

Memorandum

PERSONAL AND CONFIDENTIAL

January 7, 1926

Mr. William L. DeBost,
Chairman, Executive Committee
New York Chamber of Commerce
65 Liberty Street, New York City

Dear Mr. DeBost:

It was very kind of you to call me up yesterday and discuss the resolutions concerning Russia. I considered very carefully the question as to whether I should say something at the meeting today, but it seemed to me that it would be simply futile and a waste of time to bring the subject up when I knew it could not be dealt with thoroughly and deliberately.

My own feeling is that the real function of the Chamber of Commerce of New York is to do something constructive on this subject. In the letter of Secretary Mellon concerning the debt settlements which have been made, and which was published in the papers of January 5th, Mr. Mellon said, among other things: "The countries of Europe must be restored to their place in civilization", and certain it is that Europe cannot again be considered peaceful until Russia is once again included in the family of nations.

There has just come to hand a new book entitled, "Industrial Leadership" by L. S. Hammersley, M. P., which volume contains an introduction dated October 26th, 1923, and signed by Stanley Baldwin, Prime Minister of England. In this book Mr. Hammersley states, "The time may come again when Russia is accepted as a responsible, administrative entity, and I think that time is fast approaching".

Many business concerns have been conducting negotiations with a view to the re-establishment of more active commercial relations in Russia. One very large American interest last summer was, as a basis for the establishment of trade relations in Russia, consulting with the foreign secretaries of England and France with a view to ascertaining the probable policy of those countries as to their continued recognition of Russia. The purposes of the Executive Committee in recommending the passage of the resolution concerning Russia are undoubtedly: (1) to protect our own institutions from the effects of injurious propaganda, and (2) to seek to induce Russia to adopt a more business-like attitude toward its world obligations.

With reference to the first of these purposes, I am not the least afraid of the Russian Government having agencies in this country who will circulate subversive propaganda. My own observation of the operation of propaganda has been that nothing so quickly exposes error as to bring it out into the open. If the Russian Government had diplomatic agents in this country, everything they did would be subjected to the most careful supervision and the public would be on guard against them constantly. Such agents, knowing they were under suspicion, would be extremely careful as to what they did. My own observation is that the effect of communist propaganda has been much less in

England, France and Italy since Russia was recognized and diplomatic relations re-established between those countries. In England, for instance, Russia was recognized by the labor government and yet from that moment it seems to me the influence of Russia in England began to decline. That influence had been increasing decidedly under the administration of Lloyd George and even the first administration of Stanley Baldwin. Certain it is that none of the countries which have recognized Russia have withdrawn that recognition, and I am informed quite definitely that it is not the purpose of any of the great nations of Europe to withdraw such recognition. And England is now governed by the conservative party!

And certainly Mussolini is giving no encouragement to Bolshevik doctrines in Italy. In fact throughout Europe I think everyone will agree that today the influence of communism is far less than it was four or five years ago. And so it would seem to me that the greater opportunities Russia had to circulate her so-called propaganda, the less influence the propaganda had. It is very much like dealing with gun cotton. If you pack gun cotton in a sealed caisson it would be very dangerous. But if you burn it on your doorstep it is as harmless as tissue paper.

As to whether the proposed policy is the best way to get Russia to change its methods of operation, it seems to me there is nothing in experience to justify the claim that the policy so far followed by our state departments will get us anywhere.

The Russian Government is admittedly stronger today than it has been at any time and I have heard of no serious movement to upset the present regime. The present regime, nevertheless, has become progressively more conservative. And there is a distinct element in the communist party in Russia asking for a different set of things. The real problem is whether or not the hand cannot be strengthened of those elements in Russia who want to be able to point out to their fellow citizens by concrete facts the thought that the only way Russia's real prosperity can be re-established is by recognizing her debts and giving full recognition to the rights of private property. Much is being done in this direction now and it did not seem to me that this report of the Executive Committee betokened as complete an understanding of all the factors in the case as might have been expected.

My views on this subject were formulated about five years ago when, after a trip through Europe and a discussion of the Russian problem with a number of Prime Ministers and important business men, I came to the conclusion that the recognition of Russia would be the best way to kill Bolshevism. At that time none of the important nations, outside of Germany, had recognized Russia. My thought was that as long as the nations of the world all united in refusing recognition to Russia, all the elements in Russia were forced to stand together in common protection of their country, but that if political recognition was given it would have been possible for the more conservative elements to deal with the economic facts and to point out to their fellow-countrymen that now Russia was given full political standing in the world it was up to her to do business with the world along the only lines open along which sound business could be properly conducted.

You are quite aware of the experience of England. England gave Russia recognition, but the moment following that recognition, when Russia attempted to raise a loan in England, a very different situation was presented. The only way for people to be able to borrow money is to have good credit. But having good credit is a very different thing from having merely the rights of citizenship. The rights of citizenship are accorded to any law-abiding person, but credit is only given to those who deserve it.

The action of the Chamber of Commerce has now been taken. I do not think there is much chance that Senator Borah's resolution will be passed, nor do I think that it is necessary that it should be passed just now. What does seem to be desirable is for progressive agencies to really inform themselves concerning the status of things in Russia with a view to seizing hold of any opportunity which may present itself to bring Russia acceptably back into the fold of the nations of the world, and, above all things, to restore her to a friendly and co-operative basis with the United States. I do not assume to suggest what the present status would warrant - but we ought to know.

If I could make a concrete suggestion it would be that the Chamber of Commerce should appoint a special committee to investigate the whole problem of Russia and to make a recommendation to its members. I am inclined to think that there is an opportunity for the Chamber of Commerce in this situation to perform a service of great value.

I am taking the liberty of sending a copy of this letter to the other members of the Executive Committee.

Yours very truly,

(Signed) IVY L. LEE