

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

Moscow

Dated November 24, 1937

Received 3:30 PM

PSF: Russia

Secretary of State,
Washington.

302 November 24, 8 p.m.

~~SECRET~~ FOR THE SECRETARY.

I would appreciate it if you could kindly transmit
following message personally to the President.

Dear Mr. President: Secretary Hull advises me that
owing to special conditions it has been found necessary to
send a service man to Germany and that you offer and trust
I will accept the ambassadorship to Belgium. I want
you to know that I deeply appreciate this honor and this
renewed expression of your personal confidence. There are,
however, certain considerations and phases of this situation
with which I am familiar and which you should in your
interest have in mind before these final appointments
are made. This I can assure you is entirely apart from
any personal interest I might have in situation. I am
sure you know my personal decision will be such as to
conform to your interest now as it has always been in the
past.

Inasmuch

Page 2 from Moscow No 302 November 24 8 pm

Inasmuch as preceding authorization from the Department permitted my leaving Moscow December 3 on leave without pay I am assuming Department has no objection to advancing departure date few days and am leaving Moscow immediately arriving Washington December 6. Department has asked my personal decision prior my departure December 3 and I hope that you will defer that request until I see you personally December 6. Please accept my affectionate greetings and deep appreciation.

DAVIES

CSB



EMBASSY OF THE
UNITED STATES OF AMERICA

Moscow, U.S.S.R.
March 3, 1938

Russia
2

PERSONAL AND CONFIDENTIAL

My dear Mr. President:

Litvinov told me at his country place yesterday at lunch that to his personal knowledge Hugh Gibson had sabotaged the purposes of the United States at the Brussels Conference; that in his opinion he, Gibson, was a thoroughgoing reactionary and out of sympathy with his President's ideals. He added that he was not surprised that Gibson is being removed from Brussels.

I can conceive of no purpose in Litvinov going out of his way to say this to me except that he possibly fears that Gibson might be named to the Soviet Union and wished to convey the attitude of his government with reference thereto.

It is alleged that the purge is subsiding but they are executing people just the same.

They are shipping enormous quantities of military supplies to the east---trucks, armored motor boats and the like.

Litvinov thinks that Mussolini and Hitler have Chamberlain on a spot and will drive a hard bargain, possibly involving a fake peace agreement, of no real value, to appease domestic opinion in England.

Litvinov told me also that he had a meeting with Wellington Koo, Delbos and Eden in Geneva last month; that France would not do anything without England because of its fears for Indo-China and that Eden said Britain would do nothing without parallel action by the United States and that he, Eden, would take the matter up with Washington. The proposals considered, Litvinov said, were a new Brussels Conference or a new concert of action to impose sanctions and prevent Japan raising more money in those countries. Litvinov expressed the opinion that nothing would come of it.

With devoted regards, in which Marjorie joins, I am, Mr. President

Faithfully yours,

Joseph E. Davies
Joseph E. Davies

The Honorable Franklin D. Roosevelt
The White House
Washington
D.C.

PSF: Russia
1938

EMBASSY OF THE UNITED STATES OF AMERICA
MOSCOW

March 21, 1938.

Dear Joe:-

It is good to get both your letter and your note. That biography of Aivazovsky is most interesting -- and his picture is on my study wall where I see it every day. It is a real joy.

As ever yours,

Honorable Joseph E. Davies,
American Embassy,
Moscow,
U.S.S.R.

The Honorable Franklin D. Roosevelt
The White House
Washington, D.C.



EMBASSY OF THE UNITED STATES OF AMERICA
MOSCOW

March 3, 1938

Dear Mr. President:

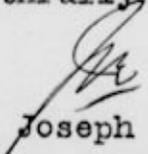
I ran across the enclosed biography of Aivazovsky, the Russian artist, the other day and thought you might like to have it in connection with the marine by him which you now have.

Marjorie and I had an unusually smooth crossing for this time of year and are now comfortably established again in Spaso House.

I hope that you are enjoying your usual good health and that the pressure of your work is not too burdensome.

We both send our warmest regards to you and Mrs. Roosevelt.

Faithfully yours,


Joseph E. Davies

The Honorable Franklin D. Roosevelt
The White House,
Washington, D.C.

(Senior Learned Worker of the State Tretyakov Gallery)

IVAN Konstantinovich Alivazovsky, the celebrated Russian marine painter the 120th anniversary of whose birth occurs tomorrow, was one of the few artists whose work was appreciated during his life. He died "with brush in his hands," bequeathing to us a vast artistic legacy.

The Soviet Union marks the anniversary with deep appreciation of his optimistic and buoyant concept of the world, his love for the natural beauty of his country and his ability to portray scenes of nature truthfully and expressively.

Alivazovsky was immortalized both by his artistic and public work. His great canvases depicting the distant, boundless expanses of the sea are to be found in nearly all our museums, but they are represented with particular fullness in the Alivazovsky Memorial Picture Gallery at Feodosia, in the Crimea.

The "painter of the sea" was born on July 30, 1817, in the town of Feodosia. His artistic talent was revealed in early childhood. Having no money to buy paper and pencils, the boy would draw views of the sea, ships and so on, on street boardings. Those quaint drawings drew the attention of Koch, the local architect, who taught Alivazovsky the rudiments of perspective. Alivazovsky was subsequently educated at the Simferopol High School and in the Academy of Arts in St. Petersburg, where he was soon made a pupil of the landscape painter Tanner. In the latter's studio Alivazovsky rapidly mastered the technique of marine painting, which was especially favored by official circles at that time.

Scores First Success

He scored his first success by his "Study of Air Above the Sea" in 1835, which was purchased for the Winter Palace, and his subsequent career as a marine painter was decided.

All the works of the artist were devoted to pictures of the sea, which he was able to paint with extraordinary facility, vigor and expression. In 1837 he was awarded a gold medal for his picture "Grand Roadstead at Kronstadt," which hastened his graduation from the Academy.

Alivazovsky very rapidly outgrew the limits of his academic training. Working under Tanner's guidance determined his calling as a romantic landscape painter. A two-year scholarship in the Crimea and on the Black Sea (1838-40) was a school of practical work for him. Here the artist learned the construction of ships and took part in naval expeditions. He painted his canvases



DETAIL of a painting, 'The Wreck,' by Alivazovsky

"Landing at Subash," "View of Sevastopol" and "Yalta" here.

In 1840 the artist went to Italy, where he created a series of pictures, "Calm at Sea," "A Storm," "The Seashore," which attracted the attention of art connoisseurs. Soon he was appointed a member of the Amsterdam Academy, and subsequently of the St. Petersburg Academy.

A rich artistic memory and creative imagination helped Alivazovsky to reach the pinnacle of craftsmanship. Alivazovsky himself defined the nature of art creation in the following words: "A man who is not endowed with a memory that retains the impressions of living nature may become an excellent copyist, a living photographic camera, but he will never be a real artist. The movements of living waves are elusive to the brush: it is out of the question to paint a lightning flash, a waft of breeze, or the surge of a wave from nature. The artist must memorize them, adapting them to his picture and blending such chance impressions with the affects of light and shade."

Painted With Rapidity and Facility

Characteristic of Alivazovsky's creative manner were the rapidity and extraordinary facility with which he painted his pictures. Regardless of the one-sided character of his themes, Alivazovsky cannot be reproached with monotony. Each of his pictures reveals the sea from a different angle. He depicts with unusual force the tempestuous sea in which the masses of water, whipped by hurricane, seem to be boiling. The great swing of the wave, its course, color and transparency are depicted with tremendous expression in his picture "Ninth Breaker." The artist's great virtuosity in depicting the almost elusive spots of sun and moonlight reflected in the water are seen in such pictures as "Gurzuf at Night," "Moonlit Sea," "A Moonlit Night" and "A Sunny Day."

Even when much advanced in age, the indefatigable artist continued to arrange exhibits of his pictures. During his long life the artist had witnessed the rise and succession of different art currents. His crea-

and soul, and to the very last his creative energy did not leave him.

Alivazovsky died in 1900 at Feodosia, at 83 years of age, having left a legacy of about 6,000 sketches and canvases. Most of his pictures Alivazovsky painted in his studio in his native town of Feodosia. He devoted a great deal of care and attention to his home town, to which he donated his picture gallery. It was likewise through his efforts that an archeological museum was founded at Feodosia.

In 1925 a permanent exhibit of paintings by local artists was organized in the Alivazovsky Gallery, which is now an art center for the Crimea.



TELEGRAM

PSF: Russia

The White House

Washington

1150am

file personal

CABLE

16 WU JM 49

Moscou, April 21, 1938.

LC The President,
Washington.

Dear Boss Have just read text your fireside talk in Department's bulletin received to-day. Its supreme aspiration patriotism and courage was thrilling. In spite of the wreckers and snipers masses of loyalty will fight for you. Affectionate regards from us both.

Joe Davies.

Moscow, June 8, 1938

~~STRICTLY CONFIDENTIAL~~

Memorandum:

The proposal, as I understand it, was as follows:

(1) A group of American bankers is willing to extend credits up to \$200,000,000 to the Soviet government for the purchase in the United States of American products; the credits to cover a period of ten years, and to bear a fair and usual rate of interest;

(2) That this group of American bankers is prepared to extend such credits independently of the government of the United States and without resort to any aid from the EXPORT BANK or other Government agency in the discounting of the promises to pay of the buyer;

(3) That if an agreement with such American bankers could be entered into under certain terms to be agreed upon, the Soviet Government would be prepared to settle the Kerenski indebtedness to the Government of the United States on the following basis:

(a) It would agree to pay in full settlement of the Kerenski indebtedness the sum of \$50,000,000 in the following manner:

(1) Ten or fifteen per cent of the total amount of the credit obtained as above would be paid to the Government of the United States upon the execution of the agreement, the balance of the payments would bear a normal rate of interest (to be agreed upon) and would be paid in equal annual installments spread over a period of twenty years or spread over the period covered by the term of the credit arrangement (the alternative is---would be paid over a period of twenty years.

(2) That such settlement of the Kerenski debt would be without prejudice to either party. In other words, the American government would be free to press private claims against the Soviet Government without prejudice if a suitable occasion should arise, on the one hand, and on the other hand, that the action of the Soviet Government in settling the Kerenski debt would not constitute an admission of any obligation to pay any such private claims.

Query (1): Is the credit to be a revolving credit or a single time credit?

Query (2): Is the American Group to depend on the Export Bank?

Query (3): Is the Banking Agency to have any control over the purchases or whence purchases are to be made?

June 8, 1938

The reason for the necessity of making these points clear is that in the previous debt negotiations which failed, one of the difficulties arose out of the fact that if the Export-Import Bank is used to discount obligations of the Soviet Government issued in payment of American goods, this could be done only if the Export-Import Bank exercised a degree of control over the character of purchases and of the sellers and would not leave purchases to the free exercise of the Soviet purchasing agency.

It is therefore clear that if this proposition involves the same situation, it will be handicapped from the start unless the previous difficulties were removed. They could be removed only by one of the two following conditions: If the credit or loan is made by an independent group of American bankers without any effort by them to use the Export-Import bank or, if the American bankers required the participation of the Export-Import Bank, the Soviet Government were prepared to accept the above-described degree of control which the law requires.

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EMBASSY OF THE
UNITED STATES OF AMERICA

No. 1348.

Moscow, June 9, 1938.

Subject: The Interview and Conferences Had
with Mr. Stalin and Premier Molotov
in the Kremlin in Moscow on June 5,
1938.

~~STRICTLY CONFIDENTIAL.~~

The Honorable

The Secretary of State,

Washington, D. C.

Sir:

Upon the occasion of making my formal parting call upon President Kalinin and Premier Molotov on June 5, 1938, a very interesting situation developed.

When I was in Premier Molotov's apartment in the Kremlin, and within a very few moments after I had been seated, Mr. Stalin entered the room alone, came forward,

greeted

greeted me very cordially, and he, Molotov and myself engaged in discussions for two hours and fifteen minutes. Supplementing my telegram No. 143 of June 6, 1:00 p.m., I have the honor to report with reference thereto as follows:

After the usual preliminary amenities incident to the occasion of my call on the Premier by reason of my departure and transfer to Belgium, we entered upon a friendly and interesting talk. Stalin was particularly interested in President Roosevelt and asked many questions about him. He also referred in terms of much admiration to your Washington speech.

We discussed a matter which I am committed to report upon orally only to you and to the President. Stalin also brought up the battleship matter which is now pending in the Department, and finally discussed the possibility of a settlement of the Kerensky debt.

1/ A complete and detailed statement of what occurred is set forth in the memorandum hereto attached and made a part hereof. Subsequent developments with reference thereto are also described therein.

Both this despatch and the memorandum have been dictated under great pressure in the last few hours in Moscow just prior to my departure, and are not at all satisfactory to me as a statement of what occurred, but time presses and I think the memorandum will give you an

accurate

accurate picture of the situation.

2/ The fact of the conference was announced by the Soviet press and to eliminate the possibility of unwarranted implications I was obliged to issue a short statement to the press, a copy of which I herewith enclose.

The situation created nothing short of a sensation in the Diplomatic Corps here. It was regarded as a unique occurrence in diplomatic history here. I was overwhelmed with requests for appointments. On the occasion of the dinner which Foreign Minister Litvinov gave on the evening of June 7 in honor of our departure (which was again quite unprecedented) and particularly at the reception to the Diplomatic Corps which followed, I was approached repeatedly and delicately questioned with reference to what had occurred. To all inquiries I answered quite frankly that the meeting had been entirely unexpected and had been a complete surprise to me; that I had enjoyed a very interesting visit; in which we had discussed many matters, of a general nature. I thought it better to say this much rather than to leave the situation clothed in mystery and possibly thereby cause unwarranted implications to be drawn with reference to the significance of the matter in connection with this international situation.

3/ Enclosed herewith and pursuant to the regulations of the Department you will please find a copy of the talk which Mr. Litvinov made upon the occasion of his dinner, and a
4/ memorandum which was prepared by the joint secretarial staff of the Embassy setting forth the extemporaneous remarks which I made in reply which I asked them to prepare because of the pressure of matters incident to my departure

on the

on the afternoon of this day.

Respectfully yours,

Joseph E. Davies.

List of Enclosures:

- No. 1. Memorandum of conference had on June 5, 1938, by Ambassador Joseph E. Davies with Mr. Stalin, President Kalinin, and Premier Molotov, in the Kremlin at Moscow.
- No. 2. Copy of a statement to the press made by Ambassador Davies.
- No. 3. Copy of a speech made by Commissar Litvinov on June 7, 1938, on the occasion of the dinner which he gave in honor of Ambassador and Mrs. Davies.
- No. 4. A memorandum incorporating extemporaneous remarks made by Ambassador Davies in response to the above-mentioned speech of Commissar Litvinov.

File No. 710

In Quintuplicate to the Department.

JED:bpg

MEMORANDUM OF CONFERENCE HAD THIS FIFTH
DAY OF JUNE, 1938, BY JOSEPH E. DAVIES WITH
MR. STALIN, PRESIDENT KALININ, AND PREMIER
MOLOTOV, IN THE KREMLIN AT MOSCOW.

Arrangements having been made that the writer should make his formal calls prior to departure on President Kalinin and Premier Molotov on this day, the writer proceeded to the Kremlin at 4:30 p.m.

Considering that it would be advisable to have some member of the staff who also understood Russian accompany me, I suggested that Colonel Faymonvilk, who speaks Russian very well, go with me. Mr. Barkov, Chief of the Protocol Division of the Foreign Office, however, advised that that was not acceptable and when the suggestion was then made that the senior member of the staff should go with me, it was intimated that protocol required that on farewell calls the Ambassador should proceed alone. That made no impression on my mind at the time, but later became significant.

At the former Catherine Palace, inside the Kremlin wall, I was met by Mr. Barkov, the Secretary of Protocol, and was escorted by him to the apartment of President Kalinin, where we were received by the Secretary. Upon entering the President's inner office, Mr. Kalinin came forward cordially to greet me at the door. During our visit President Kalinin sat at his desk. Mr. Barkov, who was also present, Mr. Vinogradov, of the Foreign Office, who acted as interpreter, and I were seated immediately

in

in front of the desk. After the usual social amenities connected with the announcement of my departure were passed, President Kalinin stated that he could quite understand that it might be more agreeable for me at my new post than it would be here. He recognized, he said, that the life of the diplomat in Moscow was not altogether agreeable and had its limitations; for the reason that contacts between officials of the Soviet Union and the Diplomatic Corps did not generally obtain as they did in other countries. He, therefore, could quite understand that I would enjoy the change involved in going to Brussels. I replied that, from an intellectual viewpoint, I had enjoyed this post tremendously. From that angle, I would regret leaving Moscow. Quite frankly, however, the living conditions that obtain in Belgium would be more agreeable. I stated further that I was in entire agreement with his frank statement that the position of members of the Diplomatic Corps here was difficult because of the conditions which he had described. Further, I ventured to say; that while this situation contained disadvantages for the Diplomatic Corps; it also had real disadvantages for the Soviet Government; that there was much wisdom in the statement of the old French philosopher who had said: "You cannot hate the man you know"; that even though certain Ambassadors and Foreign Ministers might be hostile to this regime, if, through, contacts, they came to know the men who were running

this

this Government, it might serve to modify the harshness of their judgments; and certainly, that as to those members of the Corps who were friendly this situation placed them at a disadvantage in not being able to communicate from time to time with the heads of government, as was done in other countries, and thus have the benefit of the point of view of the responsible officials. I stated further that the point of view and outside perspective of friendly foreign diplomats might also be of no small help and real value to Government officials here. To this President Kalinin rejoined that the condition which he had referred to was bred by world conditions; that the people of Russia believed that they were surrounded by aggressive and hostile states, particularly Japan and Germany; that in the opinion of his Government such feeling was justified and that this basic fact materially prevented free intercourse with the Diplomatic Corps. Another reason for this condition, he said, was that the men in responsible power here, unlike the governing classes of some of the capitalistic classes, were "of the first generation", were confronted with new and great problems, were working overtime and did not have the time for luncheons, dinners or other social engagements which the Diplomatic Corps were accustomed to employ for such contacts. Time, he thought would remedy this condition.

President Kalinin spoke of President Roosevelt's speech at Chicago and also of Secretary Hull's speech

at

at Nashville and expressed the hope that it was an indication of the United States possibly becoming more active in the protection of the World Peace against the "unruly members of world society".

In conclusion he stated that he was familiar with the work which the American Ambassador had done in the Soviet Union in connection with studying for himself the various industries and enterprises of the country and of the various phases of Russian life; that they appreciated the objectivity of this attitude; and (to my embarrassment) that he and his associates considered that the American Ambassador, though he might differ from them was, nevertheless, an "honest man", and that they much regretted that he was leaving this post.

Upon leaving President Kalinin's apartment I asked Mr. Vinogradov whether he was going with me to Premier Molotov's apartment. He said, "No", that another interpreter would be available there. Mr. Barkov, however, accompanied me down the long corridor to another section of the building where he presented me to a secretary of the Premier. Shortly thereafter a Mr. Khaletski (interpreter) came in and I was ushered into the room of the Premier. Here again on entering I found the Premier coming forward from his desk to greet me. Scarcely had we been seated, when I was startled to see the door, through which I had entered, at the far end of the room open, and Mr. Stalin come into the room alone. I had seen him on public occasions heretofore and on one occasion

occasion had an opportunity to shake hands with him, but I had never had an opportunity to study the man at close range. As he came in, I noticed that he was shorter than I had conceived and that he was quite "slight" in appearance. He did not look robust, nor strong as he appeared to be on the occasion of the May Day Celebration. There was a suggestion of the sagginess of an old man in his physical carriage. His demeanor is kindly, his manner almost deprecatingly simple; his personality and expression of reserve strength and poise very marked.

As we arose, he came forward and greeted me cordially, with a simple dignity. We then sat down at a large table--a kind of directors' table.

I broke the ice by stating that I had returned to Russia because of a desire, on the occasion of my departure, to express my respects formally to President Kalinin and Premier Molotov, and to express my appreciation of the courtesies that this Government and its officials had extended to me. Meeting Mr. Stalin, I then said, was a great surprise, and that I was very much gratified to have this opportunity. I then went on to say that I had personally inspected typical plants of practically all of the heavy industries of the Soviet Union, as well as the great hydraulic developments of the country; that these extraordinary achievements, which had been conceived and projected in the short period of ten years, had commanded my great admiration; that I had heard it said that history would record Stalin as the
man

man who was responsible for this achievement and that he would be recorded as a greater builder than Peter the Great, or Catherine; that I was honored by meeting the man who had builded for the practical benefit of common men.

To this, Stalin demurred and stated that the credit was not his; that the plan had been conceived and projected by Lenin, who had projected the original Dnieper-stroi Dam project; that the ten-year plan was not his work; that it was due to the three thousand able men who had planned this work and those others of his associates; and above all that it was the "Russian People" who were responsible, and that he disclaimed any personal credit therefor. He gave me the impression of being sincerely modest.

After about twenty minutes of conversation discussing my inspection tours of the industrial regions, in the course of which he displayed a knowledge of my work as Commissioner of Corporations and Chairman of the Federal Trade Commission, I started to leave. Stalin asked whether I had to keep another appointment. When I said "No", he suggested that I do not hurry away. I then asked him what were his views on the European situation. He replied that the outlook for European Peace was very bad, and the summer might induce serious trouble. He then went on to say that the reactionary elements in England, represented by the Chamberlain Government, were determined upon a policy of making Germany strong; and thus place France in a position of continually increasing dependence

only 50% occupied with proposed contracts; that the dependence upon England; also with the purpose of ultimately making Germany strong as against Russia. He stated that in his opinion Chamberlain did not represent the English people and that he would probably fail because the fascist dictators would drive too hard a bargain. He said that the Soviet Union had every confidence that it could defend itself. Early in this discussion, I broached the particular matter which President Roosevelt had discussed with me orally during my visit last January. To my surprise, in view of previous information, it was favorably received. I was committed not to disclose these discussions to anyone except the President and the Secretary of State.

He then asked me whether he could ask me some questions, to which I replied, "Of course".

He then asked whether I was familiar with the pending negotiations which the Soviet Government were having with the Government of the United States in connection with the proposed contract for the construction of a Soviet battleship by an American firm. He said that the Soviet Government had difficulty in understanding why the matter could not go forward; that they were prepared to expend sixty to one hundred million dollars for the building of a battleship, and were prepared to pay cash, both for the battleship to be built in the United States and for the technical aid of American firms to aid them in building a duplicate in the Soviet Union; that this would afford employment to the unemployed, which would be desirable as he was informed that the shipyards were

only

only 60% occupied with present contracts; that the Soviet Government could not understand why the matter could not go forward. To this I rejoined that he was misinformed as to the extent of unemployment as far as shipbuilding was concerned; that the Government of the United States had recently embarked on a huge shipbuilding program which would undoubtedly tax our shipyards to the utmost; that there were also restrictions imposed by law that would prevent the giving of plans for battleships, or giving access to manufacturing plants which were building battleships to foreign countries, unless the Army and Navy would declare that this would not be prejudicial to the military or naval defense of the United States; that I was familiar only in a general way with the negotiations which had been projected entirely in Washington and knew of them only through the reports that had been sent to us as a matter of official routine; that, quite frankly, it was difficult for me also to understand just what the difficulty in the situation was from the reading of the reports, but that I thought the matter had recently given indications of going forward more rapidly. To this Stalin rejoined that if the President of the United States wanted it done he felt sure that the Army and Navy technicians could not stop it, and that it could be lawfully done. To this I rejoined that in all probability the President of the United States knew nothing about the matter; that if he did, it was quite probable that among the many domestic problems which confronted him in connection with the closing

session

session of the Congress, he had not been able to give foreign affairs his personal attention.

I then asked him which agency of the Soviet Government was negotiating this matter--whether it was the Soviet Embassy in Washington, Amtorg, or the corporation called "Carp". He asked me whether there was any prejudice against Carp. To this I said that I did not know. He answered that Carp was an American corporation; that its president was an "American patriotic citizen" (a reference, I believe, to Molotov's brother-in-law), and that it had been considered that it might facilitate the matter, if the contract were executed by such a corporation. I replied that, in my opinion, there was no prejudice against any agency of the Soviet Union, but that as a practical matter it would clarify the situation for the authorities of the United States to know clearly that the agency presenting the matter spoke authoritatively, and had both his confidence and that of the Soviet Government. I then asked the specific question whether the Carp Corporation was the agency to deal with. To this he replied, "Yes".

Stalin then said that there was another matter that he desired to ask me about; and that was a situation that had to do with the possible settlement of the debt of the Kerenski Government to the Government of the United States. He stated that it was their information that there was a group of bankers who had close contacts with President Roosevelt, who were interested in doing business with the

Soviet

Soviet Government and who were prepared to finance credits to the extent of two hundred million dollars over a period of time for the purchase of goods in the United States by the Soviet Government, provided the consent of the Government of the United States could be had thereto, and provided a portion of it were to be employed in the payment of the Kerenski debt. He said that the amount that had been discussed in settlement of this debt was \$75,000,000; that the Soviet Government might pay \$50,000,000, provided credits could be arranged upon a reasonable basis of interest and provided the Kerenski obligation could be discharged by a payment of 10% of 15% of the amount of the credit upon the execution of the agreement with the balance of payment spread over a period of time in annual installments. He suggested originally that the credit terms should be for ten years and that the debt should be extended over a period of twenty years. To this I rejoined that as it appeared to me, the proposition would appear to be more equitable if the proposed liquidation of the debt was to be made in a shorter period and certainly during a period not longer than the term of the credit. Thereupon, with a chuckle, he suggested he might concede the point and make the period of payments of the debt fifteen years and also have the credits term also for fifteen years. With a laugh, in which he and Molotov joined, I suggested that this was most extraordinary as a "concession". Then, seriously, I said that in a large matter such as this

this

this and in negotiation between two "big" principals, I would assume, that if President Roosevelt and his Government could agree upon the larger major issues involved, that there would be no haggling over relatively minor factors, and that I would therefore assume that the proposal made ultimately would provide for payment of the debt during a period which would be at least not longer than the period of the credit term. He smiled and seemed to acquiesce. I then said I first wanted to disabuse his mind of any impression that any private group of bankers was "close" to President Roosevelt in this matter; or in any other public matter.

Proceeding, I stated that I was very glad that he brought this debt matter up; that, with permission I wanted to trespass upon his patience and ask him to listen to my statement as to this debt matter, which was rather a long story of negotiations, which originated with the President and Mr. Litvinov's agreement in 1933, and which had finally resulted in failure and some misunderstandings and bitterness. I then detailed the facts briefly as follows: That in 1933 when there were many Japanese attacks on the eastern border of the U.S.S.R. and when it was much to the interest of the Soviet Union to secure recognition by the United States, certain agreements were entered into which also served the interests of the United States; namely, an arrangement whereby the Soviet Government would settle the claims of American citizens and those of the Government of the United States against

against the Soviet Union; that because Mr. Litvinov was obliged to leave before the arrangement could be fully closed, the matter was left to be worked out as to detail; that for guidance, a memorandum in the nature of a gentlemen's agreement, which set forth the understanding in principle was written and was initialed by the President and Mr. Litvinov, which expressed the terms under which these debts were to be paid, and that a loan or credit should be made to the U.S.S.R. by the Government or its nationals; that at the time this memorandum was made and the negotiations were being conducted there was pending in the Congress of the United States a proposal introduced by Senator Johnson, which provided that the Government of the United States should in the future make no loan to any foreign government which had not paid its debt to the Government of the United States; that this was very well known to everyone and was much discussed, and it was in anticipation that this bill would pass and become a law that the parties entered into an understanding that the loan or credit which was to be made to the U.S.S.R. would be either by the Government of the United States or its nationals; that the understanding was that the Soviet Union would pay to the Government of the United States a sum to be agreed on somewhere between \$100,000,000 and \$150,000,000 and that the Soviet Government was to be provided with credits in the nature of a loan to an amount of approximately \$200,000,000 to be expended in the United States through some agency; that the Export Bank to aid private

private nationals to arrange such credits was organized for that purpose; that subsequent thereto for a period of a year and a half negotiations were had looking to the implementing of this undertaking and formally concluding this agreement; that there developed misunderstandings in these negotiations; that finally an offer was made by the Government of the United States, which in my opinion fulfilled in all respects every honorable obligation that had been undertaken by the President; that this offer had been rejected by Ambassador Troyanovski upon the direction of his Government in 1935 upon the ground that it was not in accordance with the understanding because it offered not a loan by the Government of the United States but by the nationals of the United States and upon the further ground that the control of the purchases in the United States was not placed in a Soviet agency but that the purchases were subject to the control of this American agency; that what was offered was a credit and not a loan.

I stated further that the total of claims against Russia of both private citizens and of the Government of the United States with interest, which included claims of private persons against the Tsarist regime, the claim of the Government against the Kerenski Government and the private claims against the Bolshevik Government amounted in the gross to approximately \$900,000,000 or \$1,000,000,000; that the offer of settlement in the sum of \$100,000,000 by the United States was most generous as it would

provide

provide less than ten cents on the dollar to the private American claimants, particularly in view of the fact that American nationals were providing an agency that would make possible the extension of a \$200,000,000 credit for purchases in the United States by the Soviet Government; that the attitude of the Soviet Union in this respect had been a great disappointment to the President of the United States; that this matter was one of the matters in difference pending between the two Governments when I came here and that I would say (with undiplomatic frankness) that my instructions were not to bring up or urge the matter of debt settlement but to strongly take the position that we had done everything that we were honorably committed or required to do and that so far as we were concerned it was a closed book, unless and until the Soviet Union wished to reopen the matter and fulfill its honorable obligations; that I was therefore very glad that before my departure to hear from him that the Soviet Government was seeking to find a way to settle at least a portion of this debt situation.

To this he rejoined that the Soviet Government could not settle with the United States the private claims of American citizens against either the Tsarist regime or against the Soviet Government without being obliged under treaties to make equally favorable settlement with England and France as to similar claims, and that this would entail too great a burden. What he

had

had in mind was a formula that would eliminate this difficulty. The Soviet Government could differentiate a debt of the Russian Government to the United States Government from a debt claimed to be due to private citizens of the United States. Therefore the Soviet Government could settle the Kerenski debt without such incidental and attendant difficulty with France or England.

I then asked him exactly what the proposition was; and asked him to please state it in detail. It was to pay \$50,000,000 on the Kerenski debt, provided a credit, above referred to, were extended to the U.S.S.R. for a period of ten years in an amount of at least \$150,000,000, or more if possible. Payments on the debt to be 10% of the total amount of the credit to be paid upon the execution of the contract and the balance to be paid in equal annual installments over a period of twenty years. The rate of interest would be the usual going rate, both as to credits and also on the debt obligation. I asked whether he knew what the amount of the Kerenski debt was; that I did not have it in mind. He replied that he did not know; that the Kerenski records were not clear; to which I rejoined that I could readily ascertain because I knew our records were clear because it was our money that they had received. This caused a general laugh.

Upon my inquiry Stalin stated that this payment would have to be in complete liquidation of all claims. To this I rejoined that if that was the proposition, in my opinion, it would be useless to even think of submitting it because the sum was even less than the amount of the

previous

previous proposed agreements. I then asked whether it would be possible for them to confine the proposal to the Kerenski debt as a governmental debt and leave the other claims for the future. To this he at first demurred. I then said that my only object in bringing this point up was to frankly give them my view as to what, in my opinion, would make it useless to even submit a proposal, and that the proposal, in my judgment, would not even be considered unless the arrangement could be made without prejudice to other claims. I explained that in our practice in drawing contracts we frequently resorted to that principle, namely, that a single matter in difference between parties could be settled, with an express reservation that such settlement did not prejudice, or estop either party from asserting any other claim in the future. He said that was agreeable.

Of course, throughout this discussion it was understood that the remarks and inquiries I made were designed simply to explore the exact terms of the offer. It was clearly stated that I, of course, was not purporting to say what would or would not be acceptable to my Government.

JED/hla

Enclosure No. 2 to despatch
No. 1348, dated June 9, 1938,
from the Embassy at Moscow

Statement by the American Ambassador,
Joseph E. Davies, on June 5, 1938

I called on President Kalinin and Premier Molotov today at the Kremlin to make my farewell call preparatory to leaving for my new post. During the conference with Mr. Molotov, Mr. Stalin participated. I was very glad to have had that opportunity of meeting him prior to leaving for Bussels. Our discussion covered a broad field of general world affairs and lasted approximately two hours.

The relationship between the U.S.S.R. and the U.S.A. has not found expression in any diplomatic acts, agreements or official manifestations. But I believe it is true that there is a great deal of respect, unexpressed and unreciprocated, mutual sympathy and respect between the peoples of our two countries. Love and friendship words are sometimes the honest and best basis for friendship and cooperation and that is what, I am sure, your country will obtain thanks to your information in respect of my country.

JED:ep

The very great pleasure of having here to-night Ambassador Davies and Mrs. Davies is marred by the thought that it is a farewell dinner and that it is perhaps the last occasion of having their pleasant company. It is sad for the simple reason that, using plain, undiplomatic language, we all liked both Mr. and Mrs. Davies, that we continually felt their friendship and goodwill towards our country and its peoples.

I remember telling you, Mr. Ambassador, during your first visit to me, as I am used to tell every diplomatic newcomer, that Moscow is certainly not a place where to look for that diversity of amusements and entertainments to which diplomats are accustomed in other capitals, but that a foreign representative who takes an interest in studying and watching the growth and development of a new country, of a new social and political order, of a new life, of the resurrection of the culture of a hundred nationalities, will find here something to occupy with his time, his mind and his faculty for observation.

You, Mr. Ambassador, have proved to be just such a diplomat-student, a diplomat-observer, a diplomat-investigator. You have devoted much of your time and your great energy to the study of this country losing no opportunity of seeing for yourself anything worthy of study and observation, even undertaking for that purpose fatiguing long-distance journeys. We appreciate it very much. We do not like being just looked at, gullibly talked of, preferring to be studied and of course to be properly understood.

You, Mr. Ambassador, have done your best to understand our country, what is going on there, the motives behind our doings and the aims in front of them. If you will, as I am sure you will, pass on the results of your study and observations, your understandings and unbiased judgment to your Government and to your countrymen, you will certainly contribute much more to the strengthening of friendly relations between our two countries than by any other purely diplomatic activities.

The relationship between the U.S.S.R. and the U.S.A. has not found expression in many diplomatic acts, documents or external manifestations. But I flatter myself to think that there is a great deal of latent, unexposed, unproclaimed and unwritten mutual sympathy and respect between the peoples of our two countries. Love and friendship without words are sometimes the truest and the sincerest, for insincerity and hypocrisy not seldom begin with words, with outward expressions. But love and friendship presuppose understanding and comprehension and that is what, I am sure, your country will obtain thanks to your information in respect of my country.

SUMMARY OF RESPONSE OF AMBASSADOR
JOSEPH E. DAVIES TO THE REMARKS OF MAXIM M. LITVINOV,
PEOPLE'S COMMISSAR FOR FOREIGN AFFAIRS OF THE U.S.S.R.,
ON THE OCCASION OF A DINNER TENDERED BY HIM TO MR. AND
MRS. DAVIES AT MOSCOW, JUNE 7, 1938.

Mr. Commissar, Ladies and Gentlemen:

I am really overwhelmed by the very generous character of your remarks and the beautiful hospitality extended to us tonight. From the moment of my arrival, as the Ambassador of the United States, I have received many kindnesses from the Government officials and many expressions of friendly feeling from the Russian people, and I wish to express my deep appreciation therefor.

When you, Mr. Foreign Minister, on my arrival presented me to the leaders of your Government, I was then, and have been since, much impressed by their evident sincerity and idealistic purposes.

You have commented upon the underlying sympathy and understanding which exist between the peoples of your country and mine. That I believe is preeminently true. That feeling found expression in historical events. Catherine the Great refused to loan her troops or her money to the effort to crush the young American republic. Again during the Civil War, which threatened the existence of the American Republic, Russia refused to participate in any connection which might impair the unity of the United States. Again as an indication of the common point of view of the Russian and American peoples, it is my belief that both peoples are seeking to improve the lot of the common man. Our great President, Lincoln, said, "The Lord must have loved the poor because He created so many more of them than the rich". The political impulse of your people and of the American people

is to

is to promote the well-being of the greatest number. That is the end toward which we are striving. Our methods are different. We believe ours to be the best. We concede that you have the right to maintain that yours is the best.

You have commented upon the extent of my study of Soviet institutions and industry and travel in the Soviet Union. I have had the opportunity of seeing for myself those great industrial enterprises that have sprung up within the past ten years. In my opinion, the extent of that economic development during that short period has been unparalleled.

What has particularly impressed me in that connection is the youth and enthusiasm of the young men and women who have been recruited from the collective farms, given the opportunity of technical and scientific education and are now administering these great plants. It is a case of where the country boy has come to town, and is on his way. As in the United States, the country boy that is earnest and sincere, who comes to the city, will not be denied.

Whether you succeed or fail, what has taken place here will have a profound effect upon the world. The human forces which have been released and the great resources which you enjoy will inevitably have a powerful effect upon the future.

Mr. Commissar, you have said very beautifully and simply that the Russian people like us. We like the Russian people. Your literature, your art, your music, your opera and ballet are glorious and reflect the great qualities of your national life.

There is

There is one very great noble aim that our two countries share in common, whether it be motivated by God, as we believe, or what you might term great natural forces, or by ideals, or by human nature, and that is that the Soviet Union and the Government of the United States are both genuinely desirous of peace in the world, and peace is what the world most needs now. Of this I have been assured by your highest leader.

As you know, I am not a professional diplomat. My experience has been in professional and business affairs. When I was honored by our great President with this appointment, the prospect was of challenging interest. I came here with an objective mind. I am leaving with an objective mind, but possibly less objective and more friendly because of the kindnesses which you and your Government have extended to me as the representative of my country.

In conclusion, I wish to thank you again, Mr. Litvinov, on behalf of Mrs. Davies and myself, for your many courtesies, and in particular for this delightful evening. I am sure my American staff would be very glad to join with me in raising my glass to you, Mr. Litvinov, your associates, and the traditional friendship of the peoples of our two countries.

JED:bpg

"F.D.R.

April 1939

Lucia

You may like to read this article.

E.R."

file
personal

PSF Russia

April 1939

WHY NOT BE FAIR TO THE SOVIET UNION?

By JEROME DAVIS

CONSIDERING how difficult it is for a privileged and propertied group ever to understand even its own working class it is small wonder that the average American does not understand what is happening in the Soviet Union. Think of the mental obstacles the average banker encounters in understanding the spirit of President Roosevelt much less the policies of his administration. Can a banker or industrial magnate even remotely comprehend the real C. I. O. much less the sit-down strike, not to mention the Black appointment?

Now in the Soviet Union we have a country which for generations was ruled by one of the most tyrannical autocracies the world has ever known. Some seventy to eighty per cent of the people were illiterate; graft and corruption were well-nigh universal.

Fortunately or unfortunately I was privileged to see Czarist Russia while on a mission to help the German prisoners of war. This is what I found: Railroad workers were toiling twelve hours a day, seven

days a week for a wage of fifteen dollars a month. Russian soldiers were serving for twenty-five cents a month. Every letter which I received had been opened and read by one of the Czar's censors. Every letter mailed was similarly treated. Spies, secret agents of the Czar's regime, trailed me twenty-four hours a day in three shifts. There was no secret about it. They were frank in stating what they were doing and one worked as harmoniously as possible with them.

When the Russian people overthrew the Czar's regime and attempted to secure not only political but economic democracy as well, they were met by the hostile bayonets of the world. Even after the War was over Russia was still fighting foreign gold, munitions, bayonets and spies. On top of all this she was faced with a country bled white by a World War, a Civil War and one of the worst famines in all her history. Beginning approximately fifteen years ago the Russians began to rebuild their shattered country.

Original Article

They started from the bottom with scant skilled labor, few competent teachers, and only a handful of engineers.

Industrial production today is over seven times as great as it was before the War. Under the Czar's regime Russia ranked fifth in the world industrial output; today it is in second place. Even in 1936, with the disorganization incident to arrests and trials of spies the output increased thirty-one per cent, whereas in 1935 it had only increased twenty-three per cent. Under the Czar's regime Russia was almost entirely agricultural. Today it imports less than one per cent of its machinery and is leading the world in turning out agricultural machinery. The Soviet Union now is actually producing seventeen times as much electric power as it did under the Czar's regime.

While it has been doing all this it has taken over and nationalized all the basic means of production and distribution. Ninety-eight and five-tenths per cent of production is socialized. It has been tightening its belt and even exporting needed food products in order to get the credits to build up the industrial life of the nation. While this has been done it has effected no less a revolution on the agricultural front. During the

first five year plan from 1928 to 1932 the average grain harvest was in the neighborhood of eight per cent greater than it had been. During the second five year plan it has jumped ahead still further averaging twenty-two per cent more than during the first five years.

Today the U. S. S. R. has become one of the world's leading cotton producers; only the United States and India surpass her. Russia is actually producing three times as much cotton as it did under the Czar. Ninety per cent of all small farms have been collectivized. Industry is using twenty-five million wage earners, practically all of whom belong to trade unions. While real wages are low they have free health service, vacations with pay, old age pensions, and admirable clubs, corresponding to the best facilities offered by our Y. M. C. A.'s. Is it any wonder that the Soviet leaders and people feel proud of their achievements? Bear in mind that all this has been done while the rest of the world has been going down in depression.

The western mind is gravely disturbed by the lack of what is termed "freedom" and by the absence of rival political parties, and by the large number of executions. To the student of sociology it has long been

1939
clear that no country can
social habits
tionize its behavior
night
WHY NOT BE FAIR TO THE

clear that no country can revolutionize its behavior patterns, its social habits and its mores overnight. It is a significant fact that practically all the evils which exist today existed to a greater or less extent under the Czar. On the other hand, the positive contributions which the Soviet Union has made to the thought and practice of the world in large measure were absent under the Czar's regime.

It is extraordinarily difficult for any group or nation to put itself in the place of another. Take the matter of militant atheism. From a sociological standpoint it is probably true that a great many Americans who now criticize the Soviet Union on this count would themselves be atheists had they been subjected to similar conditions under the Czar's regime. Everyone knows that the Greek Orthodox church was dominated by the Czar's autocracy, was largely corrupt and had a brand of religion which could not possibly be accepted by the scientific mind.

Again, take the matter of the absence of liberty. Suppose the United States was attacked by Japan on the Pacific Coast, that Britain had warships equipped with aeroplanes hovering along the Atlantic seaboard, that Mexico had gone fascist and was being subsidized by

Italian military skill, that Canada was a seething hotbed of military intrigue working with American Tories to overthrow our democracy and install a fascist dictatorship. Under these conditions it would not be surprising if America rapidly gave up her tolerance towards various political parties which now are allowed to function freely. But the conditions which I have sketched are in reality not half as dangerous as all that Russia has been subjected to in the past twenty years.

During the Civil War the Allies were actually plotting on Soviet soil. The plain fact is that one of my own Y. M. C. A. secretaries sent in from Great Britain proved to be a spy in the pay of the British army. For his work he was later knighted by the King of England. There is no doubt that Germany and Japan are again sending hordes of spies into the Soviet Union today. Is it so surprising that a country going through a revolution in the midst of a World War, subjected to civil war and intervention, with its own great hero of the revolution, Lenin, shot several times, is it so surprising that such a country should establish a dictatorship? To the unprejudiced mind the surprising fact is that within twenty years they could adopt a new constitution as liberal and

democratic as it is. The fact that it is not lived up to at every point is not so important as that the direction in which the people are moving is toward more democracy and greater justice for the common people.

When one considers that only twenty years ago seventy per cent of the population was illiterate and that now the Soviets have instituted the secret ballot, it is an amazing sign of progress.

But perhaps it will be charged that in spite of the evidences of the progress everywhere observable in the Soviet Union the recent trials and executions have so shocked the world that no freedom-loving individual can longer defend the Soviet Union. Perhaps one difficulty is that most Americans believe that an attempt at socialism must, to be successful, almost immediately achieve Utopia. But this is contrary to the laws of societal development. It is shocking that so many former leaders of the Soviet Union have betrayed their trust. It is probably true that the Soviets have been unnecessarily harsh in their treatment of opponents. Personally I am dubious as to the merits of capital punishment in any case. I doubt whether one can destroy opposition by executions.

But to understand the phenomena we must remember that the Soviet leaders have seen thousands of red army men captured and slaughtered by opposing armies of the west. The English investigating committee alone reported that in Finland fifty thousand Bolsheviks had been put to death while Finland was under the control of white guard elements. I personally talked with a man who is now a Communist in the Soviet Union but who used to be a pacifist and a Socialist in America. At first during the revolution he was a pacifist. Then as he went down towards the front in the Civil War and saw the thousands of Communists who were captured and mercilessly put to death, he became convinced that pacifism was impractical, unrealistic and utopian. Today he is an enthusiastic shouter for more executions, better executions and more ruthless treatment of confessed traitors. He declares that if the Spanish government had only been willing to execute twenty-five of the leading generals who were plotting with Franco to overthrow the government they would have avoided all the civil war which has ensued.

Whether or not these arguments are valid is not the point. We are trying to understand why the Soviet

Union behaves as it does. Nor is it surprising that many of the Soviet leaders should have turned to betray the revolution and oppose Stalin. Think for a moment of the circle of advisors around President Roosevelt in the early days of his administration. Count the number that today are bitterly opposing him. Why should it be strange that a similar phenomenon should happen in the Soviet Union? Bear in mind that in Russia the nationalization of all property and the degradation of former aristocrats and property owners naturally causes conflict.

Stalin has publicly stated that when in doubt it is wise to be suspicious of foreigners or anyone who may be betraying the revolution. We must recognize that with Japan actively invading China and massing her troops on the Soviet frontier, with Hitler openly stating that he hopes to seize a substantial part of the Ukraine and with Japan, Italy and Germany officially signing a treaty in which they agree to oppose and fight Communism, it is no wonder that the Soviet Union has a *war psychosis*.

In 1915 the writer was secretary to Sir Wilfred Grenfell on the coast of Labrador. We were touring that bleak coast in a small hospital boat. Time after time the natives, on see-

ing our steamer enter some obscure harbor thought we must be a German submarine come to attack them. Grenfell's own secretary was arrested and imprisoned in St. Anthony in spite of all his protests because she had a trace of German blood.

Men and women who are Communists behave in some respects like other social groups. To be sure the Soviet Union has already abolished racial intolerance. There is probably no country in the world where there is less racial intolerance than in the Soviet Union. Leading American Negroes are recognizing this fact by bringing up their children in the Soviet Union. But when it comes to the threat of war, the actual presence of spies in the country, and war psychosis, then Soviet leaders behave much as other leaders under similar circumstances.

Christianity has for nearly two thousand years proclaimed its high ideals to the world. The Sermon on the Mount, if it was actually carried out would shatter and supersede our existing capitalistic system. Yet after two thousand years we still have lynchings in the United States, gross exploitation of labor, and even shootings in the back of innocent workers by the state.

Communism has perhaps come nearer to bringing in equality and

justice for the common working class in twenty years than the Czar's Christianity had in centuries. Let us recognize then that given another hundred years Russia may make some progress towards more freedom of expression. She may perhaps modify her drastic treatment of opponents. At least as Christians confronted with the horrible crimes of wars supported in the name of Christianity we can hardly afford to throw stones.

Strange as it may seem the Soviet Union has a more consistent peace record than any other nation. It has offered completely to disarm to any point on which the other nations can agree. It is the Christian nations that have blocked disarmament.

Her successes have come because

she has struggled to abolish exploitation and bring in justice for the working class of the world. In doing this she has met with violence from the so-called Christian forces and her philosophy is to meet violence with violence, if that is necessary.

Nothing that has here been said is intended to imply that no serious evils exist within the Soviet Union, but rather that in the endeavor to bring about international peace and goodwill, we ought at least to understand one another. Those who genuinely understand the Soviet Union will go back to their own countries, determined to do all in their power to end exploitation and bring about justice at home before they begin to throw stones abroad.

Dr. Jerome Davis, who taught for thirteen years at the Yale Divinity School, is again taking a very select group to Europe this summer for the Bureau of University Travel. The group will visit eleven countries, interviewing the leaders in the governments as well as taking in the major points of interest.

Last summer, in London, the group met with Malcolm McDonald, British Minister of Colonies; spent an evening with Professor Harold Laski of the London School of Economics; conferred with the well-known author, G. D. H. Cole; and heard the Foreign Minister, Lord Halifax.

The total cost of the trip, New York to New York, is \$695, including all expenses.

The cooperative movement will be studied in Denmark and Sweden.

All those interested should write immediately to Dr. Davis at 489 Ocean Avenue, West Haven, Connecticut, for further information, since the number who can go is limited.

X

PST
Russia
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Memo for Watson
From Sumner Welles
July 11, 1939

Attaches conf despatch No 1082-June 7, 1939
from Amb. Biddle for the President

Subject-discussion which took place between
Biddle and the newly appointed Russian Amb.,
Sharonov and his observations of the Soviet
Ambassador in Warsaw on current Anglo-Soviet
discussions.

See Poland folder-Foreign File --Drawer 1--1939

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PSF
Russia
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To the President
Memo from Col Watson
Aug-26-1939

Attaches report from Chief of Military Intelligence,
Army in regard to movements of Russian Naval
Vessels.

See--War Dept folder-Drawer 1-1939

Letter from
Steinhardt addressed
to Secy Waller has been
returned to him -

PSE/Russia

THE UNDER SECRETARY OF STATE
WASHINGTON

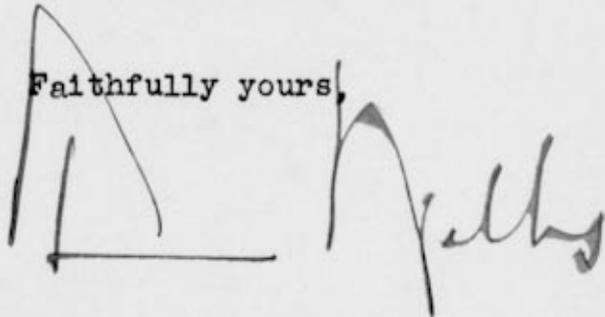
August 29, 1939

My dear Mr. President:

I have this morning received a personal letter from Steinhardt dated August 16 which gives in full detail his conversation with Molotov at the time he communicated to the latter the message coming from yourself. I think you will find this very interesting.

Believe me

Faithfully yours,

A handwritten signature in dark ink, appearing to read 'A. H. Sulzberger'. The signature is written in a cursive style with a large initial 'A' and a long horizontal stroke.

The President,
The White House.

*file
personal.*

PSF Russia

DEPARTMENT OF STATE
WASHINGTON

September 9, 1939

My dear Mr. President:

You asked me to have the appropriate agencies of our Government check up upon the accuracy of the information contained in the telegram from our Embassy at Moscow of September 4, which read: "According to Intelligence reports received by the British Military Attaché here 70,000 tons of gasoline arrived at Leningrad from the United States during the months of May and June."

The following is the text of a report submitted to me covering the matter of your request:

"In regard to telegram no. 502 of September 4, 6 p.m., from Moscow on the subject of a statement in regard to the amount of gasoline arriving at Leningrad from the United States during the months of May and June, it may be stated:

"1. No vessel carrying gasoline left United States ports for Leningrad at any time during the period discussed.

"2. The Standard Oil Company's American tanker, W. S. Miller, cleared Los Angeles

The President,

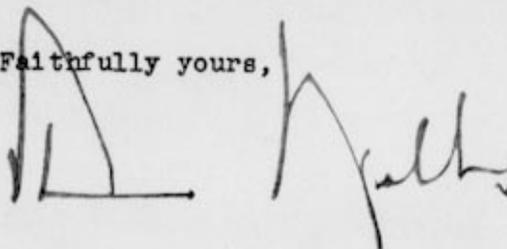
The White House.

August 24 for Vladivostok with 8,800 tons of gasoline. This vessel makes this run with aviation gasoline about twice a year.

"Search has been made of the Maritime register from April 1 to August as to sailings from United States ports to the Leningrad area and the Black Sea area. Search has been made of the statements issued by the Conservation Bureau of the Interior Department. Search has been made in the Cargo Division of the Maritime Commission which receives reports of sailings and departures of all vessels of whatever nationality. These sources show no delivery at Russian ports of the amount of gasoline indicated and there is no indication that such oil supplies reached Russia from American sources or by way of ships."

Believe me

Faithfully yours,

A handwritten signature in dark ink, appearing to read "R. Kelly". The signature is written in a cursive style with a large, prominent initial "R" and a long, sweeping underline.

File [1939?] R.S.F.
Russia
1

Mr. Constantine A. Oumansky, newly appointed Ambassador
of the Union of Soviet Socialist Republics to the
United States

Mr. Oumansky was born in May 1902 in Nikolaev.

Education - gymnasium.

Editor of the newspaper Iskusstvo, 1919; Director of the Bureau of Rostthe in Vienna, 1921-22; Managing Editor of the foreign information service of Tass, 1922-25; Tass correspondent in Rome 1925-26; Director of the Foreign Section of Tass, 1926-28; Director of the Paris Bureau of Tass and Tass correspondent in Geneva, 1928-30; Director of the Press Section of the Commissariat for Foreign Affairs, 1931-36. Since April 1936 Counselor of the Soviet Embassy in Washington, and Chargé d'Affaires ad interim of the Soviet Union since June 1938.

Madame Oumansky is with her husband in Washington. They have one small daughter.

PSF.
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October 11, 1939.

FOR STEINHARDT:

Please present informally the following message to President Kalinin:

The President of the United States sends his greetings to President Kalinin with the following personal message:

While the United States is taking no part in existing controversies in Europe, he wishes to call attention to the long time and deep friendship which exists between the United States and Finland. He feels that he can call this to the attention of President Kalinin because of our joint efforts a number of years ago which resulted in the resumption of friendly relationships between Soviet Russia and the United States.

There are many American citizens of Finnish descent and the nation as a whole has a very special friendship for Finland. Therefore, the President expresses the hope that Soviet Russia will make no demands on your Government which are incompatible with the independence, integrity and vital interests of that Republic.

The President feels sure that you and your Government will understand the friendly suggestion of this message and extends to you his highest considerations.

THE WHITE HOUSE
WASHINGTON

December 13, 1939.

MEMORANDUM FOR
THE SECRETARY OF STATE

Will you speak to me
about this?

F. D. R.

PSF Russia

LMS

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

Moscow

Dated December 10, 1939

Rec'd 1:40 p. m.

Secretary of State,

Washington.

1059, December 10, 4 p. m.

Department's 278, December 9, 2 p. m.

The Soviet customs regulations provide for the examination of the accompanying baggage of foreign consular officers, other than principal officers of consulates in the Soviet Union, notwithstanding the possession of diplomatic passports by such consular officers. Not only have these regulations been enforced but the Foreign Office has informed the Embassy orally on repeated occasions that exceptions to these rules cannot be granted to American Consular Officers, as to grant such exceptions would discriminate against the consular officers of other countries. Among the consular officers of this mission bearing diplomatic passports to whom this regulation has been applied have been Johnson, Murray, Minor, Cherp, Waller, Costello and McKee. Furthermore the accompanying baggage of American consular officers possessing

LMS 2-No. 1059, December 10, 4 p. m., from Moscow

possessing diplomatic passports has been examined although the officers were merely in transit to posts outside the Soviet Union, such as William Langdon, Maurice Pasquet, Robert Ward, Gerald Warner and Arthur Ringwalt. In some cases it has been possible to obviate the examination by giving the officer courier status. The situation with respect to non-accompanying baggage is much worse in that the effects of all American diplomatic and consular officers including myself are subject to the most minute examination both at the time of entry and at the time of departure. As reported in my despatch No. 83 of September 26 this year the examination of my personal effects which did not accompany me on the same train required four days and during this period my effects were placed under seal each afternoon at 4:30 and I was thereby denied access to my own effects inside my own Embassy until after 10:30 of the following morning. In so far as concerns officers other than the Ambassador or the Charge d'Affaires ad interim they are required both at the time of arrival and again at the time of departure to take all their effects not accompanying them on the train to the customhouse

LMS 3-No. 1059, December 10, 4 p. m., from Moscow

tomhouse for these examinations -- to unpack them there and in the case of shipments leaving the country repack them finally within the customhouse after minute examination although under pressure exceptions have been made including Chipman and Dickerson this week.

STEINHARDT

RR

PSE
Russia

December 22, 1939

MEMORANDUM FOR THE SECRETARY OF STATE
and
THE UNDERSECRETARY OF STATE

Your memorandum of December sixteenth in regard to Soviet restrictions against American citizens connected with the Diplomatic Corps is excellent, and I think we should match every Soviet annoyance by a similar annoyance here against them.

When it comes to the larger questions of downright rudeness on the part of Stalin, Kalinin or Molotov we cannot afford to repay such rudeness with equivalent rudeness over here. But I am inclined to think that the day may come soon when it will be advisable to bring the situation to the direct attention of Oumansky. He can well be told that the failure of his Government to answer my telegram regarding bombardment of citizens and the failure of his Government to let our Ambassador communicate with the City of Flint tend to show such a complete disregard for the ordinary politeness and amenities between civilized governments that the President honestly wonders whether the Soviet Government considers it worthwhile to continue diplomatic relations. We need go no further than this but it would put a certain burden on the Soviet Government itself.

F. D. R.

fdr/tmb

DEPARTMENT OF STATE

THE SECRETARY

December 20, 1939

MEMORANDUM FOR THE PRESIDENT

With reference to your note of December thirteenth I enclose for your consideration a memorandum furnishing background data concerning the examination of baggage of American consular officers by officials of the Soviet Union.

C.H.

CH

125F
Russia

DEPARTMENT OF STATE

ASSISTANT SECRETARY
A-M

MEMORANDUM

December 16, 1939.

Dear Mr. Secretary:

The attached telegram of December 10 from our Embassy in Moscow which the President wishes you to discuss with him is a reply to a telegram which we sent to the Embassy on the previous day. In our telegram we stated that the Soviet Ambassador in Washington when complaining because the United States Customs authorities had examined the effects of Mr. Zaikine, a newly appointed Soviet Vice Consul in New York, had asked whether Soviet customs authorities examine the baggage of American consular officers assigned to Moscow who are in possession of diplomatic passports. We asked the Embassy to cite several instances of this practice.

You will recall that ever since its establishment in 1934 our Embassy in Moscow has been hampered in its efforts to perform its functions as a result of the efforts of the Soviet authorities to isolate it and to refuse to grant to its members many of the courtesies and privileges which experience has shown facilitate

international

international intercourse and reduce friction and misunderstandings. The Soviet customs authorities have been particularly active in causing inconveniences for our diplomatic and consular officers and employees. They insist, for instance, that all effects of members of our Mission, including those of the Ambassador, except those brought in or taken out as baggage under cover of a laissez-passer, be subjected to minute examination by Soviet customs inspectors before they can be entered into or taken out of the country. They have even endeavored to establish the rule that such effects, except those of the Ambassador and Counselor, be taken to the Soviet customs house and there be inspected and packed preparatory to being shipped out of the country. The customs inspectors are frequently boorish and overbearing. As a result of their lack of cooperation, the departure of members of the Mission has been delayed for periods of from two to six weeks. Members of our Foreign Service who do not have the status of diplomatic officers are refused laissez-passers, and regardless of the fact that they may be commissioned and acting as consular officers, are required to submit their baggage to grueling customs inspection when entering or leaving the Soviet Union. Our Foreign Service Officers traveling through the Soviet Union from Europe to

to

to posts in the Far East report that the inspection of their effects is in general more thorough than that given to most of the foreign non-officials on the same train.

You will remember that early in 1938 both you and I, in an effort to persuade the Soviet Government to assume a more cooperative attitude in its treatment of the American Embassy in Moscow, had informal conversations with the Soviet Ambassador. Mr. Dunn also discussed the matter with him in some detail. These discussions, unfortunately, have not resulted in any change of attitude on the part of the Soviet authorities.

When Mr. Steinhardt was here last summer preparing himself for his duties in Moscow he went into the matter rather carefully and decided with some reluctance that since we had failed by methods of persuasion to prevail upon the Soviet Government to extend to our representatives and employees abroad the treatment which our representatives and employees are accustomed to receive elsewhere, we had no choice other than to apply, to an extent at least, the principle of reciprocity when deciding upon the courtesies to be granted Soviet officials in this country. I understand that he informed the Under Secretary of his decision, and that Mr. Welles assured him

apparently resulted in the withdrawal of the Soviet demand that Dr. Nelson's effects be taken to the customs house.

In the middle of October of this year, the People's Commissariat for Foreign Affairs requested our Embassy in Moscow to issue a laissez-passer to Mr. Zaikine, who expected to leave soon to take up his consular duties in New York. Mr. Steinhardt replied that the Embassy would be glad to issue the laissez-passer if it could have assurances that in the future the Soviet Government would issue documents of a similar character to American Consular officers desiring to enter or leave the Soviet Union. The Commissariat refused to give such an undertaking and withdrew its request for the laissez-passer. Mr. Steinhardt advised the Department of the situation, and suggested that the Department "take the necessary steps on the arrival of the Vice Consul in New York towards placing the customs treatment accorded the consular officers of both countries on a reciprocal basis."

The Department, therefore, in informing the Treasury Department of the expected arrival of Mr. Zaikine, suggested that in view of the treatment accorded American consular officers by Soviet customs officials, the Collector of Customs at New York be authorized to search the baggage of the Vice Consul.

On

On December 7 the Soviet Ambassador entered a protest by telephone with the Department because the baggage of Mr. Zaikine had been examined by our Customs authorities upon the latter's arrival in the United States. Mr. Oumansky said that when a representative of the Soviet Consulate General in New York had objected to such an examination, the customs inspector had displayed a letter from the State Department suggesting that an inspection be made. Mr. Oumansky stated that he was astonished at the action of the customs officials, and wanted to know if it was the intention of the American Government to examine in the future the effects of Soviet consular officers entering the United States. He was informed that the examination had been made because Soviet customs officials insist upon examining the baggage of American consular officers entering or leaving the Soviet Union and that it was the practice of this Government to apply the principle of reciprocity in connection with the treatment of foreign consular officers. Mr. Oumansky replied that matters of this kind should be governed by the principle of the most favored nation, not by that of reciprocity. He was told that the American Government had handled such matters for many years on the basis of reciprocity, and was not

prepared

prepared to change its long-established practice.

Mr. Oumansky then requested the Department to ascertain on his behalf whether Soviet customs authorities were accustomed to examining the baggage of American consular officers entering the Soviet Union for the purpose of assuming consular duties in Moscow. In order to be able to cite instances in which the Soviet customs authorities had examined the baggage of our consular officers stationed in Moscow, the Department sent its telegram of December 9 to Moscow, to which, as pointed out above, Mr. Steinhardt's telegram of December 10 is a reply.

A handwritten signature in black ink, appearing to be "Steinhardt", written in a cursive style. The signature is positioned in the lower right quadrant of the page.

*RF-
Review*

Dec 13, 1939

Memorandum for Hull
From the President
"Will you speak to me about this"

Re-Dispatch from Moscow--No-1059--in re examination of baggage of
foreign consular officers regardless of diplomatic passports,
including Americans.

See:Hull folder for original memo-Drawer 1-1939

PSF
Russia
1

Memo for Capt. Callaghan from Robt B. Carvey
Sends it for Pres. information

Subject: Question of Russian destroyers.
Pres. stated he would take up with
Hull at Cabinet.

See-Capt. Callaghan folder-Drawer 2-1939

X

PSF: Russia
4

THE WHITE HOUSE
WASHINGTON

January 10, 1940.

MEMORANDUM FOR
THE SECRETARY OF STATE

I note in Steinhardt's cable No. 24, January 5, 1940, that long distance calls can no longer be made from the Embassy in Moscow except by personal appearance at the central telephone station.

I am wondering whether we might apply the same rule to the Russian Embassy here -- or at least tell Oumansky we are thinking of doing it. What is sauce for the goose might well be sauce for him too!

F. D. R.

PSF Russia

X

DEPARTMENT OF STATE
ASSISTANT SECRETARY

*File
personal &
confidential
Russia
4*

January 27, 1940

MEMORANDUM TO THE PRESIDENT

Kaluga is one hundred miles south-
west of Moscow, on the railway line from
Moscow to Kiev.

The hospitals appear to be pretty
full, all the way from Leningrad down
to Moscow, and ^{wounded} are now overflowing south-
ward.

agb
A.A.B., Jr.

PSF: Russia

RDS

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

MOSCOW

Dated November 5, 1940

Rec'd 6:12 p.m.

Secretary of State,
Washington.

1487, November 5, 1 p.m.

~~SECRET - CONFIDENTIAL~~

The Department may wish to take cognizance of the following statements recently made at the Embassy by one of the more intelligent visa applicants who has been experiencing difficulties in obtaining a Soviet exit visa.

The applicant stated that he was in considerable disfavor with the local authorities in the town of his residence in Soviet occupied Poland because he had refused to accept repeated offers from them to issue to him the desired exit visa and to facilitate his departure from the Soviet Union in every possible way and even to pay him substantial and regular compensation in the United States provided he would sign an agreement to undertake espionage work in the United States. He said the Soviet authorities had told him they were not granting permission to anyone to leave the Soviet Union unless the individual gave an undertaking to the foregoing effect and

that

-2- #1487, November 5, 1 p.m., from Moscow.

that he was foolish to refuse if he really wished or hoped to leave the Soviet Union. The authorities further stated that they already had many new agents working for them in the United States and that he should seize the opportunity extended to him as it was only a question of a short time before the Soviets would take over the Government of the United States.

The foregoing which reflects a common practice long known to the Department and recently applied in the Baltic States indicates that many visa applicants and doubtless many among the individuals who acquire American passports to return to the United States are being solicited to sign such agreements as a condition precedent to the issuance of exit visas. Nearly all of these individuals have relatives remaining in Soviet territory and are therefore subject to pressure in the United States if they fail to carry out their agreement. Furthermore the undertaking required of them might be availed of to bring about their deportation from the United States or to prevent them from ultimately acquiring American citizenship thus constituting a continuing form of blackmail during their stay in the United States.

I accordingly feel fortified in my previously expressed view that the best interests of the United States

are

.-2- #1487, November 5, 1 p.m., from Moscow.

are not served by permitting aliens residing in territory .
under Soviet dominion to emigrate to the United States
at the present time in any large numbers.

STEINHARDT

EMB

PSF
Russia
4-40

Moscow, November 9, 1940.

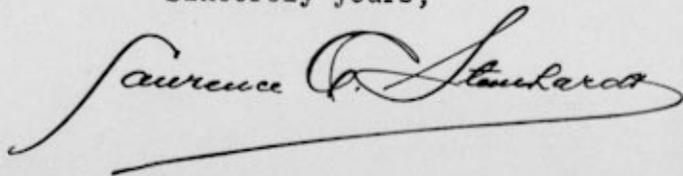
Dear Miss Le Hand,

Immediately following the announcement in Moscow of the President's reelection, I received an entirely spontaneous letter from the French Ambassador, of which I enclose a copy as I think the President should see it.

Ambassador Labonne, who was Governor of Tunisia prior to his appointment as Ambassador to Moscow, has frequently expressed to me in confidence his dislike of and contempt for the Vichy Government. Should the French-African colonies at a later date play more than a passive rôle in the war, I doubt that the Ambassador will be found in Moscow at that time.

With kindest personal regards,

Sincerely yours,



Miss Margaret Le Hand,
Secretary to the President,
The White House,
Washington.

Department of State

BUREAU
DIVISION

Eu

ENCLOSURE

TO

Letter drafted 11/13

ADDRESSED TO

The President

PSF: Russia

The French Embassy
Moscow, November 6

My dear colleague:

I take the liberty and am happy to congratulate you. This great friend — this giant — good and simple — continues to hold his historic place while the fate of the world is decided before our eyes. Of such a man and at such a time the United States may well rejoice and be proud. His voice is that of the entire continent, great as it is, and history will record his voice throughout the centuries. Alas, that France should not have possessed such a figure in her hour of destiny, but the resounding echo of his voice will be great in my country. More than once in Paris at Mrs. Forbes', who has been a kindly friend of my wife, we have met the mother of your President and heard from her own lips views as implacable as those of her son.

Please assure your kindly and generous wife of my respectful homage and renewed assurances of my gratitude. And you, my dear colleague, whose thoughts I may guess, accept my most devoted and cordial sentiments.

(signed) LABONNE

To His Excellency
Ambassador Steinhardt,
The American Embassy,
Moscow.

Copy in translation.

File personal *Rosen*

DEPARTMENT OF STATE
WASHINGTON

November 22, 1940

My dear Mr. President:

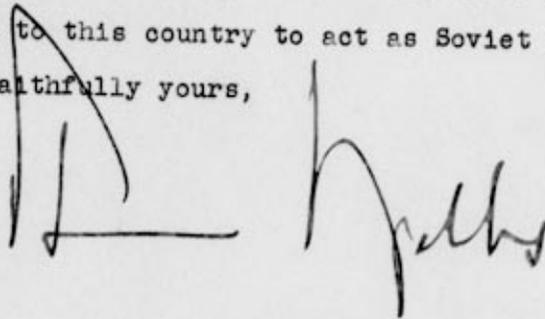
Since I know of your deep interest in the matter of the activities in this country of foreign agents, I am bringing particularly to your attention the attached telegram of November 5, 1940 from Mr. Steinhardt. You will note from this telegram that Mr. Steinhardt is of the opinion that the Soviet Government is endeavoring to enlist as its agents in the United States persons immigrating to the United States from territory under Soviet control, and that it follows the practice of extracting promises to engage in espionage from such persons before granting them permits to depart. This is the first information which the Department has received that places under suspicion all persons emigrating from the Soviet Union to this country. Heretofore the Department has endeavored to prevent the issuance of visas to persons suspected of intending to come to this country to act as
espionage

The President,

The White House.

espionage agents, and if discovered after entry, to place them under investigation. In view of the instant communication from Mr. Steinhardt the Department will transmit to the appropriate agencies of this Government such information as it may succeed in obtaining which would cause any group of immigrants to fall under suspicion of coming to this country to act as Soviet agents.

Faithfully yours,

A handwritten signature in cursive script, appearing to be "W. H. H. H. H.", written in dark ink.

Enclosure:

Telegram from Moscow,
no. 1487, November 5,
1940.

Return to EU
VD
A-B

TELEGRAM RECEIVED

RDS
This telegram must be _____
closely paraphrased be-
fore being communicated **FROM**
to anyone. (D)

MOSCOW

Dated November 5, 1940

Rec'd 6:12 p.m.

Secretary of State,
Washington.

DIVISION OF
EUROPEAN AFFAIRS
NOV 6 1940
DEPARTMENT OF STATE

1487, November 5, 1 p.m.

~~STRICTLY CONFIDENTIAL~~

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861.20211
note

UNDER SECRETARY OF STATE
NOV 6 - 1940
MR. WELLES

861.20211/67

Confidential File
G-LH

-2- #1487, November 5, 1 p.m., from Moscow.

that he was foolish to refuse if he really wished or hoped to leave the Soviet Union. The authorities further stated that they already had many new agents working for them in the United States and that he should seize the opportunity extended to him as it was only a question of a short time before the Soviets would take over the Government of the United States.

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-2- #1487, November 5, 1 p.m., from Moscow.

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under Soviet dominion to emigrate to the United States
at the present time in any large numbers.

STEINHARDT

EMB

*not
yil. III*

X

PST.
Russett
4-40

**Aboard Presidential Special
December 3, 1940.**

MEMORANDUM FOR

THE UNDER SECRETARY OF STATE

The enclosed represents the general feeling about United Press dispatches. Without specifying details, I think it would be a good thing to let Mr. Howard know that it has been reported to us a number of times that the United Press has a definitely anti-British attitude.

F. D. R.

Dispatch from Ambassador Steinhardt from Moscow dated November 27th in re the British Ambassador's talk with him.