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The Blockade *of* Soviet Russia

I. Official Documents
II. Statements
III. Editorial Comments
IV. Articles

NEW YORK
The Committee *for the* Regeneration *of* Russia
1920

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Foreword

The object of this booklet is to gather under one cover some of the official documents concerning the recent action of the Supreme Council in Paris in partially lifting the blockade of Soviet Russia, as well as different opinions upon this action, both for and against it.

The position of the Committee for the Regeneration of Russia is made perfectly clear in its official statement, published in this booklet.

The opinions gathered here bring out, we believe, the following points:

1. That the co-operative unions, through which the Supreme Council expects to conduct trade, are under the control of the Soviet Government. This is asserted by the anti-Bolshevik elements, and admitted by both the representatives of the Bolsheviki and those of the Co-operatives.

2. That trade dealings with the Co-operatives would be equivalent to trading with the Soviet Government and, therefore, strengthening its strangle-hold on the people of Russia.

3. That in any event trade with Russia is impossible on anything like an adequate scale, because of lack of credits, of raw materials for export, and because of the general disorganization of the country.

4. That the alleviation of Russia's fearful condition will not be possible until Russia has a truly representative government, capable of organizing the political and economic life of the country.

The Committee for the Regeneration of Russia.

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Text of the Announcement by the Supreme Council in Paris Concerning the Lifting of the Blockade.

Issued by the State Department, on January 16, 1920.

With a view of remedying the unhappy situation of the population in the interior of Russia, which is now deprived of all manufactured products from outside of Russia, the Supreme Council, after taking note of the report of a committee appointed to consider the re-opening of certain trade relations with the Russian people, has decided that it would permit the exchange of goods on the basis of reciprocity between the Russian people and allied and neutral countries.

For this purpose it decided to give facilities to the Russian Co-operative organizations which are in direct touch throughout Russia, so that they may arrange for the import into Russia of clothing, medicines, agricultural machinery and the other necessaries of which the Russian people are in sore need, in exchange for grain, flax, etc., of which there is a surplus supply.

These arrangements imply no change in the policies of the allied governments toward the Soviet government.

Supreme Council's Note to the Representatives of the Russian Central Co-Operative Union.

First.—The allied governments notify the Co-operative Union that they are disposed to authorize an exchange of products upon a basis of reciprocity between the Russian people and the allied and neutral countries, and they invite this Union to export from Russia the surplus of its cereals, its foodstuffs and its raw materials with a view to exchanging them for clothing and other merchandise, of which Russia is in need.

It should be well understood that the value of the merchandise, the importation of which into Russia will be authorized, will be based on the value of the merchandise exported from Russia within a reasonable period.

Second.—The Russian delegation at Paris will communicate immediately by wireless with the controlling committee at Moscow and will ask if the Co-operatives are ready to assume responsibility for handling these importations and these exportations, and if exchanges of this sort are practically possible. The respresentatives of the Co-operatives at Moscow will determine immediately these questions.

Third.—The Central Committee at Moscow will guarantee that the exportation of cereals, flax, etc., shall be authorized and that the necessary transporations facilities shall be furnished.

Fourth.—As soon as certainty is reached in this matter the Central Committee at Moscow will inform Berkenheim (Alexander Berkenheim, Vice-President of the All-Russian Union of Consumers' Societies) at Paris.

Fifth.—The Co-operative Unions in foreign countries will then take measure to furnish Russian cereals and flax on condition that the Co-operatives shall be advanced 25 per cent of the value of the exports, either by direct contact or by British, French or Italian financiers.

Sixth.—The balance of necessary credits will be furnished in London or Paris by Russian resources or British, French or Italian Co-operatives, private banks or traders.

Seventh.—Goods purchased by the above crdits will be loaded immediately in Black Sea or Baltic ports, risks of loss or conflagration being assumed by the Russian Co-operatives.

Eighth.—The Central Committee at Moscow will endeavor to supply at least four complete trains for the transportation of goods to and from the Black Sea ports. Should Moscow not succeed, the Co-operatives in foreign countries will employ part of the credits for the purchase of freight cars and locomotives in the allied countries. In any case, they will send motor trucks in order to help railroad transportation.

Ninth.—As soon as the exportation of cereals, flax and other raw material from Russia has commenced effectively, the contracts referred to above will be considerably increased in order, for instance, to reach a million tons of cereals, which would be the quantity available for export, in a little longer time.

Committee for the Regeneration of Russia.

(*Statement.*)

The Committee for the Regeneration of Russia, having discussed the question of the raising of the blockade of Soviet Russia and of the possibility of importing into Russia manufactured goods through the Co-operative Societies, has come to the following conclusions:

First.—The economic catastrophe and the starvation of Soviet Russia are the direct consequences of the two years of civil war, which was proclaimed by the Bolsheviki as the basis of their whole military and economic policy and tactics, and which is really the basis of the dictatorship of the Communistic party in Russia and the introduction of the Socialistic regime through violence.

Second.—This catastrophic condition can be helped only by a direct participation of the whole people in the life of the state, for which the people must have full right to dispose of the products of its toil in a free manner and unhampered by any class system; the civil war must cease; the local municipal and Zemstvo organs of self-government must be re-established as the foundation of the future Russian state, system of government, and national economy.

Third.—Since there exists a complete breakdown of the railroad system and of other methods of transportation, as well as a cruel governmental system of requisitions of rural agricultural products by the Bolsheviki for use in the cities and at the military fronts, there are no guarantees that the goods intended for the villages, and for the starving civil population, will ever reach their destination, while on the other hand the goods intended for export will ever reach the seaports.

Fourth.—The Russian Co-operative Societies do not represent an independent economic organization in Soviet Russia, but are a relatively small institution under the full control of the Soviet Government.

Fifth.—The military struggle against the Bolsheviki still continues on all the fronts, and the Bolsheviki themselves are not full masters of the situation even on the territory of Central Russia, the best proof of which fact lies in the peasant uprisings, which still continue.

Sixth.—Taking all these factors into consideration, the Committee considers that, in view of the existing internal conditions in Russia, the desires expressed in the declaration of the Supreme Council concerning the resumption of trade with Russia and the rendering of assistance to the suffering population of Russia are impossible of realization, and considers also that the act of the lifting of the blockade of itself does not constitute a solution of the Russian problem; but, on the contrary, complicates this problem by causing a prolongation of the period of Bolshevik domination in Russia and a further disorganization of Russia's productive forces, and consequently renders still more necessary assistance on the part of the allied powers to the democratic elements of the Russian people, who still continue their struggle for the regeneration of free Russia.

New York, January 27, 1920.

The Russian Embassy

(*Washington*)

At the Russian Embassy here the plan meets with unhesitating condemnation as one certain to disappoint the purposes of its sponsors, which are understood to contemplate the strengthening of the better elements in Russia to a point where they can throw off the control of the Lenine-Trotsky regime. Embassy officials assert that the Soviet Government, certainly well informed of the conditions in Russia and the extent of its own power, never would knowingly acquiesce in the execution of any project that would sap its authority and bring about its overthrow. But in full control of all of the co-operative societies which it is proposed to use as a means of placing the imported supplies in the hands of the Russian people, the Soviets, it is said, surely will make certain the distribution of the supplies to its own supporters alone.

Further, it is stated at the Embassy that the moral encouragement that would be given to the Soviet Government by this patent evidence of recognition by its former enemies would completely discourage the efforts of the remaining loyal Russians to restore and rehabilitate domestic government in Russia. It would be regarded by these Russians, it was added, as a measure dictated not by strength, but by despair.

Asserting that it could be executed only by co-operation between the Entente powers and the Soviet Government, Russian Embassy officials say it would amount to a full recognition of that government, which so far has been avoided by the Entente. Acceptance by the Entente of gold in payment for goods sent into Russia, it was said, would carry with it political recognition. For it is pointed out that to receive gold from any but an authorized government would be

unlawful and would make the parties subject later on to reclamations by the real all-Russian government, which regards this gold as a national fund and possession.

Finally, it is held that the danger from a military point of view of invasion of the west by the Soviet armies, probably able to muster a million rifles, if assisted in the way suggested with supplies, which are certain to be given first to the soldiery, would be increased rather than diminished, and a people's army would be created that would menace the safety of all of the neighboring states.—*Journal of Commerce,* January 20, 1920.

V. N. Bashkiroff

Chairman of the American Committee of Siberian Agricultural Co-operative Unions

(*Statement*)

First.—The whole problem of the blockade on Soviet Russia is nothing more than an optical illusion. The population of the Bolshevist territories suffered, and is suffering, not so much from the Allied blockade as from the Soviet internal blockade, imposed on the people in the shape of a monstrous system of political and economic oppression, which is the Soviet substitute for their complete inability to build the economic life of the country on a rational basis.

Second.—The likelihood of improving economic and living conditions in Soviet Russia by means of cemmerce and trade through the Co-operative Societies there is practically nil. The Co-operative Societies in Soviet Russia scarcely exist now as independent bodies, and at present represent only a part of the Soviet supply and distribution system.

The Co-operatives, like everything else in Russia, are operating under the control and in conformity with the rules laid down by the provincial and regional soviets. To conduct, therefore, trade and commerce through the Co-operative Societies would be possible only under the condition that the economic and administrative mechanism of the Russian Co-operatives is re-established and given full independence, and a full contact is established between the Co-operatives and the population. It is clear that those conditions are unacceptable to the Bolsheviks, because their policy of supply and distribution is based on class and oligarchical principles, while the Co-operative Societies are non-political and non-class organizations.

Third.—The chief producer and consumer of Russia is the peasant. The peasants, as a body, are non-Bolshevik, and are stubbornly opposing all the Bolshevist plans and undertakings. The political con-

nection between the Bolsheviks and the peasants came to an end when the Russian armies were demobilized and the estates of the former landlords were seized by the peasants. At the same time the connection between the village and the city was also severed, owing to the fact that the city ceased to produce anything of value for the village. The question, therefore, arises: How can an equivalent commercial compensation be obtained by the Allies in exchange for the goods they are to supply Russia?

A small part of what the Bolsheviks needed to provide for the city population was squeezed out from the village by means of incessant requisitions and confiscations, through sheer military terror and semi-military activities of specially armed foraging detachments made up of city workingmen. This is the only way in which the Bolsheviks can deal with that problem in Russia. Do the Allies really wish to see their goods—clothing, medical supplies and machinery—once more reach the Russian village through military pressure?

F*ourth*.—Russian cities are unable to export any goods because they have none to export. The Russian village has a great deal of grain and agricultural raw products, but the Russian peasant will be willing to give a part of that only when the foreign goods needed by him shall have actually reached the village—i.e., when every izbah (peasant house) shall receive its share of goods. In order to accomplish this it is necessary first that the peasants be able to dispose freely of their goods without Bolshevik interference; and, second, that the goods shall actually reach them. Transportation in Russia is utterly disorganized. There is practically no rolling stock, no fuel, and no river steamers. Paved roads are in an impossible state, and the rate of mortality among horses is very high. By what means, then, is it expected that, on the one hand, the foreign goods shall reach the Russian peasant and, on the other hand, the Russian raw material shall be sent abroad?

This is indeed the beginning a new civil war more terrible than the present one. It matters not what efforts may be made by the Co-operative, for the simple reason that they have neither means of transportation, nor roads, nor administrative power. Therefore, trade in Soviet Russia will assume the form of the Bolsheviks extorting raw materials from the peasants at the point of the bayonet, and instead of being a form of economic creative work, it will become but a new method of oppression and extortion.

F*ifth*.—Once the decision of the Supreme Council is put into operation, we feel confident the near future will prove that sound organizing capital has no place under Bolshevik rule. Under existing conditions only speculative capital, gambling on enormous profits, will venture to go to Russia. This, in its turn, will accelerate the further impoverishment of the people and the reckless squandering of the natural resources of Russia.

Ultimately the exasperated peasantry will fall upon the cities and literally wipe out the last remnants of civilization in Russia.

Russian Economic League

(Statement)

The many inquiries concerning trade relations with Russia received by the Russian Economic League since the announcement of the Supreme Council at Paris concerning the lifting of the blockade have caused it to issue the following statement:

As the Russian Economic League is concerned only with economic affairs and the development of Russian-American business relations, it is not within its province to discuss the political significance of the announcement with reference to the blockade.

The blockade was a purely military measure, the effectiveness of which as carried out has always been in question, and the Russian Economic League would welcome the lifting of the blockade at any time under conditions and safeguards that would ameliorate the condition of the Russian people, and not serve merely to strengthen the minority which is oppressing them.

The League deems it proper to warn American business men against exaggerated hopes of commerce with Russia as a result of the announcement of the Supreme Council, believing that no sound basis can be laid for commercial relations without the restoration in Russia of the institution of private property and the recognition of the rights of the individual.

Practically there has been no blockade from the outside of Russia so effective as the blockade exercised by the Soviet Government itself within Russia, by the so-called nationalization of trade, by its absolute control of food supplies, and by its incompetence to deal with the problems of transportation and industrial production.

While the Russian Economic League will welcome every step that can possibly lead to saving the population of the Russian cities from starvation and to supplying the peasants of Russia with the goods they so sorely need, it is unwise to expect that such ends will be attained by the proposal just announced by the Supreme Council at Paris.

New York, January 22, 1920.

The American-Russian Chamber of Commerce

(Statement)

The American-Russian Chamber of Commerce, representing a large number of influencial American business firms, through its Executive Committee, at a special meeting held today, issued the following statement in regard to the recent action of the Supreme Council at Paris relative to the partial lifting of the so-called blockade of Russia:

The recent announcement of the Supreme Council at Paris regarding the removal of the so-called blockade of Russia has already led to considerable misunderstanding. It is important that the public should understand clearly how far a change of policy has been adopted and what may be expected from such a change.

In the first place, there has been no change of policy on the part of the Entente Powers toward Soviet Russia which involves any change of principle. The only change is one of tactics. The announcement from Paris states in categorical terms that there will be no change in relations of the Powers to the Soviet Government. There will be no "recognition" of the Soviet Government, no direct dealings with it. It is proposed only to allow an exchange of goods between the Russian people and the outside world, and this primarily through the agency of the Russian Co-operative Societies.

The object of the proposed program is partly to relieve the distress among the non-combatant population of Russia, and partly, by permitting a distribution of supplies to the non-Bolshevik elements, to weaken the Bolshevik domination over the masses. Regarding the practicability of this program there is difference of opinion. Mr. Hoover has said that he believes it will help in some measure to strengthen the elements opposed to Bolshevism by exposing its failure. In any case, we shall now be able to test the arguments of those who have maintained that the blockade has proved not only a harsh policy, but a stupid one. Such people have said that by maintaining the blockade the Powers have merely given to the Bolshevik oppressors the opportunity to throw all blame for their failure and the consequent sufferings of the Russian people on the Allied governments.

While it is to be hoped that this may be the effect of lifting the blockade, unfortunately the chances for it seem to be very slight. It is to be feared that the Bolshevik Government will point to this action as a concession extorted by the triumph of their arms, and will be stimulated to make more stringent military aggressions both east and west. Furthermore, the Bolshevik rulers are shrewd judges of their own interests. We may be sure that if they welcome this

program it is because they are convinced that they can turn it to their own advantage. If they think there is any likelihood of their opponents becoming strengthened thereby they will not permit the Co-operative Societies to participate in this program.

In any case, absurdly exaggerated notions prevail in some quarters regarding the possibility of trade with Russia at the present time.

In the first place, the exporter may as well put out of his mind the much-advertised Bolshevik proposal to pay in gold.

In the second place, it is obviously impossible for any Russian organization, situated in Russia, to receive extensive credits at the present time. Consequently, the only means of payment consists in such raw materials as are accumulated at Russian points, and which may be exported in exchange for manufactured goods imported.

It is clear then that the announcement makes no change of real importance either politically or economically. The Russian problem still confronts us as before. We should not believe for a moment that the solution has been found. There is and can be but one solution. That solution lies in the establishment of a legitimate form of government, stable and responsible, and, as far as Russian conditions permit, representative of the interests and will of all the Russian people. With this accomplished will follow the restoration of Russia as a productive unit in the family of nations. She can never be supported from the outside. Her restoration as a producer is essential to the prosperity of the world, including America. It can only be accomplished by the overthrow of the forces of destruction which now have her in their grip. The American people will soon wake up to the fact that no economic stability in the world is possible until the forces of law, order and property are restored in Russia, and that the present is no time to abate by one jot or tittle all efforts to bring about this consummation.

There is today a life and death struggle between civilization and Bolshevism, and in this struggle there can be no compromise.

It is essential that we state clearly that there shall be no recognition of or collaboration with the destructive tyranny that rules in Moscow; that we stand for a unified, independent and democratic Russia, and that we stand ready to co-operate with and extend aid to all the constructive elements of the Russian population in their struggle to free themselves from the grip of their oppressors and to reconstruct their national life and prosperity.

Further, we believe that America should take the leading part in such a definite and constructive program.

New York, January 20, 1920.

I. G. Znamensky

The aim of lifting the blockade is to give assistance to the suffering population of Russia and it is precisely this aim,. in my opinion, that cannot be attained. The lifting of the blockade under present conditions will not help the population of Russia but will be only of assistance to the Bolshevik Government.

No well-established commercial relations with Soviet Russia could be possible. First, it will be difficult to find reliable firms which would be able to trade in Russia. There are no private banks now and all the old firms there are ruined or have simply disappeared. Thus there is no commercial apparatus at present in Soviet Russia.

The commercial relations with the Co-operative societies is also impossible as the Co-operative societies have no independence whatever. The Bolsheviki control them.

No credit transactions are possible. The Russian paper rouble has no value whatever; there thus remains barter for the Russian raw materials.

But raw materials however are very scarce in Russia. Under the Bolshevik regime production has dropped to the minimum, and most materials produced by Russia were used by the nation itself. The only raw products that might be found are in the hands of the peasants. The Co-operatives as such have nothing. Thus they will have, as any other organization, to collect the raw materials from the peasants. Nothing had been collected for the last two years. The peasants will give up their raw materials only in exchange of merchandise, but the latter cannot under the present conditions reach the peasants on account of the utter breakdown of transportation. What is left of the railroad transportation is entirely taken up by the needs of the Bolshevik Red Army and could not be used for commercial interests.

Every attempt to gather the raw materials from the peasants by force will certainly fail. The Bolsheviki have tried it several times and invariably failed. There might possibly be some limited commercial transactons based on gold which is in the possession of the Bolshevik Government and partly belongs to Russia, partly to Roumania. We doubt, however, if any of this gold will be given up by the Bolshevik to the foreign commercial firms.

To establish commercial relations with the Bolsheviki would mean helping the further destruction and disorganization of Russia. It would mean helping the enemy of the civilized world. The future commercial relations with Russia can be established only after the fall of the Bolshevik Government, when there will be a Government having the confidence of the people at large and able to work for the future regeneration of Russia.

J. Okulitch

Representative Plenipotentiary of the Siberian Creameries Associations.

With reference to the decision of the Supreme Council, there are two questions which I should like to take up: First, concerning the position taken by the Co-operative societies in Soviet Russia and, second, the question of possible importation of goods into Russia at this time.

In March, 1918, at Omsk, I had a talk with the Bolshevik Commissaire of Food Supplies, Schlichter, concerning the relations then existing between the Bolshevik Government and the Co-operative Societies. Schlitchter told me quite definitely that the Bolshevik Government proposed to do away with all the co-operative organizations as representing the wealthy part of the rural population, and that the Government wanted to organize special communal food supplies. The Bolshevik then began in 1918 the realization of this plan but could not accomplish it, having been driven out of Siberia by the Siberian anti-Bolshevik forces. I know that the Moscow Co-operative Bank has entirely lost its independence and that it was merged into the Bolshevik State Bank. I also know that the Bolsheviki have introduced their representatives into all the other co-operative organizations for their control, thus we cannot consider that the co-operative organizations are separate from the Bolsheviki organization. Thus when Mr. Berkenheim, the representative of the Moscow Central Union, one of the largest consumers co-operative societies, negotiated with the representatives of the English Government, he certainly had to base his plans on the friendly approbation of Lenine and Trotsky.

The fact that the Government of Lenine has refused to admit English steamers with goods belonging to the Co-operative societies into Soviet Russia is another proof that the representatives of Co-operative societies in Russia have no freedom of action.

Turning now to the other side of the matter, Messrs. Berkenheim and Company are quite sure that they can establish commercial relations and that they will export to western Europe many agricultural products and will thus help to lower the prices on these products in European countries.

But there is nothing to export, except, possibly, grain. However, we know that in 1917 Russia had great difficulty in feeding her army and her cities, especially in the north. We know that all the efforts of the Department of Agriculture and the Zemstvo organizations did not lead to any successful results. We also know that the Russian Govern-

ment could not fulfil its promise of sending wheat to France on account of these difficulties. Finally, we know that at present not only the northern cities but even some of the rural districts of Central Russia are suffering from starvation and we know that all forms of transportation, and especially the railroads, have utterly broken down.

Commercial relations or barter with Western Europe are not possible at present, and how is it possible to speak of export of food supplies out of Russia when part of her population is dying from starvation? For the organization of regular commercial transactions we must have entirely different political, social and economic surroundings. As long as there exists in the country a financial prostration, a lack of regular system of currency in financial or economic plan, no credit whatever and absolute absence of law and order, we cannot build up any sound commercial relations. The latter will be impossible as long as the Bolsheviki disorder and disorganization continues in the country.

St. Louis, January 30, 1920

A. Berkenheim

President, Foreign Board of the Russian Co-operative Union.

In February, 1919, we laid before the British Foreign Office, and also before the secretary of Premier Lloyd George, our plan for the exchange of Russian raw material for manufactured goods from allied countries. C. Krovopouskoff and myself were summoned last week before the Supreme Council, where the plan was adopted.

We require farming and agricultural implements, cloth, shoes, locomotives, motors, automobiles and medical supplies. Ship tonnage must be furnished by the Allies, as Russia's shipping has completely disappeared. Ships may enter Black, Baltic and White sea ports loaded with goods needed by Russia and may return with our exports.

Imports will come to Russia consigned to us. They will be distributed to our stores throughout the country, and we will purchase grain and cereals from peasants, paying them in rubles at a fixed rate. We will also give them scrip entitling them to purchase from our stores imported goods for the identical amount of rubles we paid them when they were selling their own stocks. All dealings must be done through our Co-operative Societies.

Our stores are not under the control of the Bolsheviki. When the Moscow government nationalized all stores and closed them, our stores continued business undisturbed. This was not through any undue friendship with the de facto government, but because of the high esteem in which the Co-operative Societies are held by the population throughout Russia. We feel sure our headquarters in Moscow can reach a satisfactory agreement with the Soviet authorities for impartial distribution.—*Associated Press Dispatch, dated Paris, January* 19, 1920.

M. Litvinoff

Soviet Representative at Copenhagen.

M. Litvinoff, the Soviet representative, said that he had not yet been approached concerning the Supreme Council's decision to raise the blockade, but that he was ready to negotiate if approached.

Should his government agree to the suggested exchange, he added, it must be through new representatives of the Co-operative Societies, and not through a few of the former representatives in London and Paris, who, he declared, were counter-revolutionaries.

Litvinoff had no knowledge of the Soviet Government's intentions, but believed that it would be favorable to the proposition.—*N. Y. Times, January* 20, 1920.

Maxim Litvinoff, the Russian Bolshevist representative, conferring here with James O'Grady, British delegate, regarding an exchange of prisoners and interned civilians, is much gratified by the announcement from the Supreme Council in Paris that trade relations will be opened between the Allies and the people of Soviet Russia. He considers the action of the Council tantamount to raising the blockade, and says it will have an enormous effect on the economic situation in Russia.

Russia has great stocks of goods for export, especially flax, hemp, timber, bristles, hides, furs and platinum, he says, and particularly needs machinery, agricultural implements and railway materials. He declares there is plenty of food in Siberia and other sections, but there is a lack of transportation facilities. He urges that it will be necessary to allow Russia to send representatives abroad if trade with the outside world is to be a reality, and declares Soviet Russia will freely admit commercial and other representatives on a reciprocal basis.—N. Y. *Times dispatch, dated Copenhagen, January* 18, 1920.

Commercial Department of the Russian Soviet Government Bureau

(Statement)

The recent decision of the Supreme Council at Paris regarding Russia has created more or less fantastic speculations as to the possibility of the re-establishment of trade relations with Russia by dealing with Russian "Co-operative Societies" only, but in other respects "not changing the policy of the Allies toward Soviet Russia." It therefore seems necessary to call the attention of American manufacturers and exporters to certain obvious facts.

The resumption of trade relations with Russia entails problems such as the re-establishment of Russia's foreign credit, the matter of transportation, of harbor facilities, of representatives abroad to take care of the clearance of ships and of other matters of consular nature, the issuance of passports for commercial travelers back and forth, the mutual protection of foreign visitors in Russia and Russian visitors abroad, etc. These questions cannot be solved without formal contact with the authorities in Russia.

There exists in Russia no such Co-operative societies as contemplated in the press. Under the present conditions in Russia the formerly independent Co-operative societies have changed their nature and their functions. They are today distributing agencies of the Russian economic system, and they work in complete harmony with the Soviet Government. So-called "representatives of Russian Co-operative Societies" in London, Paris and New York do not represent the Russian Co-operatives, and have no authority whatsoever to speak in their name or to enter into any obligations on behalf of any number of people in Russia. They do not represent anybody except themselves. They have no supplies in Soviet Russia, and have no right to negotiate obligations in anybody's name except their own.

The foreign trade of Russia is nationalized and the Russian Government is in full control of all supplies in Russia, of the means of transportation, and of such other resources which can be made a solid basis for Russia's foreign credit.

New York, January 23, 1920.

Santeri Nuorteva

Representing L. C. A. C. Martens, Bolshevist Agent in the United States.

The raising of the blockade is only the first step. The doors are being opened.

It is significant that the despatch about the lifting of the blockade includes also neutral countries. That means the following:

For the last six or seven months England sent enormous quantities of goods to the Scandinavian countries. She is, of course, interested to have those goods shipped into Russia before other countries. They put it all over the American capitalists.

Another important point is that trade with Russia will be conducted through Co-operatives. This does not embarrass us. Co-

operatives in Russia are working under the supervision of the Soviet Government. Co-operatives are a part of the distributive machinery of Soviet Russia. Somebody's prestige had to be kept up, as you may put it. But we are indifferent to formalities. The main thing for us is that the population of Russia will be able to renew economic exchange with other countries, and the population of Russia is supporting the Soviet regime.

The partial lifting of the blockade is only the first step. We are confident in the near future the blockade will be lifted altogether.

Constantin Krovopouskov

Member of Foreign Board, Russian Co-operative Union.

This question was put to Constantin Krovopouskov, one of the co-operative representatives in Paris, by a representative of the New York Times:

"Is it true, or is it not true, that the Co-operatives are under control of the Soviet Government?"

His reply was: "It is true. In each of our Co-operatives there is a Government Commissaire."

Then the following question was asked:

"Is it not a fact that the whole situation hinges on whether or not the Soviet Government is disposed to authorize importation and exportation by the Co-operatives, and whether it will facilitate this commerce?"

"That is a fact," he answered.—*N. Y. Times, January* 25, 1920.

C. Morosoff

General Manager, London Division of "Zakupsbyt."

We have no gold, but we have what is better than gold—raw materials.

It is impossible to say what plan will be worked out in Paris, but since we have the things the rest of the world wants, and we need virtually everything the other world markets have to offer, it is certain that a workable system by which the dealings can be accomplished will be evolved. We are hopeful of finding a means of obviating the seeming necessity of resorting to the elementary scheme of bartering, which is so primitive and unwieldy and which inevitably would result in great losses to all concerned in its operation.

The bulk of the accumulation of grain, flax and other commodities is in central and southern Russia, which is a favorable circumstance, since Black Sea shipping is not attended by the many difficulties which would have to be overcome should trading be resumed through the Baltic ports alone.

Dr. I. J. Sherman

Director, New York Branch, Moscow Norodny Bank.

After several years of effort it seems that the Allies have recognized that the Co-operatives are a strictly non-partisan and non-political and strictly an economic organization. They have concluded evidently that we are a people's organization; that no question of profiteering or speculation can arise in connection with our business, for the profits are distributed among the members. They seem to have recognized the fact that the Co-operative institutions are the only organizations in Russia which have survived the general elementary devastation, and that they possess the machinery for collecting the raw materials and for distributing supplies.

The Co-operatives consist of 65,000 local societies, and are of three kinds, consumers' societies, producers' associations, and credit unions. A conservative estimate of the membership would be 20,000,000 householders, affecting the lives of 65,000,000 persons.

During the time when the Co-operatives were unable to do business they considered it their most important duty to collect raw materials, and at the present time they have considerable stocks of raw materials. In addition there are considerable funds at our disposal, and as soon as the necessary arrangements can be made we intend to resume shipments to various parts of the world.

We have been buying goods for those parts of Russia, such as Siberia, South Russia and Archangel, that have been accessible. We have sent much in the way of manufactured articles to those points. We have nothing in common with any Russian Government or commercial agents in the United States.

While there are immense stores of raw materials ready for export from Russia, yet the Russians, as well as the people of other European countries, cannot pay for their machinery and manufactured goods fully in raw materials. For this reason a system of credits and banking arrangements must be made to facilitate trade.

The central organizations likely to play a leading part in trade from now on, because of the announcements, are the Moscow Norodny Bank, the All-Russian Central Union of Consumers' Societies, the All-Russian Purchasing Union of Agricultural Co-operators, and the Central Flax Growers' Association.

The consumers begin with the local societies in the small towns. These organizations belong to a district union of a particular commodity. After the district unions come the provincial organizations, and then the all-Russian organizations, each one of which includes all

the smaller societies in that particular line. The flax growers have their organization, as well as those dealing in hemp, butter, eggs and other things. The financial center of the movement is the Moscow Norodny Bank, which acts as a clearing house. The Co-operatives have established representation in New York, London, Shanghai, Kobe, Helsingfors, Paris, Stockholm, Christiania, Genoa, Marseilles, Prague and many other cities.—*Journal of Commerce, January* 19, 1920.

Alexander Zelenko

Secretary of the American Committee of the Russian Co-operative Union.

In Archangel and Black Sea ports there is enough raw material on hand to pay all the credit needed by the Co-operatives. Last year the Co-operatives operated over 500 industrial plants and had a total of over 50,000 employes. The importance of the Co-operative societies as a means of restoring normal conditions in Russia and of re-establishing trade conditions with the outside world can hardly be overestimated.

The entire problem of economic interchange between Russia and America may be reduced to three main channels—increase of agricultural efficiency, importation into Russia of finished manufactured products, and credit for commercial and industrial expansion. In all three branches of this interchange America is the most welcomed country, because the Russian people expect from America fair treatment and open competition entirely free from hidden desires for exploitation of territorial or political rights.

Russia needs financial credit in order to foster this trade exchange, needs industrial credit not only to restore her industries but to start new branches of industry on the half-product basis, and needs many technically trained men to introduce modern methods in all branches of economic work. After-war conditions have made the need for long-term credit more imperative than ever.

There has been no possibility of transporting and no willingness on the part of the people to exchange goods for paper money. Large stocks of butter and flax aggregating millions of pounds have accumulated; and as the hunting of fur-bearing animals has practically been at a standstill during the period because of lack of powder and shot, there is a vast amount of furs to be collected.

The co-operatives unite 20,000,000 members and serve a population of approximately 100,000,000. They hold themselves strictly aloof from politics, and have carried on their activities with remarkably little interruption, all things considered, from the beginning of the war. They still conduct their long chain of stores, and these are the centres for distributing and collecting raw materials.—*N. Y. Times, January* 19, 1920.

Herbert Hoover

I have advocated ever since last Winter that the blockade on Soviet Russia should be removed on everything except arms and munitions, not because it would do the Bolshevist tyranny in Russia any good, but because I believe the removal of the blockade will take from under them one of their greatest props. For the last year they have laid every failure of socialism onto the blockade. They daily and hourly blamed the allied blockade for the shortage of food, clothing, and agricultural implements, and the misery that has arisen therefrom, and they have succeeded in impressing this upon an ignorant people. They have also used it as a stimulus to raise armies under the contention that they are fighting to save themselves from starvation.

These shortages and this suffering is not due to the blockade, but is due to the total industrial demoralization and bankruptcy in production, which will continue as long as socialism and the Bolshevist rule lasts. If the blockade is opened, the Bolshevist Government must secure the import of food and clothing at once, and thereby great suffering will be mitigated.

The acute starvation is in the larger cities. These will be the areas that must receive imported food. The peasants have food enough at home. But, after a few months, when they have exhausted the $50,000,000 or $75,000,000 in gold and securitiies which they have remaining from the amounts they have stolen from the banks, then they will need to export commodities in exchange for inward goods. No one is going to give them credit. They have no commodities to export without causing further suffering to their people. They cannot export wheat when the population is hungry, nor cotton or flax when they are in rags. Their imports will then automatically cease.

The greatest blow they can receive is to have such an exposure of the complete foolishness of their industrial system to their people. Moreover, a lifting of the blockade will allow the real truth of the horror of Bolshevist rule to come out of Russia.

There is one thing that needs to be guarded against in the United States. Our frontier and port officers must redouble their vigor against the export to us of Bolshevist agents, propaganda, and money for subsidizing criminals to create revolution.

The Bolsheviki also ought to be called upon to recognize the frontier of Poland and Russia as settled by the Peace Conference, and to cease fighting on that zone.—*N. Y. Times, January* 18, 1920.

Dr. E. E. Pratt

Former Chief of the U. S. Bureau of Foreign and Domestic Commerce.

From my point of view there are three facts of outstanding importance in connection with trade with Russia at the present moment:

First, the problem of Russia is so important that it is essential for the United States to develop a constructive policy toward Russia, wise in its decision and comprehensive in its scope, which will be of benefit to American business interests and to the Russian people.

Second, if it is possible to develop unrestricted and independent business transactions with individual firms in Russia and with the Russian Co-operative Societies without any direct dealings with the Soviet Government, such transactions would be of definite assistance; and I agree with Mr. Hoover that such business relations would tend to restore normal conditions in Russia. Unless this degree of independence of the Soviet Government could be attained, I should think that any such policy would then be futile.

Third, the establishment of any trade between the United States and individual firms or with the Co-operative Societies in Russia must be on a barter basis. This is true because any transactions based on the payment in gold by the Soviet Government involves the question of the legality of such payments. It is a question whether or not any American firm would be willing to accept direct trade relationships with the Soviet Government or its representatives in view of the fact that such American firms, by accepting gold as payment, would be in the position of receivers of stolen property.

I believe that the restoration of Russia as a free and independent State under a liberal and democratic government, is of vital importance both from the standpoint of the general international situation and also from the view point of the permanent extension of American industrial and commercial interests.—*N. Y. Times, January 27*, 1920. 1920.

American Defense Society

If we are a nation of dollar chasers, willing to sacrifice honor and the safety of the world for the sake of profitable trade with the Bolsheviki of Soviet Russia, then the so-called American Commercial Association to Promote Russian Trade should be allowed without protest to continue its sordid campaign. We urge you to patriotically resist the pressure that is being made upon the American Government by those business houses who recently met in Washington to induce the Government to consent to an exchange of goods that would mean physical, moral and vital aid to the enemies of civilization. America wants none of the crime-tainted money of Lenine and Trotzky.

New York Times

(*Editorial, January* 18, 1920.)

The Russian blockade is lifted; Mr. Lloyd George, having failed to kill the wolf, now offers him a juicy bone. For the first time in its history the British Empire has adopted the policy of buying off a dangerous enemy—a policy which, to be sure, was successfully employed on occasion by famous empires of the past, but which is as unlikely to bring permanent and satisfactory peace at this time as it is inconsistent with the habit of British foreign policy. To be sure, the surrender is veiled by the solemn assurance that we are reopening trade, not with the Bolsheviki, but with the Russian co-operatives, and that our policy toward the Soviet Government remains the same. But nothing can be sent into Russia without coming into the possession of the Soviet Government if that Government wants it; whatever the position of the Russian co-operatives, the party which controls the seaports, the railroads, the army, the factories, will be able to take and use everything that is sent in. And to say that the shipment of supplies of all sorts to a Government hitherto our enemy involves no change of policy is so ridiculous that the Supreme Council can hardly have hoped that anybody would believe it.

The lifting of the blockade must mean the early conclusion of formal peace. Otherwise we should have the continuation of a state of war in which one side supplies the other side with anything it may need. England could hardly remain in nominal alliance with Poland and Rumania and furnish the Bolsheviki with material to be used in the war against Poland and Rumania. It has been said that peace would bring a speedy change in Russia; that without a war to evoke some support from national feeling the Bolsheviki would soon be ousted by Russian moderates, or be compelled themselves to become so moderate as to be unrecognizable. War, it has been argued, only strengthens Bolshevism; peace must mean its downfall. It is somewhat surprising that this argument is presented most loudly by those who do not want to see the downfall of Bolshevism, who are the friends and apologists of Lenine's regime. Nevertheless, there is more hope of a collapse or metamorphosis of Bolshevism in a full state of peace than in a state of war where we send supplies to our enemies. The announcement made on New Year's Eve by the Bolshevist wireless service that the collapse of Kolchak and Denikin meant Soviet governments in Berlin, Paris, Rome, and Washington before another year was somewhat too enthusiastic as a political prophecy, yet quite accurate as an index of Bolshevist policy. Peace is only another form of war. Under the leadership of Mr. Lloyd George, the Allies are going to try it.

But this is not the only factor. Bolshevist industry is reviving under the direction of George Krassin, before the war Russian representative of the Siemens-Halske interests of Berlin. That is to say, Germany has the inside track in the race for commercial domination of Russia. Mr. Lloyd George or his supporters may have been inspired in part by the fantastic hope of outstripping the Germans, if they can start now. The Germans have more than the inside track—they have an enormous number of business men who know Russia and are known in Russia, while the British have very few. On the commercial side, it is to be feared that Mr. Lloyd George's mountain will give birth to a somewhat ridiculous mouse.

Philadelphia Public Ledger

(*Editorial, January* 20, 1920.)

The supreme Council in Paris has just launched a new trade policy toward Russia. It was launched while the shock of an explosion, revealing a wide difference of opinion in British Government circles as to what the proper Russian policy is, was still reverberating through the air. It is clear enough that the Churchill group wants to fight the Bolshevists, believing that it is impossible to make peace with a raving wild beast. The Lloyd George group wants to fight them, too, but believes that their grip on the helpless Russian people could be broken if food, medicines, machinery and supplies generally were distributed throughout Russia by an agency independent of the Moscow Government. They expect to find such an agency in the Co-operative Societies of Russia.

The truth is that nothing could be more absurd and yet full of possible tragedy than the attitude of civilization toward Russian Bolshevism. We will not make peace with the Bolshevist Government, and yet we will not make war on it. As we refuse the Bolshevists peace, they must fight us whether they want to or not; but, as we refuse to fight them, we present them with the easy victory of a one-sided conflict, except for such feeble local resistance as we can stir up among the Russian anti-Bolshevists, the menaced Poles, the threatened Rumanians and the dubious Baltic States.

Yes, the Russian problem is vitally interesting to every civilized nation. Belligerent Bolshevism in Russia means that carrying of the war into every American city, means a constant example before the discontented everywhere of the possibility of a purely proletarian government, means a way out for Germany, means a grave menace of bankruptcy for most of Europe if Germany does not pay, means a constant threat of the most appalling possibility in history—the stirring up and letting loose on a hopelessly outnumbered world of a fanatic Asia, newly converted to the contagious gospel of Lenine.

New York Tribune

(*Editorial, January* 20, 1920.)

Mr. Hoover says the removal of the blockade against "Red" Russia has knocked one of their greatest props from under the Bolsheviki.

Thousands hope that events will show Mr. Hoover to be right; but the same thousands fear he will be shown to be wrong. Those who sympathize with the Bolsheviki have not noticeably shouted for a continuance of the blockade. If they had believed in any genuine way that the suspension would "knock the props" from under the Bolsheviki would they have favored suspension? Would Lenine and Trotzky have begged for a suspension if they thought it would send them into exile and end their system?

Scarcely. Over against the opinion of Mr. Hoover, then, are to be placed the opinions of Bolshevist leaders and sympathizers. Mr. Hoover has high repute as an expert, but, of course, he makes no claim to infallibility, and the weight of expert judgment seems against his conclusion. One may imagine, when the news came, that Lenine grinned in a way he would not have done if he thought a victory had been gained over him.

No particular good is likely to come from indulging in rose dreams. Some 300,000 Bolshevists, organized into a party which is responsive to the orders of its executive committee, have possession of practically all the machine guns and munition factories of Russia. Of course, the unarmed cannot stand against them. In Czar days a similar minority bossed Russia by the use of an army. If the World War had not compelled the Czar to "water" his army by conscription he would still be autocrat. Lenine saw clearly how to control Russia. He dismissed the civilian army and organized one composed of professionals. He is now willing to have a breathing spell to consolidate his power, but has no intention of giving Russia free institutions. He will countenance no election whose result he cannot control, and the imperialism he has set up will act as imperialisms always do.

Inasmuch as the withdrawal of military aid was followed by a lifting of the blockade, it may be predicted that the lifting of the blockade will be followed by "recognition." When "recognition" comes let us hope the world will be honest—that it will not receive the ambassadors of a so-called Russian republic, but of Lenine I, Autocrat of All the Russias—a despot with power to make trouble if not kept in good humor.

New York World

(*Editorial, January* 19, 1920.)

As the Allied Powers have had no well-sustained policy toward Russia except that of non-intercourse, the statement by the Supreme Council that the lifting of the blockade does not mean a change in its attitude toward the Soviet Government must be accepted as one of the insincerities behind which baffled statesmen at times take refuge.

The fact is that Western Europe has been as irresolute in the presence of the Red menace as, previous to acquiring unity of command, it was unsuccessful in the field, and for the same reason. Militarism has been shouting for a new war regardless of consequences, whereas Socialism of various shades has demanded fraternity on any terms. In all countries most people have recoiled as instinctively from another savage conflict as from the proposed embrace of the dictators of the proletariat.

Trade with Russia is to be limited to the great Co-operative societies. If that results in a quasi-recognition of the Red Government, so be it. The blockade has amounted to that all along. With commercial relations established even in part, the rule of outlawry must soon be confronted by conditions at home with which it will be powerless to deal. To tolerate it will be to encourage civilizing relations that must prevail over savagery. To interfere will be an open confession of perfidy.

In spite of the statement by the Supreme Council to the contrary, this is a new policy and it has been adopted because the old policy was a demonstrated failure. Success may not attend the venture, but it will introduce a domestic problem into the councils of the commune not likely soon to be disposed of by falsehoods and force.

N. Y. Evening Post

(*Editorial, January* 17, 1920.)

Peace with Soviets.

That is the obvious meaning of yesterday's action in the Supreme Council at Paris. The official statement which announces the decision to resume trade with "the Russian people" is at pains to affirm that the arrangement implies "no change in the policies of the Allied Governments towards the Soviet Government." But it must be recalled that the Allied Governments have never been technically at war with the Soviets. Allied troops went into Russia to repay the debt they owed their Russian friends in the war with Germany and as part of that struggle. When active Allied participation in the Russian civil war came to an end, their aid in money and materials continued as the redemption of a pledge of honor to their Russian friends. Now these friends have been swept out of existence by the Red armies, and the Allies are confronted with the accomplished fact of Soviet victory. This fact they can acknowledge, because they have paid their debt of honor to the anti-Soviet parties.

We cannot tell now how far the co-operatives have, in some form of silent truce, been merged into the Soviet scheme of government. And so it is difficult at the present moment to say how far a recognition of the co-operatives goes towards a recognition of Lenine, in fact if not in form. The initial gain in prestige is certainly on Lenine's side. But the Soviet problem is one that must be dealt with on the basis of hard facts and to the exclusion of considerations of sentiment. Lenine may be welcome to his prestige if the Allied world can get into touch with the sane elements of the Russian people. With Russia open, Lenine is open to a searching examination of the actualities of Soviet rule.

Physical communication between the Allies and the Russian people cannot help being intercourse in considerable measure with the Soviets. But the true Allied policy must remain one of moral non-intercourse with a system avowedly built upon minority domination and, by principle, at war with Western democracy. Lenine's victories in the field have been acknowledged. His rule in Russia cannot be acknowledged until the Russian people has been given the full opportunity to speak for itself.

Boston Eve. Transcript

(*Editorial, January* 19, 1920.)

The lifting of the Russian blockade can only be interpreted as the prelude to the early recognition by the Allies of the Soviet Government. It marks the reversal of the policy of isolating by a barrier of non-intercourse the Bolshevist power from the rest of Europe; a policy to which the Allied governments had been long committed, in the hope that thereby they might escape from the peril of the Soviet bid for world empire. The opening of Russia to trade must soon be followed by an announcement of the cessation of the state of war, and a recognition of the Soviet Government. The Allies cannot for long engage in trade with the people of a Government with which they profess to be at war. The processes of trade are incompatible with a condition of war. Nor can that fact be altered or disguised by a declaration that the raising of the blockade involves no change in the official attitude of the Allies toward the revolutionary Government of Russia.

In effect, the decision of the Allies to allow trade with Russia is a surrender to Bolshevism. The Soviets are to be bought off with promise of financial profits to their merchants and traders. Only the course of time will prove how successful the capitulation to Sovietism will prove in the promotion of European peace. In the minds of the war chiefs of Britain and France, that surrender will free Europe neither from the rumor nor the fact of war.

Trading with Russia

By JEROME LANDFIELD.

(*N. Y. Times, January* 21, 1920.)

What is the prospect of carrying on the proposed trade with the Russian people by dealing with the Co-operatives? In this matter, it must be noted first of all that while the Co-operatives include millions of Russian peasants, their management has been seriously interfered with by the Bolshevist Government and at the present time the local units are unable to conduct any enterprise outside of Russia, or even with the large cities, except in accordance with the will of the provincial Commissars. Secondly, any proposed trading is dependent entirely upon transportation, and the transportation facilities, so far as they exist, are entirely in the hands of the Soviet Government. Thirdly, it is inconceivable that the Soviet Government will permit operations to take a form that would work against them politically. Fourthly, the peasants in the country districts are not in need of food, but of manufactured articles, while the Bolshevist Government itself is in possession of such stores of raw materials as might be available for exchange. It is therefore the Bolshevist Government that would utilize the goods imported, for the purpose of securing food supplies for the cities from the country districts.

The question of payment immediately arises. The statement alludes to the exchange for grain, flax, &c. The Bolsheviki themselves have frequently asserted that they were prepared to pay gold to the extent of $200,000,000. Let us consider the latter proposal. Some $500,000,000 of the Russian gold reserve is accounted for by the payments made to Germany under the Brest-Litovsk treaty and by the amount seized by the Russians and Czechoslovaks at Kazan. Of the balance in their possession, $125,000,000 is the Rumanian gold reserve, which was removed to Moscow for safekeeping when Rumania was invaded by the Germans. If the Bolshevist Government undertakes to expend this Rumanian gold, the Allies can scarcely recognize such transactions as legitimate. On the other hand, the remaining gold is State property and therefore, if the Allies legalize the use of this gold, in this way it becomes a technical recognition of the Soviet Government, and if they do not permit it, then those who accept it become receivers of stolen property and run the risk of future litigation.

As for the exchange of raw materials, the practical difficulties are very great. Even under the governments of Kolchak and Denikin, in possession of the richest raw-material-producing regions, it was not found possible to export very much. That the Soviet Government, with its nationalization of trade, and its general confusion and disorganization, will be able to do better is not to be expected. It will not be well, therefore, for American business men to pin large hopes on the prospects of business resulting from the plan announced by the Supreme Council.

It is well that the blockade should be lifted. As long as there were national Russian movements against the Bolshevist power, the blockade served its purpose in preventing the Bolsheviki from getting supplies with which to increase their military power. With the collapse of these national movements, thanks to the lack of the aid promised by the Allies, the significance of the blockade has disappeared. Whether it was ever an effective measure, and whether its advantages outweighed its disadvantages, is questioned by loyal

Russians themselves, and recently there was a strong movement among the anti-Bolshevist Russians in favor of lifting it. Although, as Mr. Hoover clearly points out, the blockade has not been responsible for starvation in Russia, a condition brought about entirely by the incompetence, graft, and crazy economic experiments of the Bolsheviki, great use of it has been made by Bolshevist sympathizers as a propaganda argument. The lifting of the blockade would show up quickly the failure of the Bolshevist system, and it would, at the same time, open the horrors of the Bolshevist regime to the eyes of the world at large. It is scarcely possible that the system of terror by which that regime is maintained could long continue in the light of publicity, and the moment the system of terror is abandoned the present Bolshevist rulers must fall. It is possible, therefore, that the lifting of the blockade would greatly hasten that internal revolution from which alone can come a proper cleansing of the Russian state.

As regards the military danger to Europe and Asia presented by the Bolshevist army and the aggressive militaristic aims of its leaders, the announcement of the Supreme Council changes nothing. The civilized world is at war with Bolshevism. The two systems and ideas cannot exist side by side. If they prevail, we succumb—there is no middle course. The Bolsheviki realize clearly that the class warfare which they have inaugurated is doomed unless they can bring about general revolution. If they make peace or compromise, it is but to obtain a breathing space in which to carry on their propaganda more effectively, and to resume the attack when the time is propitious. There are some foolish ones among us who seem to think that the Bolsheviki have seen the errors of their programme and have reformed, and that since they are in possession of Russia we should recognize them. But this is impossible. We cannot compound the felony.

The greatest danger in this warfare is that, through a blundering policy of setting on the little States that were formerly parts of the Russian Empire to fight our battles for us, we shall transform the struggle against Bolshevism into a war with Russia. This would be a catastrophe, since it would unite all the patriotic national elements in Russia on the side of the Bolsheviki, in spite of their present antipathy for them. Our correct policy is to announce to all the world, first, that we will not recognize the tyrannical Bolshevist minority or collaborate with it; secondly, that we stand firmly for the unity and independence of Russia; and, thirdly, that we stand ready to co-operate in every way with the sound and constructive elements in Russia for the restoration and regeneration of their country.

Lifting the Blockade

By LEO PASVOLSKY.

(*New York Times, January* 25, 1920.)

The blockade of Soviet Russia was one of the features incident to the conduct of the civil war which has been raging in Russia for the last two years. Its lifting never could be considered as anything but another incident in the civil war. The blockade itself never was an important factor in the war, since the isolation of the Soviet regime was a direct and inevitable outcome of the betrayal by the Bolsheviki of the allied cause in making a premature peace with the Central Powers. But the circumstances under which the lifting of the blockade would and finally did come about are of vital importance.

The action of the Supreme Council in Paris several days ago was expected to come at some time or other by all those who were watching closely Russian developments. But the circumstances under which this action came surpassed all the fears of even the most pessimistic. Accidentally or otherwise, the announcement of the resumption of trade with Soviet Russia was made almost simultaneously with the decision of the Supreme Council to recognize the independence of the two republics in the Caucasus, namely, Georgia and the Tartar Republic, and at the same time the Baltic Provinces were already practically placed on the footing of independent States.

This fact gives a tremendous political weapon into the hands of the Bolshevist leaders. They can now come to the people of Russia and say to them that the Red military successes have made the Soviet regime such a formidable adversary for the Imperialists of Western Europe that the latter are willing to bow down to its power and agree to its insistent demand for the lifting of the blockade. At the same time the Bolsheviki can make use of the allied action in placing a stamp of approval upon several important cases of separatism in Russia. They can offer the Russian people another proof of the statement they have so often made in their propaganda that the Allies have in mind nothing but the weakening and the dismemberment of Russia. And this time, unfortunately, the claims which the Bolsheviki can make in this direction can be substantiated by what appears to be a definite policy.

Had the lifting of the blockade been accompanied by a definite statement of policy on the part of the Supreme Council, acting for the allied nations, in which their friendship for the Russian people was presented clearly and in definite terms, then, perhaps, the present action would have had the same effect upon the people in Russia as the President's Fourteen Points and other declarations had upon the people of Germany during the war. Most probably the method of getting this information to the Russian people would have had to be the same, since the Bolshevist press of today is even less open to the publication of the truth about the outside world than was the German press during the war. As it is, the statement that the policy toward the Soviet Government remains unchanged merely means affirming the lack of policy toward Russia that has been the curse of the international life of the world for the last two years. And, when coupled with the other actions of the Allies toward Russia, it makes for a direct loss of what little moral prestige the Allies still have in Russia and means merely a blow for the anti-Bolshevist elements under the Soviet regime rather than an act of assistance.

As for the practical possibilities of the course adopted by the Supreme Council, there seems to be no doubt that it is merely a poor edition of the Nansen plan which was discussed so much last Spring. The Nansen project was the first attempt to lift the blockade of Russia by organizing trade with Soviet Russia, at that time, through the agency of the neutral powers. It was on a semi-charity basis and was undoubtedly doomed to failure even before it could be applied in actual practice. At the time when the Nansen plan was under discussion, I had a long conversation with Mr. Nansen touching upon the different features of his plan. There were two difficulties in the carrying out of his plan which I pointed out to him and to which he could not find a satisfactory reply.

The first difficulty was that of organizing the distribution in Central Russia. Mr. Nansen sought a parallel in the work of the Hoover commission in Belgium, and when I pointed out to him that there was a vital difference between the responsible military organization which the Germans maintained in Belgium under their occupation and the thoroughly inefficient and irresponsible organization of the Soviet regime, Mr. Nansen replied that he realized that, but that he was willing to take chances. The second difficulty was that of transportation, and I pointed out to Mr. Nansen that in order to carry out his plan in all its details he would probably have to put on its feet the whole Russian system of railroad transportation; which he also admitted was true. And when I finally pressed him for an answer to the question as to whether he would not in this way merely solve the two most difficult problems that the Bolshevist regime is facing, viz., feed the cities and reconstruct transportation, he replied that, even if this were so, he was primarily interested in feeding the starving population of the Russian cities.

The carrying out of the plan adopted by the Supreme Council in Paris still involves the same difficulties and encounters new ones. The question of organizing distribution in Russia remains the same. The talk of dealing through the Co-operative organizations when those organizations had been ground under heel by the Soviet regime is a case of camouflage at best. A Government grain monopoly still exists in Russia, and no one can purchase grain from the peasants except the Government. No one, therefore, under the Soviet regime, can gather from the peasants the grain needed for export out of Russia, no one can obtain that grain for transportation to the cities, except the Government. And if the Government is to bring the grain to the cities, its system of distribution would certainly not be different from the system followed out now; the followers of the Bolshevist regime will still be fed, and everybody else will still starve, as now? The Supreme Council plan contemplates no charity features. It places everything on a business footing. And how can any business dealings be had on anything like a large scale, which the carrying out of the plan makes necessary, unless it be done with the Bolshevist Government itself? It appears, therefore, that the plan is really what the Bolshevist representatives already term it, a camouflaged decision to enter into direct communication with the Soviet Government.

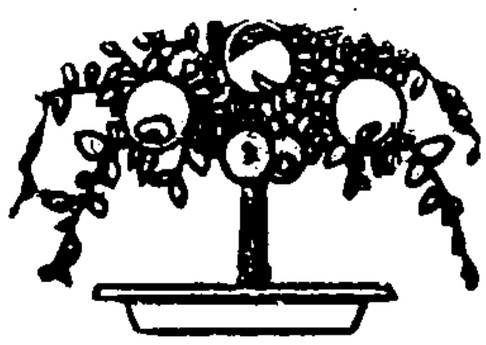
There is another feature which renders the present plan a very much worse edition of the Nansen plan. The statement, as issued by the Supreme Council, makes the central point of the plan not so much the importation of goods into Russia as the export of foodstuffs from Russia. The Nansen plan at least spoke only of feeding Russia.

One gets a peculiar sense of similarity between the conditions under which the Germans concluded the treaty of Brest-Litovsk and the conditions under which the Supreme Council has now lifted the blockade of Russia. In both cases the avowed object of making peace with the Soviet regime in Russia was an attempt to get foodstuffs and raw materials out of the country. There are grave dangers in the possibilities of this similarity.

The dangers of the blockade itself and its effect upon the conditions in Russia were always misunderstood in this country, as well as elsewhere. The rural population in Central Russia never starved, except when the Bolshevist requisitions robbed the peasants of all of their available grain. The cities were starving, but the reason for that was that Central Russia never could support itself from the point of view of food. It always had to bring food from South Russia and Siberia. The real causes of starvation in the north lay, in the first place, in the fact that the civil war had rendered those sources of food supply inaccessible, and, in the second, because even when the fortunes of war did bring those districts temporarily into the hands of the Bolsheviki, the disorganized transportation facilities made it impossible to transport grain into the starving portions of Russia. The Supreme Council in Paris has no foodstuffs to send to the starving cities of Russia. At best it can feed only the port cities.

But even that is not so important. Persons returning from Soviet Russia bear witness to the fact that in Russia itself, in the starving cities, the question of blockade never meant anything. It was merely a weapon, a political weapon in the hands of the Bolsheviki in precisely the same way that it was an instrument for pro-Bolshevist propaganda outside of Russia itself, particularly in England and America. And since this was so the circumstances under which the blockade has been lifted merely make it a still more powerful instrument and a still more important tool for propaganda in the hands of the Bolsheviki in Russia and their agents abroad.

The whole action of the Supreme Council in lifting the blockade and the condition under which this action was performed constitute the crowning blunder of the whole allied policy of blunders in their relations with Russia. It is fortunate, indeed, that America had no direct part in this latest and crowning blunder of the Allies. The decision to life the blockade was apparently taken without consulting America. Let us hope that this fact will be clearly understood in time by the people in Russia whose struggle for liberation —blockade or no blockade—will not be over until the Bolshevist tyranny is overthrown and a democratic republic is established, when the people of Russia will be able at last to look backward, calmly and dispassionately, and determine for themselves who were their real friends in Russia's darkest hour.



An Answer to Mr. Berkenheim

By Dr. Kasimir Kovalsky

Member of the American Committee of Siberian Agricultural Co-operative Unious.

The lifting of the blockade, in accordance with the plans urged by Mr. Alexander Berkenheim, makes the Co-operative organizations the instrument of possible commerce. In connection with this, the following considerations are important:

Mr. Berkenheim's plan of supplying Russia with foreign goods through the Cooperative Societies is the purest kind of Utopia.

True, the Russian Co-operatives are a great power. But that power could give the full measure of its useful work to the population only in the case when, on the one hand, the Co-operatives were able to replace the whole of the trade and supply apparatus of the Soviets, and, on the other hand, to gain control of the Russian transportation system. Of course, the Soviets will never allow that, as it would mean the complete reversal of Trotzky's and Lenine's tactics.

Now, regarding the export of the Russian raw materials: It would be a good thing first for the Russian Co-operatives to ask the Russian peasant what are his views on the export question, and what has he actually to export. Cattle? It would be a crime to export cattle from Russia at present. All the provinces of northern and northwestern Russia, the northern part of Siberia, as well as the large prairie (steppe) provinces, have lost during the great war and after, during the civil war, close to fifty-two per cent of their horses and milk cattle. The epidemic diseases of the cattle in the Kirgiz, Orenburg and Ural steppes, in the years 1918 and 1919, have also destroyed many million head of cattle.

Will Mr. Berkenheim deprive the population of what is left of their horses and cattle for the sake of export?

Further, regarding grain: There are, in fact, in Siberia, on t
Ural and in South Russia, millions (but hardly billions) of p
of grain (36 lbs. to the pood). Before thinking of supplying f
countries with that grain the Co-operatives should in honor thi
of that enormous part of Russia which is at present slowly
on one-quarter and one-eighth of a pound of adulterated b
day per person.

Of course, it is possible to organize the export of Ru
but only with the consent of the peasants themselves, a
unhampered assistance of the local Zemstvos and city
bodies of local self-government re-established in their ri

The right of local self-government is the first articl
of the Russian socialistic parties. Has Mr. Ber
those principles?

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Finally, about flax: It is a pleasure to see Mr. Berkenheim's effort to supply the English factories with flax, yet Russia herself is clothed in the last rags of her cotton and flax textiles. Who will attend to Russia's need in flax?

Production in Russia has fallen to the minimum. It seems then that instead of keeping what little we have of flax for future production we are to send it abroad. And what if the peasant is not going to give the flax? In that case it will be necessary to send for it—the Red Army, with machine guns and horsewhips. The Russian Co-operatives have never stooped to such practices, and never will.

Mr. Berkenheim's plan is Utopia. Mr. Berkenheim has not even given himself the trouble to think that transportation at present in Russia, torn by civil war and starvation and infested by numerous bandit bands of various descriptions, can be effected only under the threat and protection of the bayonets of the Red Army.

Economics are too closely connected with politics, and until "politics" in Russia have assumed the form of lawfulness, order and civil peace the plans of Berkenheims will result only in the further impoverishment of the population and the fanning of the flames of civil war.

Again, if the Co-operatives are so powerful in Russia and Russia itself is so immensely rich in everything, why is it that both Co-operatives and non-Co-operatives are starving in Soviet territories, and the peasants, in order to get an extra pound of potatoes from their own fields, have to go out at night and steal for themselves some potatoes, with the rifle in their hands?

New York, January 21, 1920.

Litvinoff Appointed Head of Russian Co-operatives

xim Litvinoff has been named Chief Director of
ssian Co-operatives. Litvinoff, as official represent-
the Soviet Government, has been conducting ne-
with James O'Grady, British representative in
n. It will be difficult, then, to trade with the
s directed by Litvinoff without treating with
vernment, of which Litvinoff is the official

ork Times, February 9, 1920.