Are ordinary commercial credits to Soviet Government now illegal?

BULLITT

CIB
HSM

Copy

Copy: File Russian

AK

March 19, 1934.

FR

AMEMBASSY

MOSCOW

Your 20, March 18, 6 p.m.

Johnson bill has passed Senate and will probably pass House April second. It prohibits the purchase or sale in the United States of obligations hereafter issued by any Government in debt default to our Government except in connection with the Export-Import Bank ~~and~~ credit transactions. But by resolution of the Bank there can be no such transactions with the Soviet Union until debt agreement acceptable to the President is concluded. It follows that enactment of Johnson bill coupled with failure to reach agreement would prevent the Soviet Government and its agent Amtorg from making any purchases in the United States otherwise than for cash certainly where the sellers expect to dispose of the obligations. This stresses the importance of both countries speeding agreement relative to debts. Prior to enactment of Johnson bill existing situation with regard to ordinary commercial credits unchanged.

*Hull —
(By Rum)*

EE RFK:EBS

REP

This telegram must be closely paraphrased before being communicated to anyone. (D)

MOSCOW

Dated March 21, 1934

Rec'd 9:30 p. m.

Secretary of State,
Washington.

25, March 21, 9 p. m.

Continuing my 24, March 21, 8 p. m.

We discussed the question of a general non-aggression pact in the Pacific. Litvinov said "There are two ways to approach such a pact (first) in the hope that such a pact may be concluded (second) in the hope that such a pact may be proposed and rejected by the Japanese. To conclude such a pact it will be necessary to leave out China so that the matter of Manchukuo will not arise." I expressed the personal opinion that the Government of the United States would under no conditions desire to adhere to any pact which did not include China.

Litvinov then said that the Japanese would certainly never agree to sign any pact which included China unless Manchukuo should be recognized; that the Soviet Government would be glad to sign a pact involving the recognition of Manchukuo as a quid pro quo for Japan. I replied that I felt sure the Government of the United States was not prepared to recognize Manchukuo.

BULLITT

WSB-CSB

PSF Russia

File
Russia

ASSISTANT SECRETARY OF STATE

WASHINGTON

Telegram March 21, 1934

March 22, 1934.

Dear Mr. President:

The attached important despatches from Mr. Bullitt can be retained in your file.

Ambassador Troyanovsky called at my office this morning, but did not indicate that he had received any important information from Moscow and, therefore, I did not bring on any discussion of the subjects dealt with in Mr. Bullitt's despatches.

Referring to Mr. Bullitt's mention of the Johnson Bill, we are informed that the Bill, which has passed the Senate, will probably pass the House on April 2nd.

Yours very sincerely,

Reuben M. Brown

Enclosures:
Copies of despatches
Nos. 24 and 25.

The President,

The White House.

REP

This telegram must be closely paraphrased before being communicated to anyone. (D)

MOSCOW

Dated March 21, 1934

Rec'd 11:40 p. m.

Secretary of State,
Washington.

24, March 21, 8 p. m.

~~STRICTLY CONFIDENTIAL~~

Litvinov, in another long conversation at the hospital today, reiterated his unwillingness to settle on the basis of credits saying "We shall never accept credits in place of a loan. We might agree to spend the entire proceeds of a loan in the United States but what we insist upon is a straight loan like the one the Swedish Government has just granted us so that we can pay for all our American purchases in cash."

I replied that the message I had received from the President was decisive, that no loan could or would be granted. I added that if his position should be unalterable I would wish to cable the President immediately so that the Export Import Bank might be liquidated at once and all thought of trade with the Soviet Union abandoned. I then expressed the hope that in the absence of trade our relations might nevertheless remain friendly. Litvinov answered "We could remain on friendly terms with the United States
without

REP

2-#24, From Moscow, March 21, 8p.m.

without mutual trade but I fear that the United States would not remain on friendly terms with the Soviet Union." I made no reply as it seemed to me that he had caught with sufficient force the implication of my remark. Litvinov then said that he had not yet submitted the question to Stalin but would do so within the next two or three days in writing as he will be confined to the hospital for at least a week. He said that his Government might wish to make a decision while he was still in the hospital but that he thought decision would be delayed until he could discuss the matter with Stalin personally and perhaps until Bogdanov's arrival at the end of this month.

It seems to me highly desirable that the Johnson Bill should be passed as soon as possible and that the Department should adopt a firm attitude with Troyanovsky and bring to his attention the revulsion of feeling which would be likely to take place in the United States if the Soviet should so soon after recognition fail to continue the policy of cooperation between our two countries.

Previous negotiations with Litvinov have led me to observe that his decisive negotiations are often followed by acquiescence and I do not consider the present problem insoluble.

RR-WWC

BULLITT

This telegram must be closely paraphrased before being communicated to anyone. (D)

April 9, 1934.

4 p.m.

AMEMBASSY

MOSCOW

36

Your 43, 44 and 45.

Since you were present at all conversations with Litvinov in Washington you are perhaps in better position than anyone else to understand how perfectly indefensible is his present attitude. Approve your idea of refraining from any further suggestion for time being unless it is invited by Litvinov and you can be confident there will be no negotiations here with Troyanovsky or public statements about debt agreement of which you are not previously notified. You are wise to delay considering question of establishing consulates, even a consulate at Leningrad. Confidentially you may think it desirable to intimate in your own way to Litvinov that if the understanding had while he was here is to be repudiated it may not be worthwhile to provide any consulates or proceed in certain other respects. S.A. Trone dropped in while the above was being written and expressed great apprehension that failure of contemplated trade

trade with Soviet will furnish encouragement to Japan.
It would seem that Litvinov should appreciate the necessity
of doing everything possible to retain the advantage he
obtained by recognition and the prospect of active trade.

HULL

(RWM)

A-M RWM-HM

PS F Russia

DEPARTMENT OF STATE

THE SECRETARY

April 16, 1934.

MEMORANDUM OF CONVERSATION BETWEEN SECRETARY HULL AND THE AMBASSADOR OF THE UNION OF SOVIET SOCIALIST REPUBLICS, MR. ALEXANDER ANTONOVICH TROYANOVSKY.

Debt.

The Soviet Ambassador called and stated that he was instructed by his Government to discuss further with me the debt situation existing between the Soviet Government and the United States Government. I replied that when I returned from Latin America in January I was informed that an understanding had been reached between the President and Mr. Bullitt on the one side and Commissar Litvinoff on the other, to the effect the Soviet Government would pay from 75 to 150 million dollars in settlement of all indebtedness existing against his government and in favor of the United States Government and its nationals. The Ambassador then stated that Mr. Litvinoff was very much disturbed about the reports he had changed his position; that, according to his version of the debt conversations, he had

DEPARTMENT OF STATE

THE SECRETARY

-3-

that of his Government. I assured the Ambassador that I would be glad to lay this matter of an engagement before the President for him to determine. The Ambassador stated that he would be glad to see the President before the 19th of April since he would be obliged to leave for Chicago at that time.

C.H.

S CH:HR

PSF: Russia

ASSISTANT SECRETARY OF STATE
WASHINGTON

April 21, 1934.

Dear Miss Le Hand:

Attached are a despatch and letter with reference to Mr. Rubinin, who is expected to arrive in Washington this evening. Mr. Troyanovsky has been urging us to try to arrange an interview for him with the President, and it seems to me that you are wise in suggesting that the President may find it convenient to see the two men at the same time. Whether that would be satisfactory to the Ambassador, I do not yet know, but will know before I see the President.

I am holding back the other much more lengthy letter of Bullitt to me, which, however, I will show you Monday.

Yours very sincerely,

Rwalthin Moore

Enclosures:
Letter and despatch from Ambassador Bullitt.

Miss Marguerite A. Le Hand,
Personal Secretary to the President,
The White House.

PSF Russia

MP

This telegram must be closely paraphrased before being communicated to anyone (D)

Moscow

Dated April 13, 1934

Rec'd 12:35 p.m.

Secretary of State,
Washington.

51, April 13, 1 p.m.

~~STRICTLY CONFIDENTIAL.~~

Your telegram No. 42, April 12, 1 p.m.

Rubinin's trip ostensibly is to familiarize himself with the United States. His real purpose is to give Troyanovsky an intimate view of Litvinov's position with regard to the matter of debts and claims and to bring back to Moscow first hand information as to the position of the Government of the United States.

This is correct
X I am informed unofficially but I think reliably that Troyanovsky has reported that he is in a helpless position being unable successfully to interpret the assurances which Litvinov gave in Washington or to contest the position taken by the Department.

I feel sure that Rubinin has not been empowered to enter into any negotiations but merely to give and receive information. Nevertheless I attach great importance to his receiving a swift impact.

RR WSB
800.51.W 89 U.S.S.R./29

BULLITT

PSF
Russon

Moscow, April 3, 1934.

Dear Judge Moore:

I have just ascertained that Mr. Evguényi Vladimirovitch Rubinin, who is in charge of the Western European and American Sections of the Soviet Foreign Office, is leaving for the United States on April 10. He will be in Washington for about one week.

Mr. Rubinin is in a position to be enormously helpful or harmful to us here, and I trust that you will receive him with more than the usual courtesies. He is a delightful young fellow. His French is perfect and he has a working knowledge of English.

Every good wish to you.

Yours very sincerely,

The Honorable
R. Walton Moore,
Department of State,
Washington.

William C. Bullitt

PT
This telegram must be
closely paraphrased be-
fore being communicated
to anyone (D)

MOSCOW

Dated April 22, 1934

Rec'd. 10.25 p.m.

Secretary of State,

Washington

60, April 22, 5 p.m.

Your telegram No. 47 April 20, 6 p.m.

Soviet reaction to Japan's announcement in regard to China is one of unalloyed delight. The position of the Soviet Union is regarded as greatly improved since it is considered likely that the United States and Great Britain now will have to oppose Japan openly whereas the Soviet Union will be able to remain discreetly in the background and may thus avoid the war with Japan which has been considered inevitable.

Litinov, grinning broadly, said to me today: "perhaps your Government will realize now that there is no limit to which Japan will not go. Any concession whatever leads merely to further demands. This is equivalent to proclamation of a protectorate over China.

I know that the Japanese Minister in Peiping informed the British and German Ministers in advance.
The

PT

- 2 - No. 60 from Moscow, Apr. 22, 5 p.m.

The British Minister said he could not assent. The German assented. You will note that the Japanese announcement was not directed against the German instructions of the Chinese army which to my mind means that those instructions are the agents of the Japanese Government rather than of the Chinese Government. The announcement was directed against the United States and against the League of Nations whose committee headed by ^(Rajchman?) Reichmann is about to report.

There is but one way to stop Japan today and that is to call on all powers interested in the Pacific for a joint protest. The United States, the Soviet Union, Great Britain, France, Holland and Italy should be invited to joint in a protest."

I asked Litvinov why he did not include Germany. He said that he believed Germany was much too close to Japan at the moment to do anything but make trouble. I asked him if he did not think action should come by way of the League. He replied that the League would take no action; that this was a matter for the Pacific powers. I asked him if he thought words would be ^{of} any use unless we were ready to back them up by acts which none of us were anxious to perform. He answered that thus far Japan had only used words and that at the moment words were a fitting reply.

Litvinov

PT

- 3 - from Moscow, April 22, 1934, 5 p.m.

Litvinov said: "If you allow this statement of the Japanese Foreign Office to pass without comment the Japanese in the future will insist that it has established a definite policy and that you have acquiesced by your silence".

I made no comment on the foregoing observations but asked Litvinov how his negotiations with regard to the Chinese Railway were progressing. He said that he had submitted another offer to Japan, but although the Japanese had promised to discuss it they had not done so.

The Chinese Charge d' Affairs this morning informed me in strictest confidence that early in March of this year the Soviet Government had said to him that if the Chinese Government would declare war on Japan the Soviet Government would enter that war on the side of China. He said that this proposal had been made to him in the most formal manner but that his Government had not taken it seriously and had not replied. The Chinese Charge d' Affairs told me further that neither Litvinov nor any other official of the Foreign Office had discussed the recent Japanese announcement with him; that the Russians were delighted and would attempt to remain completely in the background and permit the United States and England to get into the foreground of opposition to Japan. He expressed the opinion that the note was
essentially

PT

- 4 - No. 60 from Moscow, April 23, 5 p.m.

essentially directed against the United States; that England could not be relied on for anything but hypocritical opposition to Japan as she was attempting to do in Tibet precisely the same thing that Japan was doing in Manchuria and North China.

The Soviet press under orders has refrained from comment on the Japanese announcement.

BULLITT

WVC
HFD

COPY:CLK

PSF Russia 7

TELEGRAM SENT

DEPARTMENT OF STATE

This telegram must be closely paraphrased before being communicated to anyone. (D)

ASSISTANT SECRETARY April 23, 1934.

2 p.m.

May 17, 1934

AMEMBASSY

MOSCOW

50 ~~STRICTLY CONFIDENTIAL~~

FROM MOORE

I went over the situation fully with the President Saturday and he approves your course. He concurs in your thought we should await further suggestion as to debts which we believe may be expected. If and when that occurs, he may indicate some modifications he is willing to accept. He has entire confidence in you and you are at liberty in your own tactful way to intimate to Litvinoff how the relations of the two countries may be unfortunately affected by failure to agree, this having reference to construction of buildings, establishing consulates, et cetera. For the moment it would seem that only the Consulate at Leningrad should be seriously considered. Troyanovsky now wishes to see the President alone instead of calling at the White House to introduce Rubinin. Skvirsky pretends to regard Rubinin as not officially important, but we will show him all the courtesy possible.

PHILLIPS

ACTING

RWM:RFK:EBS

RFK

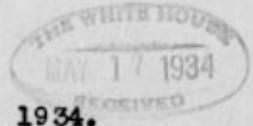
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FSF Russia
J. I. J.
7

DEPARTMENT OF STATE

ASSISTANT SECRETARY

This telegram was to be
closely paraphrased to
avoid being communicated
to anyone (S)



May 17, 1934.

For The President:

Attached is a despatch received from Bullitt
this morning. A proposed reply is also attached,
but since the latter was dictated, I have thought
best to confer with Mr. Peek, and this has been
arranged for 2:30, following which, this afternoon
or tomorrow, I shall hope to see the President.

Reuakku Moon.

...that it was impossible to discuss details
such as total indebtedness and interest rates to long
do there was no agreement as to the basic question of
the form of service.

...Please inform your Government that we will have
nothing to do with financial standing of American
corporations for credits in which the Export-Import
Bank will participate. Either a credit to the bank
for double the amount of debt payment or a flat
agreement by the bank to discount 100% Soviet ob-
ligations to twice the amount of the debt payment is

PSF Russia

MP

This telegram must be closely paraphrased before being communicated to anyone (D)

Moscow

Dated May 16, 1934

Rec'd 8:15 p.m.

Secretary of State,

Washington.

85, May 16, 10 p.m.

This afternoon I laid the original Department draft agreement before Krestinsky and Rubinin and proposed that we should attempt to define our exact points of disagreement. Krestinsky is adverse to take the Department draft as the basis for discussion saying that it was impossible to discuss details such as total indebtedness and interest rates so long as there was no agreement on the basic question of the form of credit.

After a long fruitless discussion Krestinsky said: "Please inform your Government that we will have nothing to do with financial standing of American corporations for credits in which the Export-Import Bank will participate. Either a credit at the bank for double the amount of debt payment or a flat agreement by the bank to discount 100% Soviet obligations to twice the amount of the debt payment is

CORRECTED PAGE "2"

2-#85 from Moscow May 16, 10 pm

a ~~sine~~ sine qua non for any settlement. Let the bank agree at once to discount 100% \$200,000,000 of Amtorg obligations and we will pay 100,000,000 on indebtedness and the matter will be settled. We will make no agreement unless it places us in a position to buy for cash and not on credit. We can get all the private credits we want in the United States."

I told Krestinsky that I was certain that my Government would not make any such agreement and suggested that it was merely a waste of time for us to continue our conversations, adding that the Department might as well present immediately its absolute minimum to Troyanovsky in written form so that both governments might ~~cease~~ cease to cherish illusions. He protested that he preferred infinitely to continue conversations here. Rubinin followed me ^(when?) which I left Krestinsky's office and for an hour tried to persuade me to recommend acceptance of the proposal of the Soviet Union. I told him that acceptance was impossible.

Krestinsky's acute disinclination to terminate our discussions makes me inclined to believe that his sine qua non is not a real ultimatum. But he was so categorical

MP

3-85 From Moscow, May 16, 10 p.m.

catogorical that the Soviet Government will be unable
to make any alternative offer for some time -
perhaps for some months.

I shall refrain from further discussions until
I receive explicit instructions from the Department.

BULLITT

WSB RR

PROPOSED REPLY TO BULLITT

Your 85, May 16, 10 p. m.

Of course approve your refusal to accept proposition, which practically means an unconditional loan of two hundred million dollars. Since all credit transactions would be placed under the control of Amtorg with power to decide terms, class of goods purchased, and what preference given producers, it would to a large extent place our business at the will of Amtorg, and the Export-Import Bank would really pass out of the picture. Mr. Peek is also positive in this view.

Likewise approve your statement to officials of uselessness to protract discussion if their proposition is final.

You may think it expedient to suggest in case that is the situation, that they may desire to instruct Troyanovsky to take up the matter here. The President might succeed in impressing him with the fact that his Government is deviating from all that was understood while Litvinov was in Washington and the importance of agreeing differences on a mutually advantageous basis so as to preserve entirely friendly relations.

PS F Russia

4-28-34

Including 3-15-34
3-17-34
4-2-34
4-5-34
4-8-34

THE DEBT NEGOTIATIONS WITH THE SOVIET

This memorandum summarizing the negotiations that have been had, the President may find of some use in advance of his conversation with Mr. Troyanovsky.

1. The attached paper marked "A" is the proposal, drafted before Mr. Bullitt left here, to be suggested to the Soviet as expressing the general understanding reached while Mr. Litvinoff was here.

Shortly after the statement was handed Mr. Troyanovsky, following Mr. Bullitt's departure, he said that he was not in a position to discuss it but had transmitted it to Moscow for discussion there, and since then the entire negotiation has been carried on in Moscow and Mr. Bullitt has requested that nothing shall be done or said here without informing him, so as to avoid any confusion.

2. The attached paper marked "B" is Mr. Bullitt's despatch narrating his interview with Mr. Litvinoff and showing how materially the latter had sought to escape the understanding by calling for a very large straight loan from our Government, and otherwise. The paper marked "C" is our reply to that despatch.

3. The papers attached marked "D" is Mr. Bullitt's despatch advising that Litvinoff had proposed a straight credit in substitution for a loan and that Litvinoff had angrily said that
this

this was his last word and he would have no other proposition to make. The paper marked "E" is our reply to that despatch.

The other day Mr. Rubinin, who is a very important official in the Foreign Office at Moscow, came here, undoubtedly for the purpose of conferring with Troyanovsky relative the matter under negotiation in Moscow. He was Troyanovsky's guest at the Embassy and immediately Troyanovsky began to urge that he^(Troyanovsky) be afforded an opportunity to talk with the President.

What Troyanovsky will suggest is not known, but whatever he suggests will have been inspired by Litvinoff through Rubinin. I respectfully submit that any proposal he may possibly make differing from Litvinoff's ultimatum should simply be promised careful consideration and communicated at once to Bullitt.

Troyanovsky may refer to the action of the Export Import Bank in determining to refrain from specific credit transactions until a debt agreement satisfactory to the President is arrived at. When I was with Mr. Rubinin the other day, I explained to him how reasonable it was for the bank to take that action in view of the fact that it was always understood that the two subjects of a debt agreement and the support by the bank of Russian purchases in this country were so linked together that it would be perfectly illogical for us to extend

tend any credit in advance of a satisfactory debt agreement and I believe that Rubinin, appreciating this, was inclined to discard his previously expressed opinion that the action of the bank was an unfair method of trying to force the Soviet into a debt agreement acceptable to the President.

April 28th 34

Walter Moore

PSF Russia
1

A

The Honorable
The Secretary of State.

Sir:

I have the honor to refer to the conversations between the President of the United States and the Commissar for Foreign Affairs of my Government with regard to the question of the settlement of debts and claims, and to subsequent discussions of that matter, and to inform you that in full settlement of the indebtedness of former Governments of Russia to the Government of the United States and its nationals, and of all claims of nationals of the United States against my Government, arising prior to November 16, 1933, with the exception of claims arising out of contracts for services, goods, supplies, or materiel, entered into between my Government, or an Agent thereof, and American nationals, my Government will pay to your Government, in currency of the United States, the sum of One Hundred and Fifty Million Dollars (\$150,000,000.00), together with interest, in the manner hereinafter provided, the payment to be completed within twenty (20) years.

On all credits or loans to be extended after the date hereof to my Government or any of its agencies by your Government, its nationals, or any agencies of either, my Government will pay, in addition to the charges or interest contracted for in each particular transaction, an additional sum hereinafter called "additional interest", namely, ten (10) per centum per annum of the respective amount upon which the contractual charge or interest is based, such

additional

additional interest to be paid at the same respective times that the contractual charge or interest is paid. Such additional interest shall be paid to the Export-Import Bank of Washington, D. C., or to any other agency or agencies your Government may designate, for the account of the United States Treasury, and applied first toward the interest on the above sum of One Hundred and Fifty Million Dollars (\$150,000,000.00), and thereafter to the reduction of the principal thereof.

A credit or loan is deemed to be extended under the above provisions upon either the opening of an irrevocable credit or the granting of a loan.

My Government will submit to your Government from time to time, as it may be requested, a schedule of all credits or loans extended to it by nationals of your Government.

The said sum of One Hundred and Fifty Million Dollars (\$150,000,000.00) shall bear interest at the rate of five (5) per centum per annum, commencing July 1, 1934, payable semiannually, on the first day of January and the first day of July of each succeeding year. Any interest remaining unpaid on these respective dates shall be added to the principal and shall thereafter bear interest at the same rate per annum.

The said sum of One Hundred and Fifty Million Dollars (\$150,000,000.00) shall not include, but shall be in addition to, any assets that have been assigned or released to the United States.

My Government waives all demands and claims of every character by it or any of its nationals against the United States or any of its nationals.

This telegram must be closely paraphrased before being communicated to anyone. (D)

MOSCOW

Dated March 15, 1934.

Rec'd 10:10 a.m.

Secretary of State,
Washington.

13, March 15, 1 a.m.

~~CONFIDENTIAL~~
Continuing my No. 12, March 14, midnight.

We then discussed the State Department draft of the note in regard to claims and credits which Troyanovsky had forwarded to Litvinov a copy of which he gave to me. Litvinov expressed objection to almost every sentence of the draft.

(a) In regard to the first paragraph of the note he said that the wording of the note would compel the Soviet Government to make settlements with all the other governments which had claims against the Soviet Union and objected to the sum being placed at \$150,000,000. He said that he was prepared to suggest \$100,000,000 to his Government but without interest. He was vehement in his objection to interest. I reminded him that the dollar had been cut to 60 per cent of its former value and that the Soviet Union no longer ran the risk of the rise of the dollar to parity, that therefore the sum of \$150,000,000 actually represented only \$90,000,000. We had some discussion on this point and

and I gathered the impression that we may perhaps be able to get the full \$150,000,000. We should certainly hold out for it at present.

(b) In regard to the second paragraph of the note Litvinov took the surprising position that he had not agreed to pay any extra interest or any credits whatever but only on loans to be given to his Government to be used for purchases anywhere. I combated this assertion as vigorously as possible reminding him that we had had long discussions of the possibility of using frozen American credits in Germany and emphasizing the fact that the President had never had any idea of a direct loan to the Soviet Government but only of a loan in the form of credits. I pointed out that no loan could possibly be made by the United States to any foreign country at the present time and that we had assumed that he was fully aware that a loan in the form of credits was the only possibility. He agreed that he had known that it would be extraordinarily difficult for the Government of the United States to make any loan to the Soviet Union but insisted that he had thought the President would find a way to do so. I feel sure that the President never envisaged a loan in any other form than that of a commercial credit to be expended in the United States. An instruction from the President stating his point of view in regard

March 17, 1934.

regard to this matter with vigor would be of great assistance to me in subsequent conversations with Litvinov. If Litvinov's physicians permit I am to see him on March 16th.

Litvinov also objected to the fixing of ten per cent as the amount of additional interest. He recalled to me that in his discussion of this matter with Secretary of the Treasury Morgenthau the Secretary of the Treasury had suggested the sum of four per cent normal interest and six per cent additional interest. Litvinov also recalled the fact that he had offered the Secretary of the Treasury a normal interest rate of three per cent and an additional rate of four per cent and finished by saying "so you see on this point also our points of view are very far apart".

In spite of Litvinov's highly unfavorable reception of the State Department draft I derived the impression that if we maintain our position energetically and forcibly we shall be able to arrive at a solution in large measure satisfactory to us.

BULLITT

WSB

HPD

681.11/304

ME RPK:288

COPY:CLK

PSF Russia
C

This message must be closely paraphrased before being communicated to anyone.

March 17, 1934.

1 p.m.

AMEMBASSY

MOSCOW

11. Your 13, March 15, 1 a.m.

For your information President is convinced that the proposal relative to debts and claims which you are discussing with Litvinoff is reasonable but he is willing to give consideration to any not vital modifications insisted upon by Litvinoff which you may recommend.

You may inform Litvinoff that the President expressly states that he has never had any thought of a direct loan to the Soviet Government and that there is not the slightest possibility of such a loan being made.

The Board of Trustees of the Export-Import Bank has passed a resolution with the President's approval to the effect that the Bank shall not engage in any credit transactions to facilitate Soviet purchases in the United States until the Soviet Government has submitted a debt adjustment proposal acceptable to the President.

HULL

461.11/394

EE RPK:EBS

PSF Russia 4

D

COPY - (ABF)

PT

This telegram must be closely paraphrased before being communicated to anyone (D)

Moscow

Dated April 2, 1934

Rec'd. 11.54 p.m.

Secretary of State,

Washington

33, April 2, 8 p.m.

Litvinov today informed me that the Council of Peoples Commissars had decided that it would arrange the matter of indebtedness to the Government of the United States and American nationals by way of a long term credit operation and that the Soviet Government would not insist upon a loan. He said that he was authorized to make the following proposal: that a 20 year credit should be extended by the Export Import Bank for double the amount of the sum to be paid in settlement of claims by the Soviet Government; that if the amount should be fixed at \$75,000,000 the credit should be for \$150,000,000; that if the sum should be \$100,000,000 the credit should be for \$200,000,000. He proposed that a credit to this undetermined amount should

PT - 2 - No. 33 from Moscow, Apr. 2, 8 p.m.

should be opened by the Export Import Bank to be drawn upon by the Soviet Government if, as and when the Soviet Government needed cash to pay for purchases made in the United States. He asserted that the Soviet Government desired to make all purchases in the United States in cash. I recurred to this point three times during our conversation but he insisted that this was so.

He proposed that the interest on such a credit should be 4 % during the first four years without extra interest payments applied to liquidation of debts and that the interest should be 4 % plus 3 % additional interest for the subsequent 16 years. The additional 3 % over a period of 16 years would thus cover 96 % of the recognized claims. I told Litvinov that I was certain that the sum mentioned for extra interest payments, 3 %, would prove to be entirely unacceptable but that I would communicate his proposal to my Government and would refrain from further comments to him until I had received instructions from Washington.

I should have taken a stronger line of opposition to Litvinov's proposal except for the fact that it

marked

PT

- 3 - No. 33 from Moscow, Apr. 2, 8 p.m.

marked a retreat from his position that there must be a loan or no settlement.

I reminded Litvinov of this promise to the President that he would recommend a payment of \$100,000,000 in settlement of claims. He said that he was still ready to do so if the President should insist but that the documents which had been turned over to the Soviet Embassy in Washington had revealed the fact that the Kerensky Government had received almost none of the funds placed at its disposal by the Government of the United States and that Bakhmetieff and Ughet had used these funds for the support of themselves and various armed attacks on the Soviet Government. He mentioned specifically Yudenich and Denikin. He said that he would have a dossier ready for me on this subject within two or three days which he was sure would appeal to the fair mindedness of the President.

Litvinov said that he did not expect to leave Moscow for the meeting in Geneva on April 10 but I suspect that he will do so at the last minute and I suggest that the Department should if possible let me
have

PT

- 4 - No. 33 from Moscow, Apr. 2, 8 p.m.

have its views in regard to his proposal within the next few days.

Litvinov said further that he hoped the Government of the United States would not interpret the Johnson Bill to mean that it would be unlawful for anyone to extend ordinary trade credits to the Soviet Government. I should be greatly obliged for information on this point. Litvinov added that it was necessary to make many purchases immediately which purchases would be made by Arcos in London if they could not be made by Amtorg in the United States.

I am informed by a private source that the Swedish Parliament may refuse to vote the proposed credit to the Soviet Government. If this rumor should prove to be true we shall find Litvinov more amenable.

BULLITT

WSB

WWC

BSF Russia

Σ

COPY - (ABF)

MET

TELEGRAM SENT

A portion of this telegram April 5, 1934
must be closely paraphrased
before being communicated 1 p. m.
to anyone (d)

AMEMBASSY

MOSCOW.

31.

Your 33, April 2, 8 p.m. will be brought to the
President's attention on his return here next week.
Meanwhile I regard the proposal as wholly unacceptable.
It substitutes for a loan which the President hereto-
fore declined to consider, a credit which is the
equivalent of a loan. It may be assumed that the Ex-
port-Import Bank cannot extend such a credit and that
Congress would not do so. Were the credit extended and
the other details of the proposal approved, the in-
debtedness to our Government at the end of the twenty
year period would apparently be about twice what it was
at the beginning of the period. The proposal is so
unreasonable not to say fantastic as to make unnecessary
comment on the inadequacy of the total amount of
indebtedness

MET

2-#31 to Amembassy, Moscow,
April 5, 1934, 1 p.m.

indebtedness it contemplates and the inadequacy of the interest rates. Mr. Litvinoff probably knew when he was in Washington how the proceeds of the Kerensky loan were expended, but even if what he states were true the rights of our Government as a creditor would not be weakened, since it incurred no obligation to control the expenditure.

In talking with the Soviet Ambassador on March 26 I told him that the President and others who participated in the conversations with Mr. Litvinoff were greatly surprised and keenly disappointed to learn that Mr. Litvinoff now seems to have a version of the debt understanding entered into on his visit here completely different from anything the American officials thought they were discussing and certainly different from anything they had in mind. / I informed him that our Government could not for a moment justify to claimants in this country a settlement for a specific amount payable in twenty years, without interest. I finally suggested that in view of Mr. Litvinoff's new and unexpected contentions it would perhaps be best to keep all commercial

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APR 1934

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MET

3-#31 to Amembassy, Moscow,
April 5, 1934, 1 p.m.

and financial relations in suspense until the situation is clarified.

Yesterday the House of Representatives passed the Johnson Bill in precisely the form it had previously passed the Senate. There was no vote against the Bill in the Senate and there was no roll call in the House, where there was little or no opposition. There was read to the House the resolution adopted by the Export-Import Bank as follows, and the house relied on this assurance in passing the Bill (GRAY) QUOTE It is the sense of the board of trustees of this Corporation that no actual credit transactions with the Soviet Government shall be undertaken unless and until that government shall submit to the President of the United States an acceptable agreement respecting the payment of the Russian indebtedness to the Government of the United States and its nationals. UNQUOTE (END GRAY)

Of course you understand that the Bill will not prevent cash purchases in the United States by the Amtorg, but will prevent the purchase or sale of obligations given for purchases.

HULL

A-M RWM
RFK:EBS

EE

A-M

P 3 F Russia

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MP

This telegram must be closely paraphrased before being communicated to anyone (D)

Moscow

Dated April 8, 1934

Rec'd 10 p.m.

Secretary of State,
Washington.

URGENT

43, April 8, 7 p.m.

Your 31, April 5, 1 p.m., and 35, April 7, 5 p.m.

I had a completely unsatisfactory discussion with Litvinov this afternoon. He was angry and adamant. He refused to take the State Department draft as a basis of discussion either now or hereafter alleging that it was in absolute contravention of his understanding with the President. I replied that our belief, on the contrary, was that it was in accordance with his understanding with the President. He said that any fair minded person could judge that the State Department draft contemplated not a loan or a credit but a taxation of Soviet trade; that the same proposal had been made by the French Minister Demonziø years ago; that it had then been rejected and all similar proposals would continue to be rejected by the Soviet Government.

He

MP

2-#43 From Moscow, Apr. 8, 7 p.m.

He asked me what reply the Department had made to his proposal. I told him that his proposal was entirely unacceptable even as a basis of discussion and asked him if he had anything to add to it. He said he had nothing to add. With the explanation that my question was personal I asked him if the Soviet Government might be willing to put up actual metal security in addition to its promise to pay. He replied that the Soviet Government had never done so and would never do so.

I asked Litvinov if he had considered the consequences of his attitude pointing out that the credit markets of the United States would be open to nations not in default and would remain closed to the Soviet Union until an agreement has been reached. He said that he was fully aware of this and was not disturbed. He added that the Johnson Bill presumably applied to England, France and Italy, as well as the Soviet Union and said "we shall be in very good company". He then said: "This means that we shall buy nothing henceforth in the United States. We can cover all our needs in other countries and shall do so".

I replied that such a course would not lead to the development of the sort of relations between our countries which we both hoped might develop. He

answered

MP

3-#43 From Moscow, Apr. 8, 7 p.m.

answered that the relations of the Soviet Union with France, England, Italy and other countries had been amicable without the settlement of debts and claims and that there was no reason why the relations of the Soviet Union with the United States should not remain amicable under similar circumstances. He added that our private claimants would receive no consideration whatever.

I asked him if there were nothing that he could invent as a counterproposal which might have some chance of acceptance. He said that he had said his last word and made his maximum offer to me the last time we had discussed the matter; that so far as he was concerned the matter was closed. I said to him that if he should adhere to this attitude it might become necessary for the Government of the United States to announce that no credits of any kind would be permitted for Soviet trade. He replied that that had already been announced in Washington and added that the public announcement by the Board of Directors of the Export Import Bank that no credits would be extended to the Soviet Union had been a badly advised threat designed

and make provision for a sinking fund. to

MP

4-#43 From Moscow, Apr. 8, 7 p.m.

to bring pressure on the Soviet Union. He said that the Soviet Union would never be moved by such a threat. I denied that any threat had been intended and I told him that I could not contemplate without deep regret and apprehension the development of our relations if he should adhere to his point of view. He said that he had no apprehensions. I told him that I saw no chance of an alteration in the point of view of my Government and that there was nothing to be done unless he should change his point of view. He said that he would not change his point of view.

I am not in a position to judge the general considerations of national policy involved in the decision we now have to make. I have not discussed Litvinov's recent proposal in detail with him owing to the Department's and my own objections of principle to it. I cannot therefore indicate authoritatively for the Department's information what modifications of detail he might make in it if the Department should wish to take it as the basis of discussion. My impression is however that he might raise the basic four per cent to five and the additional three per cent to five and make provision for a sinking fund. Nevertheless he is so belligerent and intransigent at the moment that

MP

5-#43 From Moscow, Apr. 8, 7 p.m.

that even if the Department should wish to make his proposal the basis of discussion I should not favor doing so until he has had time to be impressed by an attitude of complete negation on our part.

I shall continue therefore to cultivate tranquil personal relations and to act as if the question of debts, claims and trade did not exist. I recommend that the Department should avoid any initiative in the matter with Troyanovsky and that when Rubin bin arrives on April 19 he should be received with the greatest personal courtesy and official firmness. We should leave the next move to the Soviet Government.

In view of the above I believe that we should abandon the idea of opening Consulates in Vladivostok and Odessa this summer; that the staff of the Consulate in Leningrad should be drafted from the officers and clerks now in Moscow; and that immigration visas should continue to be issued in Riga.

BULLITT

HPD

PSF Russia

Telegram attached
from Bullitt
April 28, 1934

DEPARTMENT OF STATE

ASSISTANT SECRETARY

April 30, 1934.

Dear Mr. President:

Enclosed is a despatch received from Mr. Bullitt this morning, and a despatch to the International News Service from its Moscow correspondent.^x

My understanding from Mr. McIntyre is that you will see Mr. Troyanovsky at twelve o'clock today.

Should you desire the Secretary and myself or anyone else from this Department to be present at the interview, I will thank you to have Mr. McIntyre advise me a little in advance of the hour fixed for Mr. Troyanovsky's call.

Yours very sincerely,

Rhett H. Brown

Enclosures:
As stated.

*Also an interest memorandum
relating to the effort of the Soviet
to obtain a loan in Sweden*

R. H. Brown

PSF Russia

hsm
A portion of this telegram
must be closely paraphrased
before being communicated
to anyone. (d).

Moscow
Dated April 28, 1934
Rec'd 8:30 p. m.

Secretary of State,
Washington.

68, April 28, 8 p. m.

The organ of the Commissariat of Heavy Industry carries today a long editorial on Soviet-American trade. As all American newspaper correspondents here will cable it, I shall not. The editorial bears every indication that Litvinov participated in its preparation. He has said nothing further on this subject to me.

You will note the change of tone between today's editorial and the editorial of April 17th in the same paper, ZA INDUSTRIALIZATSIU, referred to in my 54, April 18, 11 a. m. One passage in today's editorial is a direct appeal to the President:

(GRAY) "Some American newspapers state that the personal interference of President Roosevelt is expected in this matter. We do not know how correct this information is. In any case we know that President Roosevelt, as one of the greatest statesmen, has a special quality which has been repeatedly displayed in the mutual relations of the United States of America and the U.S.S.R. When any

kind

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#68, April 28, 8 p. m. from Moscow

-2-

kind of complication arises the President quickly and easily solves those problems which are too difficult for individual non-elastic organs of the governmental apparatus." (END GRAY).

I have had many indications that the Soviet Government is beginning to be most anxious to wriggle out of the present impasse and if the President should feel inclined to see Troyanovsky or Rubinin I should consider the present moment appropriate for a few vigorous remarks.

BULLITT

HSM

*This is a report to the
American News Service —*

HNB 017 By Lindsay Parrott

International News Service Staff Correspondent

Moscow, April 28-- (INS)-- The belief grew today that the Soviet Union is willing at least to begin discussing a settlement of the debts owed by the Kerensky Regime to the United States. That Russia is about ready to meet half way any initiative from the United States in this connection appears to American observers from an editorial in "Za Industrializata" official mouthpiece of Soviet industry, again commenting upon the effect of the Johnson bill.

In a calm and dispassionate analysis of the American claims against the Soviet Government and the counter-claims of the Soviet Union, the newspaper advanced the idea that the amounts involved actually are "insignificant" compared to the "establishment of a solid economic base for a political rapprochement between two great countries which at the present time are closely connected in the maintenance of World Peace".

The paper points out that though the amount of the Kerensky loan for which the United States is claiming payment is generally set at \$187,000,000, actually only \$15,000,000 of that ever was turned over to Russia. The paper says:--

In January, 1921, Russia had on deposit in the United States \$171,800,000 which various Senators asked to have sequestered. The United States Government failed to do so and the money was spent in financing Gen. Kolchak, Gen. Deniken and other White

Russians long after the provisional government had ceased to exist.

"Are the toiling masses of the Soviet Union to be asked to pay for the cannons and bullets which were used to shoot them down? We have too good an opinion of the spirit of justice of the American people and the political institution of President Roosevelt to believe that they would ask this".

The lack of clarity about such problems and the nervous tension caused by their existence are the principal impediment to trade between the two nations, the paper declares, and again produces the argument:-

"How is it possible for the officers of the Export Bank to place the Soviet Government on the same basis with the United States and then repudiate them, since the Soviet Government has not made any obligation to pay the pre-revolutionary debts and as far as its own debts are concerned has paid them faithfully and punctually".

PSF Russia

A-M

April 30, 1934.

DAILY REPORT FOR EASTERN EUROPE

The Swedish Minister informed me by phone on Saturday that he had just received a telegram from his Government to the effect that the Soviet Government has informed the Swedish Government that the agreement providing for a loan of 100 million crowns by the Swedish Government to the Soviet Government will not be ratified by the Soviet Government.

NOTE: This is a very important development in view of the effect which the possibility of the Soviet Government obtaining a direct loan from a foreign government has had on the attitude of the Soviet Government as expressed by Mr. Litvinoff in the discussions at Moscow with regard to the settlement of American debts and claims against the Soviet Union. In view of the opposition which has developed to the loan in Sweden, it seems pretty certain that the Soviet Government has taken the action referred to above in order to preclude the injury to its prestige which would ensue if the loan agreement were rejected by the Riksdag.

Robert F. Kelley.

RFK:CLK

PSF Russia

[5-1-34?]

DRAFT OF DESPATCH TO BULLITT

Yesterday, with Moore and myself present, Troyanovsky, who had sought the interview, talked with the President and was told that the negotiation should not be transferred to Washington but continued at Moscow, particularly in view of the fact that you and Litvinoff are thoroughly familiar with all that occurred here last fall, and the interview ended with that understanding.

During the conversation, Troyanovsky said that, if \$75,000,000 dollars in payment of the debts is unsatisfactory, Litvinoff is prepared to increase the amount. On this point the President was very clear in showing the effect of the devaluation of the dollar on the minimum and maximum totals discussed last fall. Furthermore, the President stressed the fact as something he must always bear in mind that any debt agreement will be subject to the Senate's approval. Troyanovsky submitted a memorandum analyzing the expenditure of the Kerensky loan.

There was some, but not definite or important, mention of interest rates and other details and it was explained to Troyanovsky that the matter of debts and the matter of contemplated credits are so linked together

together as to make it unreasonable for the Export Bank to engage in transactions in advance of a debt agreement satisfactory to the President.

There is really nothing concrete to say except that the President leaves the negotiation in your hands without having made any committal or statement conflicting in any way with what you have done or anticipating what you may attempt to do.

Various considerations which may influence Litvinoff, as, for instance, his apparent failure to obtain a loan from Sweden, and the present Japanese situation you, of course, fully appreciate.

We assume you will bring the negotiation to a climax as soon as possible and that, if Litvinoff remains obdurate, you will wish us to acquiesce in Troyanovsky's request that the negotiation be further carried on here.

The President would not wish to declare this right out of hand, but made it clear to Troyanovsky that this is a circuitous method because ~~it~~ ^{on} every proposal made in Washington ~~should~~ we should have to consult your head he would have to consult Litvinoff

A-M:RWM:MLM
5/1

PSF

Russia - 1934

12

May 2, 1934.

My dear Mr. Litvinoff:

Please let me tell you how thrilled I am by the album containing the complete collection of Soviet stamps since 1917. I shall spend many happy evenings looking them over and, as I told you when you were here, I look forward to seeing some day, with my own eyes, the scenes that are depicted on your stamps.

We all like your Ambassador so much and he is universally popular.

With many thanks to you again, and with my warm regards,

Very sincerely yours,

His Excellency
Mr. Maxim M. Litvinoff,
People's Commissar for Foreign Affairs
of the Union of Soviet Socialist Republics,
Moscow, Russia.

dj

FDR/dj

RF Russia

achd 5-2-34-dj



Moscow, March 10 1934

RF
signatures

My dear Mr. President,

It affords me immense pleasure to be able to present you, as an enthusiastic philatelist, with an album containing a complete collection of stamps issued in my country since 1917.

Please accept, Mr. President, this modest souvenir as a token of friendship and as an expression of my sincerest respect and highest personal esteem.

Yours very sincerely

Alexander Litvinoff
Litvinoff

PST: K... ..

File

ASSISTANT SECRETARY OF STATE
WASHINGTON

May 8, 1934.

My dear Mr. President:

After I saw you yesterday, Mr. Troyanovsky came in. He objects to the Soviet being classed by the Attorney General as a defaulting nation and inclines to make a public statement of his reasons. I urged that to go into the newspapers further would tend to complicate the situation without any advantage to either country. I further impressed him with the fact that the opinion places the Soviet in even better position than before because it sanctions ordinary commercial transactions as not being within the purview of the Johnson Act.

I told him that we are advised that Litvinoff has said that he has spoken his last word, whereupon he stated Litvinoff has cabled him that Bullitt has made a similar remark. Then he authorized me to inform Bullitt that Litvinoff will be very glad to resume the negotiations, and I have wired Bullitt accordingly. Troyanovsky went away in excellent good humor.

Yours very sincerely,

R. Walter Moore

The President,

The White House.

PSF Russia

Telegram from
Bullitt attached
May 13, 1934.

DEPARTMENT OF STATE
ASSISTANT SECRETARY

May 14, 1934.

Dear Mr. President:

Attached are two despatches received from Mr. Bullitt this morning that strike me as pretty hopeful. If you can find a few minutes I will thank you to read them before I see you this afternoon or tomorrow morning for the purpose of submitting the draft of a reply which I do not care to submit until Mr. Bullitt's questions have been considered by the Executive Committee of the Export-Import Bank.

Mr. Bullitt's first despatch of noon, May 13th, followed a little telegram I sent him saying that in the interest of prompt action, I would be glad to furnish any clarification he might desire of any points covered by the last despatch to him, which you saw.

Yours very sincerely,

Roosevelt

Enclosures:
Copies of
despatches as
stated.



WP

PSF Russia

This telegram must be closely paraphrased before being communicated to anyone. (D)

Moscow

Dated May 13, 1934

Rec'd 2:10 p. m.

Secretary of State,
Washington

81, May 13, noon.

Litvinov absent yesterday. Shall see him today and without committing our Government in any way shall attempt to discover how far he will go.

I am grateful for the suggestion in your 73 in regard to clarification of certain points in your 72. It will be valuable to me to have more detailed instructions on the following points:

One. Last sentence of paragraph number one. Litvinov promised to pay the indebtedness only by extra interest on credits. To obtain from him a promise to pay a fixed amount of indebtedness unless he is promised a fixed amount of credits for fixed periods I believe will be impossible. Is the bank prepared to fix definitely the amount and duration of credits to be extended regardless of credits which may or may not be extended by American corporations or individuals and regardless of conditions in the Soviet Union?

Two. As you know Litvinov is violently opposed to any interest on the acknowledged indebtedness and denies all obligation to pay interest. In view of his attitude would the Department consider acceptable two

or

or three per cent interest on the indebtedness.

Three. Paragraph numbered two, first sentence. Litvinov will argue that the facetiousness in regard to the Soviet Government becoming unstable or war occurring will prevent a fixed agreement as to credits hence a fixed agreement as to payment of indebtedness.

Four. Does the word "support" mean that the bank itself will discount Amtorg obligations to an amount double the agreed indebtedness or that the bank will merely assist in financing an indefinite proportion of credits to double the amount of the indebtedness.

Five. Litvinov has been demanding a twenty year credit period if the bank insists that no credit shall run longer than five years as indicated by the second sentence of paragraph numbered two. Is the bank prepared to agree to re-lend immediately all repaid amounts and to (outstanding?) keep until my a continuous line of credit of any fixed duration to an amount double the total indebtedness? or, alternatively, might the bank extend credits for a period substantially longer than five years?

Six. What amount of Amtorg obligations is the bank prepared to discount at once?

Seven. If Litvinov should acquiesce in a five per cent normal interest rate plus five per cent to be applied to both principal of and interest on debt would such a settlement be satisfactory to the Department?

Eight.

- 3 - No. 81 from Moscow

Eight. Paragraph numbered four, second section.
Can the bank indicate a minimum amount of each credit
which it would be prepared to carry?

At the present moment it will be difficult if not
impossible to tie the Soviet Government to a definite
fixed engagement unless the bank is ready to make a
definite commitment. If we wish to reach a settlement
now we must face this refractory fact.

BULLITT

GIB
JS

cib
This telegram must be
closely paraphrased be-
fore being communicated
to anyone. (D)

MOSCOW

Dated May 13, 1934.

Received 5:55 p.m.

Secretary of State
Washington.

82, May 13, 7 p.m.

This afternoon I discussed with Litvinov the proposals contained in your 72, May 11, 6 p.m. He expects to leave Moscow either tomorrow or the following day and will not return until mid-June. He said that he hoped I would conclude our negotiations with Krestinsky and Rubinin.

I outlined your proposal for revolving credits with the Export-Import Bank approving each transaction in advance and carrying only a part of the credit risk. After prolonged discussion he seemed to acquiesce in principle.

We discussed the question of interest rates and he said finally that the important thing for the Soviet Government was to have one all inclusive interest rate which would include interest on the acknowledged indebtedness. He offered a total permanent seven per cent. I replied that less than ten per cent could not be discussed. After some debate he seemed to agree in principle that ten per cent was a minimum.

Litvinov

No. 82, May 13, 1934, from Moscow.

Litvinov was most amiable throughout our conversation. I derived the impression that the absence of his usual belligerency was due in part to the desire of the Soviet Government to reach agreement and the conviction that we are adamant but in larger measure to the fact that he was about to be absolved from the necessity of making concessions personally. As soon as I receive your reply to my 81, May 13, noon, I shall call on Krestinsky and Rubinin.

BULLITT

CIB

TSF: Russia

May 15, 1934

My dear Mr. Secretary:

Before Bullitt's departure, I told him that I wished him to meet me in Hawaii on July 12th and asked him to visit Japan and China and study the political situation in those countries as well as the Soviet Union before embarking for Hawaii.

Will you please issue orders to Bullitt to meet me in Hawaii, proceeding via Japan and China by whatever route he may choose? He should also be instructed to return to his post by way of Vladivostok, with freedom to stop in Japan or China on his return journey if he should consider it advisable.

Yours very sincerely,

The Honorable
Cordell Hull,
Secretary of State.

COPY EBS

PSF Russia

TELEGRAM SENT
DEPARTMENT OF STATE

File Conf.

Washington,

June 6, 1934.

4 p.m.

This cable was sent in confidential Code. It should be carefully paraphrased before being communicated to anyone. D

AMEMBASSY,

MOSCOW (U.S.S.R.)

108.

Have just talked with the President. We are anxious for your opinion as to whether there is any possibility of satisfactory conclusion of negotiation at Moscow, and if not whether you think it should and can be transferred to Washington. From what he says, Troyanovsky realizes importance of action since he is fully informed of many credit transactions of probable advantage to both countries which await agreement on debts being reached.

HULL

(RWM)

A-M:RWM:MLM

800.51 W 89 U.S.S.R./65A
Confidential File

This was sent following my visit to the White House, knowing

*Rhett's name -
June 8/34*

TELEGRAM RECEIVED

PT
This telegram must be
closely paraphrased be-
fore being communicated
to anyone (D)

From MOSCOW

Dated June 8, 1934

Rec'd. 8.50 a.m.

Secretary of State,
Washington

124, June 8, noon.

Your 108, June 6, 4 p.m.

I shall see Krestinsky tomorrow and then reply
fully. Until I can report Krestinsky's views I believe
that it would be inadvisable for the Department to
negotiate with Troyanovsky who may or may not represent
the point of view of his Government.

BULLITT

CSB
HPD

*Bullitt probably still absent
from Moscow when this was
sent from his office*

Richard M. ...

800.51 W 89 U.S.S.R./ 66
Confidential File

June 8/34

MP

This telegram must be closely paraphrased before being communicated to anyone (D)

Moscow

Dated June 8, 1934

Rec'd 9:12 a.m.

Secretary of State,
Washington.

125, June 8, 1 p.m.

I am under constant pressure from American correspondents for information regarding negotiations with the Soviet Government particularly with respect to debt settlement. Thus far I have consistently maintained that no negotiations worthy of the name were being conducted here as the Soviet Government had refused to accept any basis for negotiations.

In the interest of coordination I should be glad to know whether the Department approves of this method of presenting the matter or if the Department desires me to take a different line.

BULLITT

CSB

*This was probably sent from
Bullitt's office prior to his
return to Moscow. He has not
notified us of his absence but
repeatedly reported about 10 days ago
that he was away - Rhett*

June 8, 1934.

AMEMBASSY

MOSCOW, (U.S.S.R.)

Your 124 and 125, June 8.

In reply to constant inquiries from American business men as to prospect of debt agreement we have replied that negotiations are being carried on at Moscow with hope of a successful conclusion. We have not interpreted temporary cessation as meaning abandonment. We have no thought of taking up matter with Troyanovsky until we hear from you in answer to our 108.

*Hull
(Rosen) -*

*We have just sent it
to Bulhitt -*

*Robertson
June 8 '34*

A-M RWM HM

*Pauline
file*

*PSF
Rimov
1934*

August 29, 1934.

Dear Bill:--

I think it is a fine idea for you to come back via the Far East where you will be able to get at least a cursory view of things in Siberia, Manchuria, China and Japan.

My present plan is to go to Warm Springs about the middle of November and stay until about December fifth. The White House office will not be ready much before then. Meanwhile things are in a mess, as the whole lower part of the White House is turned over to executive business.

I have not seen Troyanovsky since you returned but everybody likes him at the State Department and I am very certain terms could be arranged if he had a more free hand.

It is grand about the Polo and the Baseball. By the way, as an expert I want to compliment you again on your excellent Russian in that picture. All you need to do now is to swallow some lubricant just before starting to speak. It will give you the necessary speed-up! I do not need to warn you against too many lubricants!

I will not tell you about our trip except that it was a magnificent party and helped the general scheme of things in Central and South America and also in Hawaii - nor will I prognosticate about our economic future over here.

All the big guns have started shooting - Al Smith, John W. Davis, James W. Wadsworth, du Pont, Shouse, etc. Their organization has already been labeled the "I CANTT TAKE IT CLUB."

Keep up the good work. We will all be happy to have you back again.

As ever yours,

Hon. William C. Bullitt,
American Embassy,
Moscow.

PSF
Russia

Moscow, August 5, 1934.

My dear Mr. President:

I hope you had as good a time in Hawaii as we expected to have. I regretted not seeing you every day of your trip.

Jean Monnet, one of my closest French friends, who has just spent six months advising the Chinese Government on financial reorganization, passed through Moscow a few days ago and gave me a creatively intimate picture of China and Japan. He is definitely of the opinion that the Japanese can be handled in such a way as to settle Eastern questions by peaceful means and I should like to spend a couple of weeks in China and Japan trying to verify his observations.

When our Hawaiian meeting was "spurlos versenkt",

you

The Honorable

Franklin D. Roosevelt,

President of the United States of America,

The White House,

Washington.

you suggested that you would want me to come back this autumn. If you still want to see me you might order me to report in Washington for a conference about December 1 and to come by way of the East. I could leave Vladivastok about October 15 and be in Washington by December 1st with the latest Far Eastern and Russian information. Do let me know soon how you feel about such a trip as I shall not make any plans to leave here until I know your personal wishes.

I have not been able to get anywhere with Litvinov and, while maintaining very cordial personal relations with him, have tried to build a backfire in the Kremlin by way of Voroshilov and Karakhan.

As a means to develop close relations with Voroshilov I imported a lot of polo equipment and have taught the Red Army Cavalry to play the game. We play every other day on a broad plain. The game at the outset had a number of unusual features not provided at Meadowbrook. All the ponies were sixteen-hand stallions who savaged each other and the riders whenever they came to close quarters, and on the first day a Mongolian soldier with an undeveloped genius for the game carried the ball in a bee-line three miles

cross

cross country before he could be stopped! The polo has brought not only myself but our military men into the closest relations with the Red Army leaders and has been most useful. As you know, I have also started baseball here and that has helped to bring us into intimate relations with the Moscow Soviet. We have had dozens of indications lately that Stalin, Voroshilov and Molotov are most anxious to develop really friendly relations with us and I think the most important thing I can do at the moment is to get my feeble Russian into shape to have conversations with them about various matters without the aid of an interpreter. I got word from the Kremlin the other day that all the leaders of the Government, including Stalin, would be glad to see a great deal more of me than they have been seeing and in the end I think we shall be able to beat down Litvinov's resistance. I do not expect any immediate results, however, as Litvinov is about to leave Moscow for a two months' holiday and Stalin is leaving for a cure in the Caucasus.

Do you know that our pet courier service has been stopped and also that the Comptroller General has

snarled

snarled in scarlet tape the payment of Moscow salaries in gold and that we are all rapidly going bankrupt? I have had no explanation from the Department with regard to stopping the courier service which is, of course, absolutely essential to this mission. I am sending my own couriers now to Berlin but our funds are too limited to keep this up long. The exchange equalization is also vital for us here and I should be most grateful if you would give the Comptroller General a graceful but swift kick.

I am really too eager to see you all. The summer here has been delightful with plenty of polo, baseball, tennis and swimming in the late afternoons but the sun is already beginning to leave us and Washington is beginning to look more alluring than ever.

My very best wishes to Mrs. Roosevelt and Miss Le Hand, and the hope that I may see you all soon.

Yours permanently,

William C. Bullitt

This item - Roosevelt
to R.W. Tatro, 8-31-34,
is left here - on Tatro's
Trewy's advice, although
it shows it came from
The Confidential File,

Feb 10-30-63

State

August 31, 1934.

Dear Walton:-

I see no reason why you should not go ahead with the general suggestions in your letter and try to bring the Russian matter to a conclusion. I do not think the coming election presents a valid reason for delay and I am inclined to think that an honorable settlement between us and Russia would help rather than hurt. At all times it should be made very clear, of course, that the credits we extend will result in immediate orders for American goods and thus put American workmen to work.

220 + 220 A

As a matter of fact, even if we resume the conversations with Troyanovsky, the chances are that no final agreement would be made for a good many weeks.

Always sincerely,

Hon. R. Walton Moore, X 20
Assistant Secretary of State,
State Department,
Washington, D. C.

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799
X 212

published in
Foreign Relations
of the US
"The Soviet Union, 1933-39"

VOL. PAGES 140-141

DEPARTMENT OF STATE

DIVISION OF EASTERN EUROPEAN AFFAIRS

September 5, 1934,
8:30 p.m.

Conversation

The Ambassador of the Soviet Union, Mr. Troyanovsky;
The Assistant Secretary of State, Mr. R. Walton Moore;
Mr. Robert F. Kelley.

Mr. Moore opened the conversation by stating that, without standing on ceremony, he had taken the initiative in proposing this conference, since he felt that both sides were anxious to reach a settlement of the matter of debts and claims. He pointed out that when recognition was accorded, it was hoped that it would contribute both to the promotion of world peace and to the development of trade between the two countries, and while we had no illusions as to the amount of trade which might be developed, he thought that every effort should be made to realize the objectives which had been had in view. He referred to Mr. Troyanovsky's last proposal and said that the main point at issue was the loan demanded by the Soviet Government. He did not think there would be great difficulty in reaching an agreement in respect to the amount of indebtedness, interest rates, et cetera, but that it was hardly worth while discussing these matters so long as the Soviet Government insisted upon the granting of a loan as a condition of its paying the indebtedness which might be agreed upon. Mr. Moore emphasized that it was out of question for the Government of the United States to extend a loan to
the

PSF Russia folder-1934
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the Soviet Government, either as proposed by Mr. Litvinoff or as proposed by Mr. Troyanovsky. If the Soviet Government insisted on this requirement, there was no possibility of reaching a settlement of the matter.

It was stated to Mr. Troyanovsky that the Bank had contemplated financing credits of varying lengths according to several categories of goods, - possibly a year to a year and a half for consumers' goods, two to three years for light capital goods, and four to five years for heavy capital goods. It was pointed out to him that these terms were much more favorable than the Soviet Government was receiving in other countries. It was suggested that it was possible that the President might agree to grant special terms in exceptional cases, say for equipment for large industrial projects; but it was emphasized that the maximum terms even in such cases could not possibly exceed six to seven years, and such terms would be granted only in very extraordinary cases. It was made clear to Mr. Troyanovsky that this matter had never been discussed with the President, and it was not known whether he would approve of any exceptions to the five year maximum. The suggestion was set forth merely as a possibility.

Mr. Troyanovsky argued at great length that the main difficulty was the effect of any agreement with the United States on the relations of the Soviet Union with other countries, and that what the Soviet Government granted the United States

States would have to be accorded to other countries. This was the reason, he said, that the Soviet Government desired a loan. It was suggested to him that, since it was impossible for the United States to grant a loan, some other device might be worked out which would serve this purpose just as well. He was asked whether he could not give thought to this and propose some other formula which would meet the difficulty in question. Mr. Troyanovsky replied that he had exhausted his powers of invention in his last proposal, but that he would be glad to consider, of course, any proposal along this line which we might suggest.

There was a brief discussion of the rates of interest, and Mr. Troyanovsky stated that his Government was prepared to pay a total interest rate on credits of seven per cent, four and a small fraction of which would cover the interest charges and expenses of the Bank, two and a half per cent constitute a sinking fund to liquidate the agreed indebtedness, and the remaining fraction would be sufficient to liquidate the interest of one per cent which the Soviet Government proposed to pay on the agreed indebtedness. He declared that we had been willing to accept a similar low interest rate in the case of our debt agreements with other countries.

In concluding, Mr. Troyanovsky said that he would be very glad to have another meeting if any suggestions occurred to us, but he did not hold out the slightest possibility of his Government yielding on the question of a loan.

Loan Demand Balks Soviet Debt Accord

Insistence on Direct U. S.
Cash Aid, Not Dispute
Over Total Sum Owed,
Revealed as Key Point

New Trade Bank
May Be Scrapped

Roosevelt Refuses to Go
Beyond Guaranteeing
75% of Private Paper

By Ralph W. Barnes

*Moscow Correspondent of the New
York Herald Tribune*

WASHINGTON, Aug. 28. — Soviet insistence that a Soviet-American debt and claims settlement be accompanied by a United States government loan to finance American exports to the Soviet Union is the point causing the deadlock in the present debt negotiations here. It was disclosed today. Contrary to the general impression, the question of the capital sum to be paid by the Soviet to the United States on account of debts and private claims has not so far proved a principal point of dispute.

Both sides express confidence that, if the matter of financing Soviet-American trade can be worked out, a compromise figure on the debts and claims can be reached without great difficulty. Agreement probably would be reached on a capital sum of about \$150,000,000, to be paid by the Soviet with interest over a period of twenty or twenty-five years.

Export-Import Bank May Go

If the negotiations fail to result in an accord, the Washington Export and Import Bank for Russia may be liquidated, for it was established solely to finance Soviet-American trade in the expectation that there would be a debt accord which would make a trade revival possible.

The Soviet cannot buy in quantity without credits, and private American interests are unwilling to grant credits to the U. S. S. R. without government backing. Washington has made it clear that there can be no government financing whatsoever of Soviet-American trade so long as the debt and claims settlement is in abeyance.

When Alexander Troyanovsky, the Soviet Ambassador, presented his government's modified debt plan, still containing the loan feature, to the State Department last week, he was told as on other occasions that under no circumstances could a loan be considered. A government loan to any foreign state at this time would be out of line with Washington's policy. It was indicated.

Would Guarantee Private Loans

Under the plan sponsored by the State Department, the debt and claims settlement would be accompanied by an arrangement under which the United States, through the agency of the Export and Import Bank, would

(Continued on page nine)

Loan Demand Balks Soviet Debt Accord

(Continued from page one)

guarantee up to perhaps 75 per cent of the export credits granted to the Soviet by American exporters.

With the debts and claims once settled, Washington is prepared to assist exporters in this manner and, through the agency of the bank, to discount paper to Amtorg (Soviet trading agency), but is not prepared to go to the full extent of granting a loan to Moscow, even though it were agreed that the whole should be employed for purchases in the United States.

With credits barred as a result of the debt impasse, the Export and Import Bank has had no function of any kind to fill since it was established last winter. While its overhead expenses are not high, bookkeeping and other office costs are sufficient to make its dissolution desirable, were it to continue to be functionless.

Litvinov Misunderstood Roosevelt

When Maxim Litvinov, the Foreign Commissar, left Washington last November President Roosevelt and Wil-

liam C. Bullitt, now Ambassador to the U. S. S. R., had drawn the inferences from the previous conversations that Moscow was prepared to conclude a debt agreement along the lines which had been delineated. At that time, it is understood, the Soviet was not placing emphasis on the loan feature. At the beginning of the year the Export and Import Bank was set up in the belief that a debt accord, which would make the granting of credits possible, would be forthcoming immediately after Mr. Bullitt had taken over his duties in the Soviet capital.

Washington and Moscow had misunderstood each other, it became clear to Mr. Bullitt during his first conversations with Mr. Litvinov in Moscow that from the Soviet viewpoint the American plan did not provide a basis for negotiations. It was at this juncture that the Soviet began to emphasize the loan feature.

The proposals made to the State Department last week by Mr. Trojanovskiy differed from the previous Soviet projects only in that the financing would be in several categories. He expressed willingness to consider the types of financing proposed by the State Department, but he wanted the loan, too, and he wanted a part of it in ruin appreciably longer than America's.

The Soviet government is embarrassed in the negotiations by the fact that it may be under the necessity of settling with France and Great Britain on terms similar to those to which they may agree with the United States. The Russian debts to France and Great Britain are many times as

large as are those to the United States.

The American debts and claims against Russia include the following: The Kerensky debt of \$187,000,000 to the United States government; the Czarist debt to American bondholders, fixed at about \$85,000,000; damages sustained by American citizens or corporations such as the International Harvester Company and the Singer Sewing Machine Company, through the confiscation by the Soviet government of American property in Russia. The total of these is usually said to be about \$460,000,000.

There is also the question of Soviet counter-claims, resulting in part from damage done by American forces which participated in the Allied Archangel campaign of 1918 and 1919. The amount of the claims on this account has never been stated, and it is not clear to what extent this factor enters into the negotiations. While in Washington last autumn, Mr. Litvinov agreed to waive Soviet claims on account of damage committed by American forces in Siberia.

The refusal of the State Department to agree to finance Soviet-American trade, pending a debt accord, does not devolve wholly from the provisions of the Johnson act, which was designed to prohibit government financial transactions with any state in default on its obligations to the United States. As far back as the period of Mr. Litvinov's visit to Washington, the State Department made it clear to the Soviet government that it considered a debt accord a prerequisite to the granting of credits.

ASSISTANT SECRETARY OF STATE

WASHINGTON

August 29, 1934.

Dear Mr. President:

Enclosed are copies of telegrams to Messrs. Long and Bullitt. In my letter to Bullitt it was stated that he is authorized to leave Moscow about the middle of October and arrive in Washington the latter part of December; that his suggestions as to the stops he shall make in the Orient will be approved, and instructions issued accordingly, and that his salary will be taken care of. I also wrote Mr. Long explaining that there will be no difficulty in splitting up his one month consultation period, so as to avoid its being continuous, should that be his desire.

There is also enclosed an article that appeared in the NEW YORK HERALD TRIBUNE this morning. It was written after the correspondent had an interview with Mr. Troyanovsky which he reported to us. One interesting point is that Troyanovsky did not limit the debt payment to a hundred million dollars, but talked about one hundred and fifty million dollars. Another interesting point is that Troyanovsky, after beating about the bush, admitted that he seeks a loan, his reference being made to the proposal that we shall give him an open credit of a hundred million dollars to be repaid in twenty years, in addition to ordinary credit transactions

through

The President,
Hyde Park,
New York.

through the Export-Import Bank.

Troyanovsky is so anxious for a settlement as to make me rather hopeful that in further conference with him we might be able to agree (a) on the payment of a hundred million dollars in twenty or twenty-five years with interest, say, at the rate of not less than two percent, or the payment of a hundred and fifty million dollars in that time without interest; (b) on credits extended by the Bank and subject to its approval totalling at any one date not more than two hundred million dollars, and with a repayment plan stipulating five years as the ordinary limit and a longer time on unusual transactions as, for instance, the purchase of all the equipment of a factory.

I have not talked with Troyanovsky since he was here last week and would not trouble you now except to ascertain whether you wish to have the matter brought to a conclusion, if that can be done, as quickly as possible, or would prefer to delay, unless Troyanovsky should take the initiative, until after the election, and I will thank you to write or wire me as to this. On the one hand there are, of course, many producers of American goods who are eager to find markets, while on the other hand there are politicians who, in case of an agreement prior to the election, would try to impress a belief that we should exact payment of a larger sum on account of debts and that we should not pledge the credit of the Government at the risk of incurring loss, and that thus the general interest is being sacrificed. I hesitate to raise the question, since you may think I should assume that we should go forward as if there were no election approaching.

Very sincerely,

Robert M. Stone

PT

TELEGRAM SENT

This telegram must be
closely paraphrased be-
fore being communicated
to anyone (B)

August 28, 1934, 4 p.m.

Ambassy,

Rome (Italy)

73

Confidential for the Ambassador.

During your approaching leave your detail to the
Department for consultation for a period of about a month
is contemplated. This will be in addition to the leave
already granted and you may select period of consultation.

PHILLIPS,

Acting
RWM

FP:LCP:MSG PA WE

*not to be
returned RWM*

PT

TELEGRAM SENT

GRAY

August 28, 1934, Noon.

Amembassy,

Moscow (U.S.S.R).

217

Today mailing you letter about leave of absence
which you will find altogether satisfactory.

PHILLIPS,

Acting

RWM

A-M RWM HM

*not to be released
RWM*

A-M
S

DEPARTMENT OF STATE
DIVISION OF EASTERN EUROPEAN AFFAIRS

August 24, 1934, 11 a.m.

Conversation

The Ambassador of the Soviet Union, Mr. Troyanovsky;
The Secretary of State;
The Assistant Secretary of State, Mr. Moore;
Mr. Robert F. Kelley.

Mr. Troyanovsky handed to the Secretary the attached memorandum, which he termed a compromise proposal. He said that he had worked it out himself and endeavored to combine the viewpoints of both Governments.

The Secretary read the memorandum aloud and stated that the twenty-year credit referred to in the memorandum was in actuality a loan, and that terms of that length of time were unheard of in commercial transactions. After questioning Mr. Troyanovsky with regard to various phases of his proposal, the Secretary stated that the proposal amounted in its essence to the United States granting the Soviet Government a loan equal to the amount of its indebtedness to the United States, and in addition a revolving credit of an equivalent amount. Congress would certainly never approve of such a transaction, and it would be severely criticised by public opinion.

Mr. Troyanovsky was asked what interest he proposed to pay on the agreed indebtedness, and he said that, although his Government did not think that it should pay any interest, he proposed the payment of one per cent.

Eventually

Eventually the Secretary said that the best way to leave the matter was that if suggestions should occur to either side which might be considered helpful, they would be brought to the attention of the other side.

Following the conference the attached statement was read to the press.

Encl.

RFK
RFK:MS

MEMORANDUM

The Soviet side is convinced of the correctness of its understanding of the Gentlemen's Agreement initialed on November 15, 1933 by President Roosevelt and Commissar for Foreign Affairs Litvinoff, and is prepared to substantiate the complete justness of its interpretation.

Desirous, however, of reaching a friendly settlement of the questions at issue, the Soviet side is prepared to take one further important step to meet the wishes of the American side.

The Soviet side is willing to accept one half of the total amount of credit, i.e., \$100,000,000, in the form of commercial credits to be advanced on conditions especially arranged, and only \$100,000,000 in the form of a financial credit with a maturity of twenty years.

This signifies that a credit account for \$100,000,000 would be opened for the Soviet Government at the Export-Import Bank, which credit would be repaid in twenty years. The Soviet side would draw upon this account to pay for goods purchased by it in the United States.

The other \$100,000,000 of credit would be placed at the disposal of the Soviet Government through the same Export-Import Bank in the form of commercial credits to be used in accordance with conditions especially agreed upon.

The Soviet Government furthermore expresses its agreement that the Export-Import Bank should finance the purchases made by the Soviet side against this commercial credit account to the extent of 75 per cent only of the purchase price, on condition that the remaining 25 per cent should be financed

by the seller. The Soviet Government also agrees to the establishment of different maturities of credit for different categories of goods purchased against this second \$100,000,000. The minimum period for such credits, however, should in no case be less than five years, and should be established in advance in the main agreement between the State Department and the Embassy of the U.S.S.R.

This second \$100,000,000 credit should be placed at the disposal of the Soviet Government in the form of a revolving credit, renewable during twenty years as partial repayments of the credit are made.

The Soviet side will pay on the first as well as on the second \$100,000,000 an aggregate interest of 7 per cent a year.

From the time of the conclusion by the contracting parties of an agreement on the lines of this memorandum, all claims of the Government and nationals of the United States of America based on pre-revolutionary debts and obligations and all analagous claims of the Soviet side against the Government and the nationals of the United States of America, will be considered mutually eliminated as provided by the Gentlemen's Agreement of November 15, 1933.

24/vii 1934

August 24, 1934.

Secretary Hull was in this morning and, with Assistant Secretary Moore and Mr. Robert F. Kelley, Chief of the Division of Eastern European Affairs, met the Soviet Ambassador, Mr. Troyanovsky, in the Secretary's office.

The matter of the settlement of the claims of the United States and its nationals against the Soviet Government has been under discussion in Moscow and Washington for many months. Very promptly our government presented a written proposal of a basis for the negotiation of an agreement. Since then there has been a discussion of details rather than of principal questions involved. Today, however, the Soviet Ambassador presented a counter-proposal in writing, in view of which it is not possible to be optimistic that any agreement will be reached.

*Read at press
conference by
Mr. Phillips
8/24/34*

PSF Russia

*File
Peranna*

No. 188

Moscow, October 2, 1934.

Subject: Personal observations of Ambassador
William C. Bullitt on conditions in
the Soviet Union.

File Russia 1934

~~CONFIDENTIAL~~

The Honorable
The Secretary of State,
Washington, D. C.

Sir:

I have the honor to report certain personal observations on conditions in the Soviet Union.

No generalization on the Soviet Union can have more than momentary validity. The Russian Revolution is still moving with such rapidity that any picture is certain to be false after the lapse of a few months. I attempt the preparation of this report, therefore, with no illusions as to its value but with the feeling that it may be of some interest to the Department to have a few conclusions from the many facts that we have observed.

served.

The most striking feature of life in the Soviet Union today is the general confidence in the future. Optimism is as prevalent now as was pessimism two years ago. At that time even the leaders of the Soviet Union were doubtful as to the future. Today there is no doubt.

The present optimism has many roots. Stalin's agricultural policy, however appalling its cost in human suffering, has been successful. The peasants have been starved, shot and exiled into submission. The new harvest is adequate. Fear of attack by Japan has diminished. Industrial production is increasing rapidly. Labor discipline is improving. Consumers' goods are appearing on the market in considerable quantities. The dictatorship is absolutely secure. State capitalism has been firmly established.

The apparent willingness of the present leaders of the Soviet Union to extend indefinitely the present stage of State capitalism is the first point to which I desire to invite the attention of the Department. There is no sign that the Politburo is in a hurry to move past State capitalism toward socialism and communism. Indeed, it has been suggested to me by several competent observers that the Russian Revolution will never pass beyond State capitalism.

Whatever changes may come in the form of state organization, the dictatorship undoubtedly will continue for the foreseeable future. There will be no revision of

the

the present regime of tyranny and terror. Human freedom and personal liberty will continue to be regarded as liberal bourgeois aberrations. Worship of the dictator will continue to be inculcated by every means of propaganda known to man.

The Bureaucracy which directs the State in accordance with the desires of the dictator is becoming so large that it is beginning to constitute a class with interests distinct from the interests of the peasants and the proletariat. It is not inconceivable that although bourgeoisie, aristocracy, and peasant proprietors have been destroyed, the bureaucracy may emerge as a third and dominant class in the State. The power of the bureaucracy over the Army and the secret police is absolute and the fear it inspires in both peasantry and proletariat is so great that its authority is unquestionable and unquestioned. It faces no internal opposition and possesses the means to annihilate any opposition.

The problems of the bureaucracy remain, of course, enormous. To control the entire economy of a territory so large as the Soviet Union by the exercise of human reason is the most ambitious task that self-confidence has ever dared. Nevertheless, in spite of the lack of trained minor executives there is no sign that the direction of the affairs of the nation by a central organization will prove to be impossible.

The bureaucracy as a class has been able to garner for itself the chief benefits of the rise in the standard of living. The bureaucrats, their agents and satellites,

live

live on a higher scale than either the proletariat or the peasants. The Army and the OGPU are comparatively well housed, fed, and clothed and the leading members of the bureaucracy now have, in addition to their apartments in town, and their automobiles, pleasant country houses which they have had assigned to them or have purchased in the neighborhood of Moscow. There they have their livestock, furniture, radios and belongings of all sorts. They cannot own in fee simple the ground on which their houses are built but they suffer no more sense of the absence of ownership than do those house owners in London whose houses are built on land subject to the ground rents of the Duke of Westminster.

The Department is, of course, aware that in the state capitalism that has been established the ownership of private property is now permitted except in the form of real estate and means of production or distribution. The sense of property of the town proletariat curiously enough seems to have been enlarged, not diminished by the Revolution. The factory workers talk about "our factory" with very much the same sense of personal property, proprietorship and pride that a child in an American family talks about "our house" when he refers to his family's dwelling. The peasant whose land has been taken by a kolkhoz has still an acute sense of loss of personal property, but great and not altogether unsuccessful efforts are being made to inculcate in the peasants the same feeling of proprietorship in the Kolkhoz that the town workmen have with regard to the factory.

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The bureaucracy which is now directing the life of the country in its own interest and in the interest of its own ideas must, of course, balance itself between the conflicting interests of the producers of bread and factory goods. The bureaucracy is still standing on the side of the town workmen and against the peasants. The price of grain is being kept low and collections are being kept large. But the peasants are overwhelming in numbers, and with organization and education their strength is increasing so rapidly that many competent observers have suggested to me that the bureaucracy will find itself obliged, the next time the question of bread prices and grain collections arises, to throw its influence on the side of the peasantry.

At the present moment there is such a relaxation of taut nerves that the old Bolsheviks who have been through all the horrors of the civil war are not disinclined to sit about and discuss the entire revolution in a philosophic manner as if they were talking about ancient history. In addition to many discussions with Litvinov I have talked often with Voroshilov, Karakhan, Kollontai, Radek, Bukharin, Mikhailsky and many other old Bolsheviks. They all explain the extreme "war communism" of 1917, 1918 and 1919, by Lenin's desire to make a record which would stand as an example for other revolutions. This desire was based on the conviction that the revolution could not last. For example, Bukharin told me that on the 91st day of the revolution he went into Lenin's office and found Lenin in a state of hilarious good spirits. He said that Lenin flung
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his arms around his neck and said, "Isn't it wonderful?" and when Bukharin asked what was wonderful, Lenin replied, "We have lasted ninety-one days, one day longer than the French Commune! That means the decrees that we have adopted are bound to go down in history as an example for working class revolts."

The ability of the revolutionary movement to maintain itself is attributed by all the old Bolsheviks with whom I have talked to the potency of the modern machine. They all express the opinion that if the revolution of 1905 had been successful the entire movement would have collapsed under its own weight. They claim that in the intervening years the machine has been developed to such a point of efficiency by the inventive genius of Americans, Englishmen and Germans that if it is allowed to work unhampered it is strong enough to carry on its back all the inefficiency, stupidity and mistakes implicit in a revolutionary movement. In discussing this point the old Bolsheviks stress the argument that under their system of State capitalism the machine can be allowed to work twenty-four hours a day and produce whatever quantities of goods it is capable of producing without producing at the same time the disasters that overtake private capitalism when the machines produce more than can be sold at a profit. In discussing the future of the Soviet Union and the United States they usually argue that the continued activities of inventors and the increased efficiency of machines will make insoluble in the United States the problem of maintaining private profit and at the same time giving

giving employment, whereas they assert that the only effect of increased efficiency of the machine in the Soviet Union will be wider distribution of goods and cheaper prices. If they put the matter concretely, they usually cite some simple example, like the production of shoes, and argue that an ever increasing production of shoes in the Soviet Union will produce a drop in prices from say, \$2.00 to \$1.00 to fifty cents or less a pair to the great benefit of the entire population; whereas, they argue that under our system private profit is bound to disappear when the price of shoes drops extraordinarily, and that the factories, being dependent for their continued activity upon the maintenance of private profit, will then be compelled to close and throw their employees out of work. They have such confidence in the future development of machine activity that they believe confidently that the rise in the standard of living in the Soviet Union will be phenomenally rapid in spite of the annual vast increase in population. They believe that any attempt to maintain private profit by the limitation of production is doomed to ultimate failure because the increasing efficiency of the machines will necessitate even greater curtailment of the activity of the machines and ever greater unemployment. And they argue that the prosperity of a people cannot be produced by the limitation of goods produced but only by increase of goods produced.

The economic ideal of the Soviet Union at the moment is an ideal of self sufficiency. It is the hope of the Government that within a decade the Soviet Union will be able to produce for itself nearly all raw and finished products that

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it needs.

The chief needs of the Soviet Union to-day are machine tools, road building machinery, and railroad equipment of all sorts. The condition of transportation throughout the Soviet Union is unbelievably bad. The railroads are in great need of both rails and rolling stock. Modern highways do not exist. The latter statement may seem exaggerated. It is not exaggerated. There are a few asphalted roads of an inferior sort leading for a few miles out of a few cities. There is no modern road of any length in the entire country. The Moscow-Leningrad highway itself is so full of holes as to be almost impassable. There is literally no road whatsoever from Moscow to Kiev or Odessa. There is no passable road whatever along the north coast of the Black Sea. In attempting to drive my automobile over that road recently I was compelled to take to the open fields in order to obtain a better surface. The task of providing the Soviet Union with modern roads is one which will consume vast energies for decades.

It would be out of place in these general observations to attempt to specify with regard to the progress of Soviet industry. It is sufficient to say that in spite of the gross inefficiency of minor executives and foul housing of the workers industry is going ahead rapidly. It appears, for example, that the productivity of heavy industry will be about 23% greater this year than last year.

The educational system of the entire Union has been re-organized by Bubnov during the past year and shows some signs of leaving the realms of propaganda for the areas of fact. The actual results of Bubnov's reforms cannot yet be judged

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but it is at least encouraging to know that the teaching of history no longer begins with 1789 and is no longer confined to a history of revolts and revolutions.

Great emphasis is being placed on scientific research. Competent American scientists who have been here this summer have informed me that the work which is being done here now in the fields of biology, psychology, mathematics, and plant and animal husbandry is at least equal to any work which is being done in the United States.

In the field of art the Soviet Government is not able to point to any new masterpieces, but can at least claim that it has not destroyed the achievements of the Czarist regime. The Moscow theaters are still the best in the world, the ballet is incomparable, and the opera remains good. The orchestras are inferior to our own best orchestras. Great encouragement has been given to young painters but as yet no extraordinary results have been produced. Indeed, the best work I have seen is the work of the criminals in the reformatory at Bolshevo. Some of this work is so extraordinarily fine that it inclines one to believe that modern penology may find it possible to turn certain emotional energies which cannot be expressed within the framework of society away from crime into art. The entire experiment in the reclamation of criminals, of which the institution at Bolshevo is a part, is perhaps the most suggestive achievement of the Soviet Union.

In general, it may be said that while the men and women of this country above the age of 25 feel that their lives are drab and dreadful, the youth of the country is alive and enthusiastic. Not only is a large proportion of the youth convinced

convinced that an earthly Paradise lies but a few years ahead but also much has actually been done to improve the lives of the young.

The work for infants which is done by the children's crèches is, on the whole, excellent and the spread of sport for the young has been phenomenal.

In 1914 sport in Russia was virtually unknown. To-day in Moscow alone there are 800,000 young men and women enrolled in organized sport associations. Nearly every known game is now played by the masses. Football, basketball, volley ball, swimming, rowing, bicycling, gymnastics, skating, hockey, skiing and gliding are the favorite sports. I believe that a considerable interest in baseball may be developed.

The speed with which the Russians have taken to polo is characteristic of the avidity for sports and of the interest of the Government in sports. As the Department knows, polo was unknown to the Soviet Union until this spring when, as a result of a conversation with Voroshilov and Budienny, I imported polo balls and mallets and with the assistance of Mr. Charles W. Thayer began to teach the game to the cavalry of the Red Army. The game is now being played by nine regiments. Voroshilov has ordered the game to be adopted by all cavalry regiments and Budienny informed me a few days ago that a national polo championship tournament would be held next summer in the stadium at Moscow.

With internal affairs pursuing their normally abnormal course, the single great worry of the leaders of the Soviet Government is the possibility of war. But the Soviet Foreign Office assured me recently that the Japanese have adopted

a much more conciliatory attitude in all discussions and that it is believed that there is no possibility whatever of a Japanese attack this autumn, and but slight possibility of an attack next spring. The Red Army has been so strengthened and communications with the Far East have been so improved that the Soviet Government no longer fears defeat in a war with Japan unless Japan should have the aid of Germany and Poland.

I have had many discussions with regard to the probable course of a war in the Far East. All Russians with whom I have talked believe that such a war would be long, that the armies of the Soviet Union would be able to hold out indefinitely in the mountains to the east of Lake Baikal, that Japanese morale would eventually disintegrate and the Soviet Union emerge as victor.

The single great fear of the Soviet Union is that when it had become fully engaged in war with Japan it might be attacked by either Poland or Germany or both. Litvinov's efforts to establish the Eastern Locarno are, of course, based upon this fear. At the moment, the Russians have small hope that they will be able to get through the Eastern Locarno proposal but are confident that they will obtain an agreement with France and Czechoslovakia for mutual protection against aggression. If the Soviet Union should be able to obtain such an agreement with France and Czechoslovakia the leaders of the Government would feel that the future was reasonably secure.

For the moment at least, I believe that such a feeling of security would not result in aggressive, imperialistic activities. The present thesis of the Soviet Government

is that extensions of its domain will come by voluntary agglomeration and not by conquest. It is believed that the rise in the standard of living within the borders of the Soviet Union will be so rapid and so great that border States such as Outer Mongolia, Rumania, Lithuania, and perhaps some of the Baltic States will eventually desire of their own free will to become members of the Soviet Union.

The single large question mark in the foreign outlook of the leaders of the Soviet Union is England. The British Government has made a number of friendly gestures toward the Soviet Union recently but at the same time has made a number of friendly gestures toward Japan, and while the British Government supported the entrance of the Soviet Union into the League of Nations great skepticism was caused in Moscow by the fact that England's colonies and client States (Portugal, Argentine and the Scandinavian countries) all made difficulties. Moreover, there is a rumor about, with regard to which I should be grateful for any information that might be furnished by our Embassy in London, to the effect that when Barthou talked with Simon in London, Simon said categorically that England would view with great disfavor a defensive alliance between the Soviet Union and France and intimated that France would have to choose between close cooperation with England and close cooperation with the Soviet Union.

If at this late date, the French should cool in their courtship of the Soviet Union and should at the last moment refuse to go through with the project for a defensive agreement, the entire foreign outlook of the Soviet Union would alter greatly.

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Our own difficulties in coming to an agreement with the Soviet Union in the matter of debts and claims are, of course, intimately connected with the general Soviet position in foreign affairs. If the French should indeed become cooler in their attitude toward the Soviet Union or if the Japanese should become more menacing, the Soviet Union would feel much more disposed to reach agreement with us. At the present moment all the influence the Army possesses in this country, and that influence is very great, is being thrown on the side of close cooperation with the United States. Litvinov on the other hand has been confident of late that he need not bother too much about the condition of relations between our countries. An alteration in the run of luck which he has had in the past year would be apt to make him feel that our friendship might be of some importance.

During the past year the activities of the Third International have been subordinated completely to the interests of the Soviet Union as a national State. There has indeed been a visible growth of nationalism in the Soviet Union. Even the newspapers of the Communist Party now publish articles under the heading, "For the Fatherland." Ten years ago such a heading would have been cause for a trip to Siberia, if not to an adjacent cellar and a firing squad. Litvinov personally resents the activities of the Third International greatly as it has often diminished the good will which he has been engaged in building up abroad. The postponement of the Congress of the Third International which was scheduled to take place in August of this year to next year was, I believe, intimately connected with the delicate negotiations

negotiations on the Eastern Pact which Litvinov was conducting. He had no wish to have his plans upset by wild speeches in Moscow. The opinion is now expressed widely that the Congress of the Comintern will be postponed sine die. Certainly at this moment the Soviet Government is subordinating the Third International completely to the national interests of the Soviet Union.

In spite of the rapprochement with France, the United States remains the most popular, or perhaps one should say, the least unpopular and least suspected of capitalist countries. The relations of this Embassy with all officials in Moscow are cordial and the experiences in Central Asia of Messrs. Westover and Enlow of the United States Department of Agriculture show that the cordiality and friendliness with which we are received here may also be expected by American officials in the remotest corners of the Soviet Union. On the other hand, (apropos of the entry of the Soviet Union into the League of Nations) I was informed a few days ago by a high Soviet official that it was now considered possible to reverse public opinion in the Soviet Union on any subject completely in a period of three weeks. As he said rightly, "We have no journalism and we have no public opinion. We have a directed press which makes people think what we want them to think." I cannot guarantee, therefore, that any good will we may build up in Moscow may not be completely demolished within a period of three weeks. But for the present our relations, though unprofitable, are agreeable.

As I wrote at the beginning of this despatch, any picture of the Soviet Union becomes false almost as soon

as it is recorded. The speed of change since 1914 has been incredible. And one can estimate the kaleidoscopic present only in terms of the dark past. The Russia of 1914 was a swamp of illiterate peasants covered by an iridescent scum of aristocrats - delightfully witty and gay aristocrats who viewed and treated the lower classes as animals and carefully kept them as close to animal status as possible by the use of police, spies, and corrupt priests.

The Russia of 1919 was a mass of starving children and starving men and women fighting for bread and against the tyrannies of the past under the leadership of fanatics who had replaced Moses by Marx, Christ by Lenin, Christianity by Communism,

The Russia of 1934 still has no greater freedom than under the Czars. It is a nation ruled by fanatics who are ready to sacrifice themselves and everyone else for their religion of communism. The general standard of living is still below that of the lowest European country. The old are without hope.

But the young have been caught ~~you~~ and drilled in the communist catechism and they believe. And there are many spots of cleanliness and progress. There is education everywhere. There are magnificent factories and dams. And there is the historic accident that the revolution coincided with the development of the machine to a point of efficiency which demanded a new form of distributive organization and that State capitalism offered a form in which the modern machine could function to full capacity. But off the beaten track there is still the same filth, vermin, fear, brutality and suffering of 1914. It will be many years before the

Russian

some of which
and a search of
bureau files
been included
on it is also

Russian people will dare to begin to aspire to the individual freedom and human dignity which are the birth-right of every American.

Respectfully yours,

William C. Bullitt

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the signed original.
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