Confidential

*No.*_____

For _____

Copy of a Letter to the Secretary of State

111 Broadway,
New York City,
July 5, 1927.

The Hon. Frank B. Kellogg,
Secretary of State,
Washington, D. C.

My dear Mr. Secretary:

Under separate cover I am sending you one of the first copies to come off the press of a privately printed attempt to put on paper some of the impressions formed on a visit to Russia, from the 4th to the 13th of May, 1927, from which trip I returned a few weeks ago.

In this book I have attempted to tell what I saw and heard, and to give certain reflections based thereon, without giving any definite recommendations to anyone as to what should be done about it. In view of the political heat that seems to be aroused by almost any discussion of the Russian problem, it seems wisest to make any recommendations in the matter in an intimate communication.

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In order that you may understand my purpose in going to Russia, I should state the two factors which primarily actuated me.

(1) As a tourist, I visited Russia in 1905, and became immensely interested in the country and its vast territory, enormous resources and its masses of vigorous, warm-hearted and hospitable people. As a consequence, I have sought to keep intimately informed concerning Russian affairs for upwards of 22 years, although practically all of my personal acquaintances were members of the old regime, and, of course, are now bitterly hostile to the present Government;

(2) It is part of my business to study the operation of public opinion, and as radical political tendencies are necessarily influenced by the Communist movement, the chief dynamo of which is represented by the Communist International, I wanted to find out at its source, if I could, just what Communism means, what

Bolshevism means and what is the nature and technique of Bolshevik propaganda.

As every belief and interest in my life is, of course, heartily opposed to Socialism, Communism and Bolshevism in any form, my ultimate hope was to be able, as a result of this trip, to assist more intelligently in meeting the Bolshevik menace.

Preparation for Entering Russia

Before going to Russia, I wrote individual letters to the heads of all the departments of the Russian Government and to prominent members of the Communist Party, advising them that my affiliations in America were with capital and that I could not undertake to visit Russia with either "an open mind" or with any sympathy whatever toward what I understood to be the fundamental principles of their regime. I did say, however, that I was prepared to view the situation objectively, and was intensely interested in studying it. If, under those circumstances, I should be welcomed in Moscow and permitted to talk with the responsible men who are running the Government and the Communist Party, I should be glad to go.

I carried no letters of introduction, and emphatically stated on every opportunity that I represented no one, and, above all things, was in no way or sense an emissary in even the most indirect sense of the American Government, or of any officer in it. I carried no messages to Moscow; I gave no advice; I made no arguments, and I undertook to deliver no messages from Moscow.

In all fairness and frankness I must say that the Russian Government met me in the spirit in which I came. They arranged for me to see those whom I wanted to see; they gave me, as far as I could observe, complete freedom of movement; they volunteered to show me nothing; in fact, the only thing any government officer did which I had not definitely asked him to do was the extending to me, by Mr. Litvinoff, the Acting Commissar of Foreign Affairs, of an invitation to attend an official government reception he was giving to the Diplomatic Corps.

Perhaps the greatest act of hospitality extended to me by the Government was to allow me to leave Moscow and the Russian frontier not merely without any attempt to examine the voluminous papers I carried away with me, but with definite, official action to prevent my papers being examined by anyone!

Before I left the United States I had a talk with the Honorable Robert E. Olds, Under Secretary of State, who very kindly introduced me to Mr. Kelly, the very intelligent head of your Russian Department. I also met Mr. E. C. Ropes, and Mr. Domeratsky, experts of the Department of Commerce. All of these gentlemen gave me an extremely valuable lot of documentary information, representing facts and factors which I understand serve as a basis for the American position vis-à-vis Russia.

Before entering Russia I visited London, Paris and Berlin, at all three of which capitals I had talks with those in the respective English, French and German Foreign Offices having Russian affairs in charge. I also had talks with the chief diplomatic representatives of the Soviet Government in those three capitals. In addition, I had interviews with responsible heads of the Russian Trade Delegations, and also with the more important foreign corporations who are doing business with Russia.

Interviews in Moscow

In Moscow itself, in addition to meeting all the important heads of the Government and many other Russians, I had long and intimate talks at various times with Count Brockdorff-Rantzau, German Ambassador; Mr. Peters, the English Chargé d'Affaires, and Monsieur Patek, the Polish Minister.

Not the least valuable of my talks and interviews were those with the representatives of various newspapers. The American press is extremely well represented there, but the ablest journalist in Moscow is Mr. Paul Scheffer, Correspondent for the *Berliner Tageblatt*. The spirit of the censorship in Moscow prevents these correspondents from sending to the outside world very much inside political news. Thus, their intimate, personal conversation was extremely enlightening.

In chapter XIX of my book, dealing with Foreign Relations, I have given the substance of portions of my talks with diplomats in Moscow. The statement of the German attitude is a composite of the views set forth by Count Brockdorff-Rantzau on the one hand, and Dr. Herbert von Dirksen, director of the Asiatic Department of the German Foreign Office in Berlin, on the other. The French view set forth on page 131 of the book represents the composite of statements of M. Herbette, the French Ambassador at Moscow, and of M. Seydoux, at Paris, for a long time one of the chief advisers of the French Government. M. Herbette and I had an extended conference.

M. Seydoux, who is known to be one of the ablest economic thinkers in Europe, claims Russia can continue to exist indefinitely without outside assistance; like a motor car, he says, that can run at slow speed with the amount of oil that is available, but if she is to run at a much higher speed, an additional amount of lubrication and gasoline will be required. That kind of additional "capitalistic oil" can be provided only from the West.

Difficulties of Investing in Russia

M. Herbette was quite frank in stating that he did not believe it would be wise for foreign capital to *invest* in Russia at the present time. He said as long as the people remain in their

present attitude of mind toward capital it would be virtually impossible to assure safety to capital. His theory is that the preferable procedure is to encourage *trade* relations on the largest possible scale, and to extend reasonable credits. He feels sure that for a considerable time at least even the most radical Bolsheviks will consider it absolutely essential to meet all financial Russian obligations promptly, and in good faith. And there is always the possibility, and, some think, the probability, that as Russia obtains more and more credit and finds herself growing more and more prosperous as a result of actual trade with the West, her people might get the habit of regarding all transactions with capitalist countries worth while!

Mr. Paul Scheffer has been very skeptical about the value of the Russian *concessions policy* from the beginning. He pointed out, immediately it was made, the improbability of the Harriman concession being a success. Mr. Scheffer believes there is still a very large amount of sentiment in Russia which would support granting concessions to foreign capital, inveigling it into Russia and then starting rival enterprises to keep that capital from being too successful; the theory being that "this is the method of competition—this is the language which capitalists should understand." Mr. Scheffer considers that the Russians would be extremely jealous of outside capitalist influence—that a large number of them, upon the slightest sign of its becoming powerful, would rebel at once.

On the other hand, one of the most intelligent students of the Russian question I found to be Mr. Frick, a Swiss citizen now resident in France, one of the Directors of the International Red Cross during the war, who married Mlle. Cramer, the outstanding woman of Switzerland, herself a member of the International Committee of the Red Cross. Mr. Frick is now managing director of a small company which is seeking to develop business between Russia, on the one hand, and France and Germany on the other. Mr. Frick, thoroughly capitalistic in his point of view, is of the opinion that the safest policy is to treat the Russian people as though they could be trusted—in the belief that they will respond to that faith exactly as human beings elsewhere do. Mr. Frick is firmly convinced that before Russia can obtain large credits abroad she will be forced to allocate certain revenues to secure those credits.

The German Plan of Credit

The only two plans that have been worked out for the granting of substantial credits to Russia have been those of the German Government on the one hand and the Midland Bank of London on the other. The plan of the German Government is this:

> Three hundred and sixty million marks ($90,000,000) have been allocated to serve as credits against goods sold by German

firms to Russia. The credits are to run for from three to four years, the government money to represent 65 per cent and the manufacturers to take 35 per cent of the risk involved in extension of the credits. For a country the size of Russia, however, this is a mere bagatelle.

The English Plan of Credit

The English plan, as developed by the Midland Bank, was, of course, immediately cancelled when Great Britain severed diplomatic relations with the Soviet Government. The plan had been worked out only a few days before the raid on the Arcos premises in London.

> The arrangement between the Midland Bank and the Russian Trade Delegation contemplated orders being given in England for machinery and plant by the Soviet trading organizations up to an amount of £10,000,000. Any proposed contract that was to come under the arrangement was to be submitted for approval by the bank. The Russian trade organizations were obliged to fund, before delivery of the goods, a considerable part of the purchase price either in direct payment to the contractor, or by the placing of a deposit with the Midland Bank. For the balance, notes were to be given extending over a period of three years and six months. A deposit of a substantial percentage of the amount due on the bills was to be lodged with the Midland Bank by the Soviet organizations. A lien on the deposit was to be held by the bank as long as the bills were outstanding. The bank undertook to discount these bills at the ordinary trade rate, retaining a right of recourse against the British contractor in the event of default on the part of the Soviet organizations.

Possible Settlement with France

On page 132 of my book I have set forth the proposed basis of settlement now being discussed between the French and Russian Governments. This basis was outlined to me by Mr. Christian Rakovsky, the Soviet Ambassador at Paris. Mr. Rakovsky, when I saw him last on May 19, was of the opinion that an agreement would be reached by July 15. That, of course, was before the break with England. What effect that break has had on the situation I do not know. It was quite evident that the visit of M. Doumergue, the President of France, to London, had largely for its purpose the re-establishment of the *Entente Cordiale,* and was a very definite move in European diplomatic strategy to strengthen the relations between England and France in contemplation of a possible break with Russia. There is, of course, a very strong opinion in France that relations with Russia are impossible—and that the Russian demands for a loan antecedent to any agreement to pay off the Russian debt will be so great that adjustment will be out of the question. Nevertheless, this possibility is being considered:

> In view of the general opinion among experts that the limits of France's capacity to accept payments in kind from Germany

under the Dawes Plan have now been reached, it is entirely conceivable that France might be willing, under such an agreement as that which Mr. Rakovsky outlined, to allow Russia to take 300,000,000 rubles value of machinery from Germany for French account, upon the theory that France was in this way depriving herself of nothing and was possibly providing Russia with working capital value which would enable Russia to pay France—and particularly the French peasants—something at least on account of the defaulted Tsarist loans, which aggregated 12,000,000,000 gold francs. Indeed, there is a strong opinion that, assuming Germany's capacity to meet the maximum annuities provided for in the Dawes Plan, the actual transfers can be made only across the foreign exchanges in the event that the markets of Russia could be tapped for the benefit at once of the Russian people and to the credit of the Allies, to whom the annuities are due.

Dr. Felix Deutsch, head of the A. E. G., considered one of the great commercial geniuses in Germany, recently pointed out that Europe now has more factories and is capable of a larger production than before the war; and in the meantime consuming power has diminished. He pointed out that Europe has a population of 450,000,000 people, of which 140,000,000 are Russians, and that it cannot be prosperous unless the 140,000,000 Russians are capable of being large consumers and are also capable of producing raw materials for Europe. Russia needs European manufactures; Europe needs Russian grain and raw materials.

The Problem of American Recognition

Practically every Russian whom I met inquired in detail concerning the American attitude toward the Soviet Government, and particularly toward the subject of recognition. It is evident that the Soviet Government feels keenly the need of obtaining additional capital with which to provide industrial and agricultural machinery for the development of Russia. It is universally recognized that the only important source of large surplus capital is the United States, and it is quite well recognized that Russia cannot obtain capital in large amounts from the United States until the American Government recognizes the Soviet Government.

Curiously enough, I found little or no bitterness toward the American Government or toward American capital. The fact that we have refused recognition to Russia seems to have created no resentment, whereas the Russian attitude toward many of the countries which have recognized her, notably England and Italy, is one of bitterness. The attitude toward France and Germany is cold. There is a certain amount of friendliness toward Germany, based largely on the thought that Germany was the under-dog in what Russians call the "imperialist victory," but the sentiment of the Soviet Government is still one of great bitterness over the

fact that the Brest-Litovsk treaty was imposed by Germany at the point of the sword. In the event that Germany should become financially strong and prosperous again there would be no more sympathy for the "under-dog." But let it not be forgotten that the most powerful diplomatic personage in Moscow is Count Brockdorff-Rantzau, who is known to be a personal friend of Tchitcherin, and, of course, I assume you are aware of the statement made in the Reichstag by Dr. Stresemann a few days ago, when he said:

1. Germany now, as before, preserves friendly relations with Soviet Russia and has not permitted herself to be drawn into an anti-Soviet alliance.

2. Germany considered it compatible with a position of friendliness to warn the Soviet Government of the danger of its diplomatic position after the assassination of Peter Lazarevitch Voikoff, the Soviet Minister at Warsaw, and had obtained assurances from Moscow that the Soviet Government would take no drastic steps against Poland.

The most interesting statement on the subject of recognition made to me from any Russian source was the one made by Mr. Rakovsky, in Paris, which I have quoted anonymously on page 147 of my book, as follows:

> "You people in America seem to be apprehensive lest the Soviet Embassy in Washington should become a nest of Bolshevik propaganda. I don't believe that you need have any fear on that point, but even if such fear were justified, I wonder if your people have ever thought of the possible effect upon us of having an American ambassador at Moscow? Suppose you had an ambassador there of the type of Mr. Houghton in London, full of common sense and with a generally friendly attitude toward our people. He would have access to every officer of the Government, officially but, far more important, personally. When he saw our people doing things which he regarded as unwise or imprudent, an ambassador of the type of Mr. Houghton could and would go to the proper officer of our Government and probably say to him: 'Look here, this won't do; my advice to you is to go very slowly along that line.' The effect of that upon our people would be impressive, just as was the influence exerted by Mr. Houghton himself upon the German Government in the earliest days of Mr. Houghton's ambassadorship in Berlin, when the readjustment of Germany to European life was so difficult and rendered so hard by the nationalistic chauvinism of so many members of the German Government and of German opinion generally. What I should like to see is an American ambassador in Moscow for his moderating effect upon us!"

I had two long and intimate talks in Moscow with Mr. Litvinoff, who, in the absence of Mr. Tchitcherin was the Acting Commissar of Foreign Affairs. Mr. Litvinoff made it apparent that the chief aim of the Russian foreign policy at the moment is to find some opening for an approach to the

American Government. He made it quite clear that relations with England were becoming more and more impossible, and that he despaired of any progress through English mediation in straightening out with the world the Russian situation. His idea is that the Russian problem in England at present has become the football of party politics; and in this he was confirmed by the statement made to me by Sir Arthur Willert, of the Foreign Office in London, who remarked to me: "Russian affairs may be of somewhat academic interest in the United States, but in this country a general election could be won on the Russian issue." It is evident that Russia's activity in sending money to support the miners' strike last year, on top of the known activities of various Bolshevists in China, have aroused the British mind to a state of hostility which under normal circumstances would certainly mean war.

Views of Russian Foreign Minister

Mr. Litvinoff was thoroughly posted concerning the record and public attitude of our more important ambassadors abroad. He said that he had wondered if some American ambassador would not be willing to receive a representative of the Russian Government and discuss the situation tentatively. He did not think it would be worth while to discuss the subject with Dr. Schurman, at Berlin, or Mr. Herrick, at Paris, feeling that both of them were "hopelessly prejudiced," and would not consider the matter with an open mind. He said he had understood that Mr. Houghton would be willing to talk, but now that a break with England seemed so likely Mr. Houghton would probably not be accessible to a Russian representative.

I told Mr. Litvinoff quite frankly that Mr. Houghton had said to me that he was in the heartiest accord with the attitude of President Coolidge and the State Department as to the conditions precedent to recognition of Russia; that I understood that just before Mr. Krassin's death, in London, he had inquired if Mr. Houghton would see him at some secret meeting place, but that Mr. Houghton had replied: No, he would not see him at any secret meeting place, but that the doors of the American Embassy were always open to any caller, and that if Mr. Krassin cared to call at the American Embassy Mr. Houghton would see him.

In Berlin I heard that there was a general instruction from the State Department to all our Embassies and Legations to see any official representative of Russia who might call. I told Mr. Rakovsky of this when I was in Paris; told him he might communicate this to Mr. Tchitcherin if he so desired; not officially, of course, but as a report I had heard.

Mr. Litvinoff explained to me the philosophy of the Russian attitude concerning the three American demands precedent to recognition. This philosophy I have set forth in a chapter of my book—entitled: "Russia and the United States." You may

regard practically the whole argument set forth in this chapter as that communicated by Mr. Litvinoff himself.

The Theory of Negotiation

The fundamental doctrine that seemed to be in Mr. Litvinoff's mind is that while Russia is, in fact, prepared to meet the demands of the United States, it is impossible to deal with the situation *except through negotiation.* In the first place, as far as the principles are involved, it will be absolutely necessary, from the Russian standpoint, to agree upon some formula that will save the Russian face and not be *ipso facto* condemnation of the principles of the Russian revolution itself. Then, the amounts of money to be paid, the method of payment, cannot be agreed upon in accordance with Mr. Litvinoff's views, except through negotiation. Of course, the Russian Government has no intention to "recognize" the Tsarist debts, but it does profess its purpose to "pay" them.

Mr. Litvinoff expresses complete confidence in the belief that if negotiations were once begun between America and Russia they would never be broken off, but would go forward to a satisfactory conclusion. He complains quite bitterly of what he considers to be a fact that Russia has "never had a chance to state her case to the American people." He says we allowed Kerensky to come here and "blackguard" the Soviet Government but that we allow no one to answer him officially. Mr. Litvinoff was quite frank in stating that the refusal to grant passports to Admiral Bristol to cross Siberia was a measure of retaliation for the refusal of our Government to allow certain important Russians to enter or to cross the United States.

Mr. Litvinoff said that he is prepared to send authorized Russian representatives anywhere in the world to meet an American group, with a view, first of all, to determining whether or not a basis exists under which there can be any likelihood of a fruitful outcome of formal negotiations between the two countries. He said he would be prepared to name *a confidential mission,* which "could be repudiated if necessary," to carry on conferences with an American commission equally subject to repudiation as without any official authority or standing.

Mr. Litvinoff says he is certain that, once a responsible group representing the two countries sat down and discussed the whole situation, it would be realized that there was a basis for negotiation on the substance if not the letter of the principles already set down by the American Government, fully as much as there was a basis for negotiation between Germany and the Allies on the Fourteen Points laid down by President Wilson.

In an interview with Mr. Rykov, Prime Minister, he reiterated the propositions set forth by Mr. Litvinoff. I asked Mr. Rykov what his opinion would be as to the best way to establish relations

between the United States and Russia in the light of American policies as set forth by the President and supported by the American people. His reply was:

> First of all, to understand one another better. If we can get fully the American point of view and you can get fully the Russian point of view, I am sure there will be no difficulty in our arriving at a settlement that will involve the American Government in no sacrifice of fundamental principle. All we ask is that the situation be viewed realistically—dealt with in a friendly, sympathetic spirit which has always been characteristic of the attitude of the people of the United States toward the Russian people.

The Conflict of Forces in Russia

It is quite evident to anyone who gets inside the skin of the situation in Russia that there is a distinct conflict of forces going on there. There is the *moderate group,* headed by Stalin, Rykov and Tchitcherin, which believes that Russia must first of all develop her own social and political economy; that she can do this effectively only by developing "normal relations" with capitalist countries, which, they frankly say, have possession of the world's chief financial resources. It must be remembered that at the beginning of the Russian revolution the attitude of Lenin and all the other leaders was one of undying hostility toward the whole capitalist world, and all were in agreement with Trotsky at that time that a Socialist Russia could not remain long in existence unless the whole world quickly became socialistic.

Today, the attitude of the more moderate leaders is that in view of the vast size of Russia she can become successful as a socialist state even though surrounded by the capitalist world. They frankly state the opinion that sooner or later their success as a socialist state will cause the capitalist countries of the world also to imitate their good example and become socialistic! In other words, if the situation is to be read aright, this moderate group believes in abandoning—at any rate for the present—the theory of world revolution. This was manifested for the first time at Geneva. The Russian Government sent to the Economic Conference, which met at Geneva May 4 last, a group of five really representative Bolsheviks, who quite frankly announced that they would quit the conference unless the conference passed a resolution agreeing in effect to recognize the principle that the capitalist world was willing to cooperate with socialistic Russia. The other delegates to the conference were, of course, unanimously opposed to any such resolution, and in spite of the fact that the resolution suggested by the Bolsheviks was ignored, they, the Bolsheviks, actually did assent on the last day of the convention to the passage of a resolution skilfully worded by Mr. Roland Boyden, of the American delegation, as follows:

> *The Conference,* recognizing the importance of a resumption of world commerce and abstaining absolutely from inter-

fering in political questions, *considers the participation of the members of all the countries present*, whatever may be the differences in their economic systems, *as a happy omen for a peaceful commercial cooperation* of all nations.

This resolution, if backed by any good faith whatever on the part of the Russian delegation, in effect sets forth the proposition that the present attitude of the Russian Government is not alone to "live" but to "let live." In other words, agreeing to any such resolution was tantamount to the abandonment by the Government of the theory of world revolution.

In a speech on March 21, 1923, Secretary Hughes said, in part:

> "There should be no encouragement to those efforts of the Soviet authorities to visit upon other peoples the disasters that have overwhelmed the Russian people. I wish that I could believe that such efforts had been abandoned. Last November, Zinoviev said: 'The eternal in the Russian revolution is the fact that it is the beginning of the world revolution.' . . . And Trotsky, addressing the Fifth Congress of the Russian Communist Youths at Moscow, said this: 'That means, comrades, that revolution is coming in Europe as well as in America, systematically, step by step, stubbornly and with gnashing of teeth in both camps. It will be long protracted, cruel and sanguinary.' Now I desire to see evidence of the abandonment of that policy. I desire to see a basis for helpfulness. We want to help."

It is significant that the two men, Zinoviev and Trotsky, whom Secretary Hughes quoted in the above passages as representing the policy which he wished to see abandoned, have now been ousted from all authority and influence in the Russian Government, and even in the Communist Party.

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In fact Trotsky, Zinoviev, Radek, Kamenev and their group of "the opposition" are about as influential in determining the policy of the Russian Government today as are Senators La Follette and Brookhart in determining the policy of the American Government. The fundamental view of Trotsky and his group of left-wing Communists is that the world revolution should be pushed with the utmost energy, and that the Third International, with all of its violence and illegality, should be supported in its efforts to "overthrow capitalism" throughout the world.

I doubt whether in Russia any responsible authority would be willing to state publicly that the foregoing analysis actually represents the view of any of the leaders in the Communist Party. Certainly, the Communist Party and the Third International are still shouting the old phrases: "Down with Capitalism!" "Down with Imperialism!" "Long Live the Red Army!" I have, indeed, quoted in my book some rather startling utterances by some of the more important men. Generally, the fact appears to be that

although many of the leaders in the Russian Government are still shouting the old phrases, as a matter of fact *in their actual deeds* they appear to adjust performance to fact; they are adapting policies to fudamental human nature, and they are finding that human nature insists upon living in an orderly manner, that human beings insist upon living peaceably with their neighbors, that the interests of Russia are fundamentally in *peace,* and that the best way to get results out of human beings individually is to give them as an inducement the benefit of the results of their toil.

* * *

No one would seek to palliate the ruthlessness, the brutality and the cruelty involved in Russia's system of administering "justice." All that can be said for it (and that is pitifully little!) is that the Russians consider that they are still in the midst of a revolution which is internal war, and that in war the only possible policy is the prompt destruction of every enemy! *The one real crime, in the government view, in Russia today is counter-revolution.* The very suspicion of having committed that crime or even planning to commit it is a source of extreme danger for the suspect.

Of course, there is no public opinion in Russia worthy of the name, for the Communist Party is the ruling power, but there is a distinct and very pronounced play of opinion within the Communist Party itself. Since the Russian Government, as such, has, as I have pointed out in my book, created for itself an entity distinct from that of the Communist Party, the fact must be borne in mind that the Communist Party itself is a turbulent, insistent, suspicious party of nearly 1,000,000 men and women, many of them possessed of a bitterness of soul born of oppression, imprisonment and suffering; and that all the members of this party watch, scrutinize and criticize every act of every member of the Government. The result is that no matter what the members of the Government may *do* they must be extremely careful what they *say.* There is thus a dilemma which always faces every member of the Russian Government in whatever he may seek to do, especially in foreign affairs, and which the American Government has to take into account when it comes to having any dealing whatever with the Soviet Government.

The Disease of Bolshevism

In the last chapter of my book I have set forth some of the fundamental points which in my judgment should be borne in mind in considering the Russian problem. It is certainly the most serious problem which confronts the statesmanship of the world, for upon its proper solution depends the future not only of Russia but of the whole of the rest of Asia—and that may mean of the whole of the rest of mankind.

Russia is afflicted with a serious disease, one which has permeated malignantly that portion of the Russian population which

is included within the Communist Party. But that fragment of the population is small in numbers. The disease has not yet permeated the great body of the peasants who till the land, and in whom rests the future of Russia. The peasants under the Tsar were practically serfs, but today they have their land; they get paid for what they produce. They are willing, therefore, to let the Bolsheviks run the Government, but it will be a sad day for mankind should the Russian peasants become infected with the bacillus of Bolshevism. The supreme problem of the world's statesmanship, it seems to me, is to save Russia from itself, to enable the Russian people to establish institutions which will insure their own happiness and prosperity, and thus to insure the permanent establishment throughout the world of the institutions of law and liberty which are the foundation stones of America's greatness and happiness.

* * *

What policy, then, can be suggested?

Certainly, *recognition* at the moment is out of the question, and I am convinced that the policy of the American Government in this respect has been wise. There is much that *business* can do immediately to tend toward improving the situation. To that end, I am making certain suggestions to the United States Chamber of Commerce, and the Russian-American Chamber of Commerce. These steps can be taken independently of action by the American Government and without any necessary change in the government policy.

With the breaking off of relations between England and Russia, it would seem that there was a greater need than ever for the United States to adopt a constructive policy with reference to Russia. Such a policy would, of course, involve a very careful examination of the Russian psychology, the Russian background, and all those factors which must be taken into account in adjusting the relationship between two countries of such divergent social and political systems.

I am quite aware, of course, that the Departments of State and of Commerce get many reports concerning Russia, and that you read the Russian newspapers and examine the utterances of leaders of the Russian Government. I am equally aware that the American Government has no spies in Russia and that the reports that you get from Russia must be interpreted in order to be understood. Certainly, the situation is changing daily right before one's eyes, and it would appear that very often the actual "things are not what they seem."

The Russians, even the Bolsheviks—and a distinct differentiation must often be made between the two—for the fundamental Bolshevik is an internationalist rather than a patriot of any country—are distinctly friendly toward the United States and its people. I had the feeling while in Moscow that in spite of all

the talk of capitalism, imperialism, etc., the Russians are looking longingly to the United States for leadership out of the morass into which they have been led—and led partly by uncontrollable events and only partly by their leaders. If ever there were a people in the world who are the victims of a combination of terrible circumstances, it is the Russian people.

What Russia needs, therefore, above all else is *intelligent friendship.* And I emphasize that we must even keep in mind that it is Russia we are dealing with—and not the Communist Party.

To manifest this friendship it may be necessary for the business of the world to make a great experiment in faith, based on an analysis of fundamental human psychology, and it will be necessary for Governments to do things not wholly conventional but which are required by the circumstances. And right here I am reminded of the entirely unconventional policy of Ambassador Houghton in the days between the time when he first went to Germany and when the Dawes Plan was finally adopted. The Ambassador DID things no Ambassador or Foreign Minister is expected ever to do, but he was RIGHT, and if he had not done them the world would be far from having realized the condition of stability it has reached today. If I am not mistaken, *you yourself, Mr. Secretary,* while Ambassador in London, made contributions of a personal character toward securing the adoption of the Dawes Plan, which were distinctly unprecedented and unconventional "ambassadorial" acts, and yet which simply *had to be done* and the present Russia situation represents a condition which calls for a *policy based upon reality* rather than merely upon logic and precedent.

Steps Before Recognition Is Possible

Obviously, there are many steps to be taken before complete diplomatic relations with Russia can have been established:

(1) *Preliminary* and confidential negotiations to determine *whether a basis* for formal negotiations *exists.*

(2) *Formal negotiations* looking to the establishment of a definite basis for the conduct of trade relations.

(3) Establishment of a *formal trading agreement* which would not involve formal recognition.

(4) *De facto* or even *de jure recognition* followed by representation of the two respective Governments by Chargés d'Affaires, but not involving complete treaty relations and the settlement of all disputes between the two countries.

(5) *Full diplomatic relations* under a comprehensive treaty covering all phases of international relationships.

The nations which have acknowledged Russia have reached various stages as above. Germany alone has reached the (5)

stage. France is in the (4) stage, where England was, also, up to the time of her recent break. Up to the time of the MacDonald agreement, England had reached only the (3) stage.

A Possible Act by the American Government

What, then, can the American Government do that will not involve any sacrifice or bartering of American principle?

The suggestion is this:

Establish an informal contact with Russia somewhere in Europe, outside of Russia.

* * *

This could be done in one way by sending a mission of, say, three men, who would command the complete confidence of the Administration and of the American people. I have in mind such men as Mr. Elihu Root, Mr. Roland Boyden, Mr. Silas Strawn of Chicago, Mr. Robert Brookings of St. Louis, and General William Barclay Parsons of New York.

The purpose of such a mission, or commission, would be two-fold:

> First, to advise the President, and, through him, the people, when, in the judgment of the members of the commission, the moment had arrived when formal negotiations could be profitably undertaken between representatives of the United States and those of the Soviet Government; and,
>
> Second, to deal meanwhile with those practical problems which constantly arise in the ordinary trade intercourse between two such great countries as Russia and the United States.

There are innumerable questions relating to passports, bills of lading, shipping, telegraphic and wireless communications, mail, money transfers and other questions which at the moment are left up in the air; and all of which could be disposed of informally by representatives of the two Governments even though no definite diplomatic relationship whatever existed.

The suggestion is that such a commission might establish itself in either Berlin or Paris—preferably Berlin, because of Berlin's proximity to Russia and the fact that in Berlin there is the greatest active relationship with Russia, and, for the further reason, also, that the chances are that large business relations between America and Russia are very apt to comprehend some more active form of cooperation with Germany.

Let it be publicly announced that the purpose for which such a delegation is appointed is as stated. Let it be stated that such a commission will be prepared to receive and discuss conditions at any time with representatives that might be named by the Soviet Government, either formally or informally. There need not be on either side any act partaking of the nature of recognition, however indirect. This commission would be set up simply on the

theory that there is a great Russian people with whom the American people wish to be friendly, and with a hope that the Russian Government can find it possible to adjust its policies to conditions which the American Government considers essential in all international contacts.

Suggested Announcement

Let the appointment of such commission be announced in some such language as the following:

"The Government of the United States made its last declaration of policy toward Russia in a statement by the Department of State, December 18, 1923, in part, as follows:

" 'There would seem to be at this time no reason for negotiations. If the Soviet authorities are ready to restore the confiscated property of American citizens or make effective compensation, they can do so. If the Soviet authorities are ready to repeal their decree repudiating Russia's obligations to this country and appropriately recognize them, they can do so. It requires no conference or negotiations to accomplish these results which can and should be achieved at Moscow as evidence of good faith. Most serious is the continued propaganda to overthrow the institutions of this country. This Government can enter into no negotiations until these efforts directed from Moscow are abandoned.'

"In his Annual Message to Congress, December 6, 1923, the President said, in part:

" 'I do not propose to barter away for the privilege of trade any of the cherished rights of humanity. I do not propose to make merchandise of any American principles. These rights and principles must go wherever the sanctions of our Government go. But while the favor of America is not for sale, I am willing to make very large concessions for the purpose of rescuing the people of Russia. Already encouraging evidences of returning to the ancient ways of society can be detected. But more are needed. Whenever there appears any disposition to compensate our citizens who were despoiled, and to recognize that debt contracted with our Government, not by the Tsar, but by the newly formed Republic of Russia; whenever the active spirit of enmity to our institutions is abated; whenever there appear works meet for repentance; our country ought to be the first to go to the economic and moral rescue of Russia. We have every desire to help and no desire to injure. We hope the time is near at hand when we can act.'

"The foregoing statements continue to represent the attitude of the American Government. Many intimations have reached the Government, however, to the effect that the Soviet Government is prepared to agree in substance to the American demands. It claims to have already abandoned any propaganda to overthrow the institutions of this country, and is willing, we are told, to agree in substance to the other American demands.

"Secretary Hughes, in a speech delivered March 21, 1923, very appropriately 'voiced the concern which we felt for the wel-

fare of the people of Russia,' and he added the fact which remains a fact that:

" 'the constant and dominant thought in our minds is "How can we help that stricken people?" '

"In accordance with these statements and in order that every door may be opened which could lead to an amelioration of the present unhappy conditions in Russia, believing as the American Government does that subscription by Russia to the American conditions will be the quickest and surest way out of the present situation, the President has decided to appoint an advisory commission to perform two functions:

1. Study the Russian problem and advise the President as to when and whether in the judgment of the commission formal negotiations might properly be undertaken between Plenipotentiaries of the Soviet Government and of the Government of the United States.

2. Meanwhile, to establish headquarters at some point in Europe which might serve as a point of contact with any and all persons interested in the welfare of Russia and in the permanent re-establishment of satisfactory conditions between Russia and the United States."

* * *

To be sure, there are many in this country who would say that such an act on our part would merely give the Soviet Government a new lease on life, and would allow that Government to say to its people that the American Government has at last "surrendered."

But no such false idea could be successfully promulgated if the appointment of the American mission was surrounded with such statements by our own Government as would give no one in Russia or out of it any grounds for making any such misinterpretation. If the Russian Government should be under any such delusion as to the meaning of such a gesture on the part of our Government the mission which might go to Berlin or to Paris would be able very quickly to disillusion Russia after it had come into contact with her representatives.

What Might Happen

The chances are that when the first informal negotiations should have taken place between the American and the Soviet commissions, the American commission would be forced to report to our own Government that the situation was perfectly hopeless. And I say this in spite of the optimism expressed to me by Mr. Litvinoff. I have heard enough of the methods of negotiation of the Russians to know that all negotiations with them are tedious beyond belief. This is the universal testimony. It is quite certain that the Russians would not show their hands at the outset, and if their attitude in the only two international conferences in which

they have participated since the Armistice are to be taken as a criterion—*i.e.,* those at Genoa and Geneva—their whole attitude at first would be almost implacably hostile to any practical proposition we might advance!

But the suggestion is that our mission should be appointed with the thought that it was to be *permanent.* It should continue to act *until a basis could finally be arrived at* which would admit of formal negotiations promising a result which could be acceptable to us. In other words, the instructions should be that no matter what the Russians might *say,* the American mission would never withdraw or break off relations short of *actual hostilities* on the part of the Soviet Government. It should act as would a doctor for a highly nervous patient who simply *must be cured.*

* * *

Here would be a supreme chance for the exercise of constructive friendship on the part of one great people toward another. Our mission would receive the Soviet mission, tell its members of the impossibility of their previously declared "revolutionary" claims and "principles," and keep constantly admonishing, reasoning, arguing—always in a spirit of unselfish friendship, and yet with our whole position based upon those principles of honesty and international law, which we believe to be immutable, and to which every people must ultimately adjust itself—no matter what its internal social and political economy may be.

Be assured that every word our mission said to the Russians would be immediately transmitted to Moscow. In Moscow they would go to every member of the Russian Government; to the members of the Communist Party; they would go to the powerful Central Executive Committee of the Communist Party, and they would inevitably reach the All-Russian Soviet Congress, which is theoretically the ultimate ruling power in the USSR.

The effect of this friendly intercourse, free of any diplomatic commitments, would, by sheer virtue of its quality, exert a steadily increasing pressure upon the Soviet Government. The Russian people would be aware of what was going on. We could steadily inform them of our attitude through speeches and statements here, just as President Wilson used to inform the Germans of our attitude in the days before the Fourteen Points were finally accepted.

The view is that sooner or later the Russian people would become thoroughly persuaded of the sincerity and unselfishness of American friendship; the Russian people, through their Government, might then be disposed to accept our friendly advice, and actually *do* those things which we consider to be essential!

* * *

It might, of course, be impracticable to keep permanently or even for a few years in Berlin and Paris a mission of such emi-

nence as that described, but it would not be necessary for all members of the mission to be at all times present in Berlin or Paris. The mission itself could be set up; one of the members at least could always be in residence, the others in constant touch with it, and in case of any crisis the whole mission be called into session. The mission would, of course, be in contact with our Ambassadors in all other capitals, as well as informally in contact with everyone else in Europe having anything to do with the Russian problem.

In view, therefore, of the magnitude of the question, of the possible evils which may arise from an unwise treatment of this problem, of the fact that America alone is now the only great country which can deal with it effectively, and in the interests of civilization as a whole,—

Is it not wise to take new hold of this unprecedented problem in a spirit of intelligent friendship for the Russian people, in full fidelity to the principles of law and the necessity for international good faith which we have established as the basis of our intercourse, and in a spirit of the largest vision and international statesmanship—in the belief that right is might and shall prevail?

The foregoing suggestion as to a method of procedure is, of course, given without any thought that there may not be other methods quite as good as if not better than that proposed. What I have written, however, is simply with the thought that our Government is entitled to the results for whatever value they may have of the observations and reflections of any citizen upon a subject of such vast import as Russia.

Respectfully submitted,

(Signed) Ivy Lee.