

The Economic Club of New York

57th Meeting

Should the United States Resume Trade
Relations with Russia?

May 17, 1921

Table of Contents

First Speaker

Sir John Foster Fraser Author of "Red Russia", etc.....	5
--	---

Second Speaker

The Honorable John A. Gade High Commissioner to the Baltic Provinces.....	15
--	----

Third Speaker

Mr. Jerome Landfield Adviser to State Department - Russian Division	28
--	----

Fourth Speaker

The Honorable Joseph I. France United States Senator from Maryland.....	42
--	----

MR. ELY: Mr. Wickersham asked me to preside during the arduous and prolonged functions that attend our annual election of officers. Therefore, you will please come to order, and following an unbroken precedent of as many years as we have lived, we will now hear the report of our Nominating Committee, of which Mr. Theodore Hetzler, of that venerable institution, the Fifth Avenue Bank, is chairman. We shall be pleased to hear from Mr. Hetzler on behalf of the Nominating Committee. (Applause)

MR. HETZLER: After careful deliberation, your committee respectfully nominates for your consideration the following candidates for office in the Economic Club of New York to be filled at the election this evening.

For a term of one year, October 1, 1921 to September 30, 1922:

President	George W. Wickersham
Vice Presidents	William Church Osborn Abram I. Elkus

For a term of three years, from October 1, 1921 to September 30, 1924:

Executive Committee	J. S. Alexander Thomas L. Chadbourne Clarence H. Mackey Samuel Reh J. Louis Schaefer
---------------------	--

Respectfully submitted.

MR. ELY: Gentlemen, you have heard the report of the Nominating Committee. It is also printed on this little slip. What will you do with this report?

MR. WILCOX: Mr. Chairman, I move that the ticket as read be declared elected, and that the secretary cast one vote for the entire ticket.

MR. ELY: Is that motion seconded? (The motion was seconded) It is moved and seconded that the report of the Nominating Committee be accepted and that the secretary cast one ballot for this ticket. In my capacity as secretary, I cast the ballot and in my capacity as presiding officer, I declare the ballot cast. (Laughter and Applause)

You will notice that we do not vote on the election of a secretary or treasurer. I might explain that the reason of that is that Mr. Johnston and I, when the constitution was drawn up, proposed that our positions, at least, should not be jeopardized by an annual election. (Laughter) It now gives me great pleasure to retire in favor of our new president, who is also our old president, Mr. Wickersham. (Applause)

Introduction

The Honorable George W. Wickersham, Presiding

All of which demonstrates, ladies and gentlemen, that this is a government of laws and not of men. Mr. Ely, with his customary versatility, has disposed of the business as it was intended to be disposed of. (Laughter) I therefore express my thanks to him and to the Club, and my appreciation of the renewed honor of your continued confidence.

This is our last meeting of the season and as we try, you know, always to have as the subject of our periodical discussions a topic which, for the moment occupies the public attention more than any other, it seemed to the Committee having these things in hand, appropriate that we should dedicate this evening to a discussion of a phase of the Russian problem. There is no more portentous subject on the world horizon than Russia – vast, cosmic, uncertain – we know very little, we who are outside of the veil of what actually is transpiring behind the boundaries of that great nation.

From time to time, men come to us with tales agreeing somewhat, differing much, but with the practical tendencies of our race as the clouds of war have rolled away, men have begun to wonder whether or not there was not something, that we could make out of Russia. Incidentally, by going there we might take them something that would contribute to the solution of the great Russian problem. There are those who maintain that the trader carries with him something of the ideals of his own people, something of the reasons for his own success, and that coming in contact with the people to whom he goes and with whom he trades, both sides may profit by the occasion.

Whether that be true or not, there is, I think, a very great thirst for information concerning Russia, and some reaching out for guidance in dealing with it. We all feel how vast it is. We all realize the great undeveloped power of that enormous people. We know something of its natural wealth and so we will cross the sea and observe the nations of Europe, sometimes openly,

sometimes otherwise, having dealings with the Russians. They have a form of government there which seems to us the very subversion of the fundamental principles of government. It is a part of our national belief that fundamentally no government is worthy of the name that does not afford protection to life and property and, yet, there is a persistent movement towards intercourse with this nation, partially because it is believed we can make something out of them, partially because of the great curiosity to get at them and find out what it is they really are doing, and for one reason or another the thoughts of men all the world over are drawn towards that great lodestone.

So tonight we have asked a certain number of gentlemen who have intimate firsthand knowledge of Russia, more or less recent, to give us what they can towards the solution of this great question, and the first speaker whom I am going to call upon is a distinguished Englishman, well known in this country as well as in his own, whom I had the pleasure of crossing the ocean with two years ago, and found to be one of the most delightful traveling companions and one of the best informed men whom it has been my pleasure to meet for a long time; a man of varied experience, a man who, in the days when the bicycle was as novel as the automobile became afterwards, made a bicycle trip around the world; a man who has lived in Russia, a man who, having a firsthand knowledge of the Russian people, has some views that he is willing to impart to us tonight.

I asked him a few moments ago what side of this question he was going to take, and with very

diplomatic address he told me that he hoped before he finished the subject I would know. That is all the information I have as to the particular side of this question Sir John Foster Fraser will give to us, but whatever side it is, I am assured by my experience with him that it will be interesting, inspiring, and suggestive. I have the pleasure, therefore, of now presenting to you Sir John Foster Fraser. (Applause)

First Speaker

Sir John Foster Fraser

Author of “Red Russia”, etc.

Mr. Wickersham and gentlemen, I take it, of course as a great compliment that you should have invited me to stand in this pulpit for a short time tonight to speak about Russia. But I have a complaint to make against my friend, Mr. Wickersham, for calling me an Englishman. I am not an Englishman. I come from the more intelligent northern end of Great Britain. (Laughter)

I notice that whenever anybody introduces me to an American audience, about the first thing they do is to go and consult “Who’s Who?” and there, unfortunately, there is recorded an incident in my life which I have been trying to live down; namely, that when I was a small boy I did manage to toddle around the world on a bicycle. But I have been in many countries since. I think I have been in fifty-seven. I can always remember the number because you advertise it so extensively. (Laughter)

I cannot help feeling a regret that I should have been called upon first of all of the gentlemen who have been invited to address you, to stand on this little platform. I would much rather have come last. One great advantage of coming last is that you can always reply to what the other men have said before you and they have got no opportunity of contradicting you. But then, as usual, the British have got to take first place in these matters. (Laughter) I accept it as a great compliment that you should have put upon my shoulders the duty of not only opening the discussion but the honor of trying to find a solution of a most absorbing problem.

We all do realize in regard to the question of whether the United States should preserve its trade with Russia, that in these days no country can live as a hermit in regard to the other nations, that concerning trade there must be a constant interlacing. Most people have a rather curious idea about Russia, and in regard to the present situation lots of folks are inclined to be discontented, if not disgusted. It reminds me of a story I heard of some British Tommies who were up in Archangel about two years ago, and they got hold of a bit of Russian caviar, and a Tommy started eating this and made a wry face and turned to his friend and said, “Why, Bill, this jam tastes like fish.” (Laughter)

Everybody who comes from Russia is supposed to have tales of adventure to tell. Now, I humbly stand before you tonight as the one man who has never had any adventures at all in Russia. I remember years ago coming down the Anjo River and at a place called Blagdaschenak, which

one can pronounce, as you are a dry country (Laughter), I met an extremely interesting, delightful American who was journeying down the river. It was a very pleasant journey and we sat on board the boat and we admired the moon, and drank a local beverage which was more exciting than Coca Cola, and when he realized that I wrote books, he said to me, "What are you writing about?" "Oh," I said, "I am writing about the agricultural possibilities of this country." He said, "Are you going to write anything about being pursued across the interminable snows by the wolves?" I said, "Not a word." He said, "Are you going to write anything about the poor convicts trailing their chains across the steppes, being knouted by their whiskered jailers?" I said, "Not a word." And then he said, "Hell, you would never do for an American writer." (Laughter)

Now, notwithstanding these disabilities under which I labor, I think I may say that everyone who has been to Russia must have appreciated the enormous commercial potentialities, and the agricultural potentialities of that country. It is a land full of agricultural possibilities and as regards Siberia, it is a twin country to Canada itself.

It is a very difficult work for anyone of our race to understand Russia, because the Russians, remember, belong to a different race from ours. They are Slavic in their nature and whilst in many of the things which we think are necessary in modern progress, such as the production of manufacturers, they are far behind, yet, in many other things, in literature, in art and music, they are far ahead of some other countries which consider themselves to be more advanced, and in considering Russia, we must not regard it as a bankrupt country. No country can be declared

bankrupt which has such enormous agricultural potentialities as Russia.

Now, unfortunately, Russians are poor working men. Indeed, without offense, I think I may say the Russian is the worst working man I have ever come across in the whole course of my variegated wanderings. Certainly, the mujik, the peasant, is a poor farmer. He won't work on Friday because Friday is near the end of the week, and it is not worthwhile. He won't work on Saturday, because it is the end of the week, and he won't work on Sunday because it is the Sabbath. Monday is a Holy Day in Russia, and of course, no work can be done on a holy day.

Now, a man might go out on Tuesday with the very best intentions of doing work and then, possibly, he may meet the local parson, and that is a sign of bad luck in Russia, and therefore he would have to turn around and go away and not do any work. Anyway, Russians always find some reason or other to avoid work. The trouble in regard to Russia is that the Russians are lacking in continuity. They are people who take things up with great enthusiasm. They look as though they are going to be the leaders of the world in a mighty and glorious endeavor and then, to the surprise of the whole of the rest of the world, they drop their project. Of course, the Russians are not the only people in the world who are sometimes suspected of that failing, but the Russians are the people we are talking about tonight. (Laughter)

I think the first word one ever learns when one comes to Russia is the word "Nitchevo," the best word in any language. "Nitchevo," which means "Never mind, don't bother about anything," – it

is that “nitchevo” spirit which has prevented Russia from playing her due part in world affairs. Whenever the Russian comes up against a great obstacle he does not force a way through; he does not climb over, he does not dig under, he does not seek a way around; he generally shrugs his shoulders and says, “Nitchevo.”

Now, the Russians – and this is well worth remembering in regard to the question of trade – have always been at the mercy of aliens. Anybody who is well acquainted with Russia, however much they may admire the splendid spiritual and democratic qualities of the Russians, realize that in trade and in administration there are other people who are to the forefront. There are the great number of Germans, for instance. Wherever you go in the great towns of Russia, you find Germans at the head of the business, and then there is the enormous population of the Jews, and there is no doubt that during the recent troubles in Russia, the Jews have been the brains of the Revolution.

If there is any Jew here tonight, I do pray he will not imagine for one moment that I say that in any spirit of criticism. Everybody who has studied this question knows perfectly well that all countries that have treated the Jews rightly have prospered. All lands which have treated the Jews ill have suffered. That is the story of history without any exceptions at all, and it is perfectly natural that the Jews, having been oppressed as they have been oppressed for so long in Russia, should have seized the opportunity, when the revolution came about, to try to bring their own people into a happier state than they formerly were. It is not for us to discuss tonight the causes

why poor Russia is today writhing in a very Gehenna of disaster, but it is well to remember these various races which are in Russia.

We sometimes hear that the Bolshevist movement is failing. We certainly know that the Bolshevists are very anxious to enter into a trade relationship with other lands. Advice has been given to many of the leaders of the Bolshevist party in Moscow by financiers in London, in New York, in Paris, and elsewhere, because they know what is likely to happen with the Russian, so impressionable, so emotional, who is now awakening to a realization of the appalling conditions in which his country has been placed, and there is a grave possibility that unless something is speedily done we are going to have the bloodiest pogrom that ever disgraced the annals of that unhappy land.

Now, it is the duty of all of us, whether Christian or whether Jew, whether we are American or whether British, or to whatever nation we belong, to try to avert that unhappy result. There is going to be, in my opinion, no revolution to remove the Bolshevist movement, but there is likely through a renewal of trade, with other countries, the bringing about of an understanding in the Russian mind that the Bolshevist ideals, if they are ideals, must be dismissed; that there must be trade between Russia and other lands, and then, following that, there will be a constitutional government and better relationship than has formerly existed.

Tonight, I understand, two gentlemen are going to speak to you against the United States

resuming trade with Russia. I think it is not at all unlikely that they make some reference to Great Britain having resumed trade with Russia through an agreement. I had just come to your country when that announcement was made. First of all, I noticed that there was a great shock against the better feelings of the American people that Great Britain should have had any dealings with such terrible people as the Bolsheviks, and then in two days you go over that shock and you began to wonder whether there wasn't anything to be obtained by trading with Russia, and you came to the conclusion that it was not worthwhile trading with Russia and therefore you let it go by.

Now, Great Britain, it is true, has entered into a trade agreement with Russia. If you like, that is a recognition of the Soviet government, but it does not mean approval of the principles of the Soviet government any more than if you send typewriting machines to Turkey it means that the United States has approved of all the principles of Mohammedanism . It means that if we want to get this old world back into a better and more stable condition we must, to whatever land we belong, try to improve the real sources of friendship between the nations, namely trade.

People often come to me and say, "Your government has entered into a trade relationship with Russia. What advantage are you going to get, because Russia is not a manufacturing country?" That is perfectly true. Russia is an agricultural country. Eighty-five percent of the people in Russia are engaged in agriculture, and it is for that very reason that we, of Great Britain, being an agricultural country, that we have entered into relationship because we and they have something

to exchange. They have got to give us wheat and many agricultural products, and we, in return, can give them the railway equipment that they so urgently require. We can supply them with agricultural machinery, and by the ordinary process of commercial barter, we can get from them what we very much need, and supply to them what they also require.

It is by this interchange of commodities that people have, that a better method will be provided to get this wobbly old world of ours back to stability, much rather by that means than by the wire-pulling experiences of diplomats all the world over.

When trade is resumed with Russia, as it is going to be resumed, it won't be Great Britain that is going to get the first advantage. It will be Germany. Germany is next door to Russia. There are two million Germans in Russia who are bilingual, and Germans have made a special study of trade with Russia. Why, in the year before the war, 1913, of the manufactured articles imported into Russia, 47% of them came from Germany. It is not for me – I would not do so – it is not for me to give any advice to the manufacturers of the United States, but we of Great Britain used to suffer grievously in our commerce with Russia because we did not adapt ourselves to the Russian desires, and if you trade with Russia, it will be necessary for you, I take it, as for ourselves, to adopt the means to secure the trade of Russia by giving Russia what Russia desires.

The British manufacturer takes to Russia what he considers the best made article in the world. He offers it to the Russians. The Russian says, "Yes, it may be the best made article in the world,

but I do not like the color. I want it to be painted with green with roses on it.” “Oh,” says the British manufacturer, “we never make things like that.” And so there is no business. But the German manufacturer comes along and says to the Russian. “What kind of article do you want and I will provide you with it.” Again, the German provides catalogues in the Russian language. He gives Russian measurements. He provides transport to the place of destination and not the frontier, and throughout the whole of Russia, in my many travels, I found in all the great commercial centers, in every bank there was a representative of Germany to give advice to the manufacturers of Germany about the qualifications of the men who want to trade.

Now, you may hear tonight serious things about the Soviet government. You may hear many denunciations of the principles of Bolshevism, with all of which I and you will cordially agree. Because of those arguments it may be alleged that you should not enter into trade with Russia. If that be so, let me most politically put this question to these gentlemen: “If you wish the welfare of Russia, if you desire the welfare of the world, what is the alternative to trade with Russia?”

We would like to know the alternative because, as I said when I first came up here, it is by the interchange of trade that the stability of this old world will be secured. We have got to study the science of commerce, and it is by that means that we will be able not only to do advantage to ourselves, but to the advantage of the rest of the world as a whole.

Many of you, I know, must have journeyed in Russia, and you must have been struck, as I have

frequently been impressed, by the many similarities in the characteristics of the Russian people and the people of the United States. I know Russian people look with great admiration to this mighty Republic, are drawing their inspiration from your great men, are watching the methods whereby you do business, and the Russians would like to imitate you and, therefore, just as Great Britain is doing a little at the present moment in Russia, through the means of increasing trade, so I believe the United States is going to do a great deal in the future by showing that brotherly spirit towards the Russians, which the Russian people are so anxious to secure.

I am not speaking at this moment in favor of the United States or of Russia or of Great Britain. I am trying, if you will allow me, to take a broader vision, to realize that the issues of the world today are not confined to any one country but spread throughout the whole of this great world. Russia today is making the greatest political experiment that has ever been made in the history of this world and, therefore, whether we agree with the politicians over there or not we can show a living interest in Russia, because Russia with its innate spiritual and democratic qualities, is destined, I believe, to take one of the – nay, I sometimes believe – the foremost place in the future development of the world.

You are going to hear, perhaps, protagonist speeches. I have not tried to be a protagonist. I have just attempted to point out one or two lines along which we must look at this great problem, and now you and I will be delighted to hear the others. (Applause)

MR. WICKERSHAM: The next speaker has peculiar qualifications for understanding some of the elements of this great problem. Born in Norway, educated partly in France and Germany, his final collegiate education taken in the United States, Mr. Gade, during the great war, first worked under Mr. Hoover's organization in Belgium, and then during the period of the war after the United States joined, was in the Navy as the officer in charge of the Naval Intelligence of the Scandinavian countries. After the war, he went back as High Commissioner of the United States to the Baltic Provinces. No one is more familiar with the general problems of the Baltic than Lieutenant-Commander John A. Gade, whom I will now present to you. (Applause)

Second Speaker

The Honorable John A. Gade

High Commissioner to the Baltic Provinces

Mr. Chairman, gentlemen, permit me first to correct my friend, Mr. Wickersham, by saying that I was born in Cambridge, before I start on the Russian problem.

Ever since the closing of the great war, we have repeatedly returned to this vital and far-reaching topic with an ever-increasing anxiety, with a conscious feeling that we were losing opportunities, that we were temporizing, that we were shirking our duty, following a non-constructive, negative policy and that the other great nations of this world were seizing the golden opportunities which were America's for the asking.

Touching the Russian problem at any time during the last few years has at once found those who were interested arranged in two bitterly hostile camps, incapable of finding a common meeting ground, of reconciling their points of view or of compromising. To one side you were a Bolshevik with hands reeking with blood, to the other a hopeless reactionary. Passion instead of reason has guided decisions and opinions.

The economic condition of the world as well as the question of foreign trade relations with Russia alters from month to month. On the other hand, while I believe we may speak of such a thing as compromise in politics, there is no such thing as compromise in economics. The question of resumption of trade relations with Russia can, I believe, thus only be answered for the day on which we are speaking. I approach this in this manner. It seems to me that there are three sides to the question – the economic, the political, and the moral. Surely there is a certain relationship between the three.

Let us first take the economic side. Large portions of the civilized world are starving, huge bodies of workers are unemployed, trade is languishing, the chaotic conditions of European economics grow worse instead of better. Russia, the world's greatest grain market, exports nothing to the many peoples that depended on her for their wheat before the war. Up to the last few months, foreign imports into Russia have been practically nil. And this is due, some state, to the senseless hostility of the foreign governments towards that which has now ruled over what is

left of Russia for almost three years. An artificial and incongruous state of affairs is allowed to continue, which does more than anything else towards perpetrating and stimulating world paralysis.

Let us analyze it a little deeper. Trade is dependent upon three things – upon interchange of wares, upon cash, and upon credit. The Soviet government from its side is more than anxious to secure the products of the entire outside world. She is in crying need of them – of everything. The enterprising American promoter who was recently able to inspire such confidence in the highest official Soviet circles returned to this country with orders to purchase American goods to the value of three billion dollars. Just think of it! And this at a time when our factories are idle, our workmen hungry, and our newborn merchant marine rotting in our harbors. The Soviet government is anxious, though not equally so, to purchase from Great Britain, Germany, France, and Scandinavia for three and a half billions more. But first of all, what has she to give in trade in return? Has she the wheat, the flax, the copper, the coal, the oil or the lumber? Her own economic journals, her own statesmen and our merchants, well-fitted to judge, and returning from abroad, all unanimously state she has not. Month upon month we find upon one side a lessening in Russian productivity and an increase in her own domestic requirements. Our immediate question is not whether this was primarily due to the war, to imperial mismanagement, or later to the false economic theories of the Soviet government, or the stupid policy toward the peasants, or the nationalization of industries, or to the increase in production cost per unit which strangled instead of stimulated productivity.

Our question is simply: Has Russia today anything to export that is worth considering? To this, the answer is no. Even the “Economic Sheskaya Zhian,” the official economic guru of the Bolshevik party states in a number of last February, that the production of Russian supplies during 1920 fell from 12 - 60% short of the scanty quantities the government itself had hoped for.

Every commodity shows a depressing condition, a depressing decline in output. The Russian proletariat and peasant either can't or won't produce or export. I say “or export” owing to the paralysis of the entire Russian transportation system, making it well nigh impossible today to bring to frontiers and harbors such scanty articles which might possibly be exported.

But to go further, such articles as Russia still produces and the rest of the world covets only cover a small percentage of what is so cryingly needed for domestic Russian requirements. The peasant produces only the grain and flax he himself needs, knowing any surplus will be robbed by the government agents. Shipments to the frontier must be heavily guarded so as not to be stopped by the naked and famished population of the districts traversed by the cars.

Rapacious foreign agents may think I have erred in emphasizing that Russia has nothing to export. Omitting for the moment the question of gold, the Russian government has jewelry, precious stones, and works of art to export. According to our unprogressive ideas, they are still

the property of those from whom they have forcibly been seized. That does not, however, alter the fact that the jewelers and antiquity dealers of Riga, Stockholm, Berlin, and Amsterdam can prove to you daily the value of Russian exports.

But other governments believe it profitable to trade with Russia – surely America is either bigoted or blind to opportunities for lucrative barter? How about the recent British Trade Agreement? Let me rather touch upon it under the political aspects of the matter for, from the British side, I claim it is the outcome of political rather than commercial consideration.

There are today no hindrances against any American trading with Russia. Last year our trade with her amounted to about four million dollars. While before the war it mounted, alas, to only about 1- 1/10% of our total trade. There is today no blockade. There are no restrictions.

Russian gold may be and is imported freely to this country. Quantities of it are today actually on the way here. That consular and diplomatic offices are not imperative is shown by the fact that larger contracts have been signed and concessions given to American businessmen without the presence of these officials, than ever before proved the case when representatives of the State Department were most insistently pressing American claims and opportunities. A number of our very largest corporations have representatives today either in Russia proper or dealing with the Russian government representatives in Copenhagen, Stockholm, Helsingfors and Reval. Russian imported only, through Baltic ports, about 35,000 tons during the month of April.

Even Krasin has recently wisely but sadly stated “Little trade is to be expected with Russia.” Such Swedes or Balts as I have talked with looked at trade difficulties from a different angle than this one from which I have argued. They argued from the standpoint that their principal difficulty seemed to be the fact that the Soviet government’s representatives themselves wanted too much profit in any transaction – from 25% to 33% of the actual payments. It came well nigh impossible to cover over such amounts in the transactions, before they were referred back to the Moscow Commissariat for confirmation. So much for the interchange of wares.

And as for the credit: I am ignorant of the present rate at which money is being printed in Russia, but during the end of my sojourn last year they were printing at the rate of more than a billion rubles a day. We have read of late, among other reforms to be instituted by Lenin, that he proposes reverting to a metal currency. Be it true or not, I believe one of the Bolshevik commissars was quite right when he remarked to a mutual friend, “No revenue can cover our expenditures; only one thing remains to be done – issue money ad infinitum.”

The Hun is generally pretty careful in his business negotiations. Such have recently been taking place between Krasin and a ring of German industrials, among which Krasin’s old employers, the Siemens Schuckert Co. figured prominently. The Hun proved both obstinate and obdurate when it came to the credits demanded. No one has understood, or understands today the Russian market, as well as the German commercial traveler. The German representatives embarrassed

Krasin by asking how he was to pay for orders he had placed or was anxious to place amounting to billions of marks, when they believed only 145 million gold rubles were left in the Russian treasury. The general agreement reached forced the Soviet government to agree to pay a deposit of 50% cash upon the entering of the order and the remaining 50% when the goods were ready for dispatch from Germany.

For this purpose, diamonds to the value of 8.5 million marks have recently been disposed of in Berlin. I left one Russian lady in tears one day. She had seen displayed, in the window of one of the best known jewelry shops, the pin which had been her husband's wedding gift, last seen by her in the Petrograd Bank vault. Are Americans anxious for such opportunities?

Concessions have, as you probably know, been prolific of late. Coal and iron to the Germans, oil to the British, timber to the Americans, and we have heard of projects to denationalize trade and industry in order to allure foreign capital. I contend that any considerable amount of credit extended by us to Russia would seriously jeopardize our economic life. Russia's needs are enormously in excess of any capital she has. Foreign capital requires security, and Bolshevism, by its very nature denies that security. To eliminate capital and profit upon capital is the *raison d'être* of Bolshevism. And cash – yes, it is freely offered. The seventy million dollars of gold and the platinum reserve, still left, will soon be gone, and then – what then? What is left today is more than cryingly needed for any future reorganization of the Russian currency.

How far is it possible to employ Russian gold or the property of others for payment in an honest capitalistic country, where property rights are still held sacred and protected by international laws, has at this very moment been thrashed out in the English courts. Last week the English Court of Appeals made an extremely important decision as affecting future English trade and political relations with Soviet Russia.

In opposition to Mr. Lloyd George's earlier contention in Parliament that the trade agreement made by Great Britain with Soviet Russia was not tantamount to a recognition by the United Kingdom of the Soviet government, the British court held that the Russo-British trade agreement did constitute a recognition by the British court of the defacto Government of Russia, and as a consequence no goods seized by the Soviet government and sold to British subjects could in British courts be claimed by the former owners of goods. Krasin evidently knew better what he was doing than the astutest of today's British politicians. Krasin's trade agreement has brought about the political recognition which was his true aim, and he was on Friday negotiating for the lease of the larger part of a London business block for use as a bank.

Mr. Hoover is of the opinion that if any one European nation accepts the gold, no doubt all of them will. Despite the recent trade agreement between Germany and Russia, the German State Commissioner for Public Order, Dr. Weissman, in a recent letter to the German Foreign Office, informs it that Soviet Russia is again flooding Germany, England, and Sweden with counterfeits of their own paper currencies. Recently arrested German Communist leaders possessed large

quantities of brand new Reichsbanknotes that were traced directly to their Russian source.

But whether the French or Belgian or Roumanian government do or don't warn the recipients that a final accounting will someday have to be made, we surely cannot sully our fingers with taking what belongs to others. Such gold as has been seized from the previous Russian government can only rightfully be considered the property of those who in return for bonds lent Russia their savings or trustingly sent their treasures to her for safekeeping.

Now, are we working in a vicious circle? Is the lack of exportable articles in Russia primarily due to the absence of a preliminary import of foreign raw stuffs? To a certain minor extent, yes – to a larger extent, no. The steady degeneration of the Russian coal, oil, flax, and lumber industries and of her agricultural products are not due to lack of foreign imports. I saw Swedish agricultural machinery and tools pouring into the station of Narva, en route for Russia, over a year ago.

And again, in view of the fact that Russian-American trade has always been lamentably small, as also to the present lack of wares, cash and credit, our idle workmen certainly could not expect any appreciable resurrection of American industry and increase of American exports owing to the resumption of even the closest American-Russian trade relations. Was not, after all, Mr. Morgan right, when he told investigating congressmen that in the last instance the greatest asset in business was “confidence?” How much of it have American businessmen in the

representatives of the Soviet government?

I have dwelt at length on some of the economic aspects of the case and shall touch more briefly upon the political and moral sides to the question of trade with Russia, which, I contend is far more a political than an economic question. This has repeatedly been emphasized by the great leaders in their Moscow speeches. I do not undervalue the high mental caliber of some of them and they are far from blind to the fact that until they abandon their present economic system, trade must and will languish. Trade is the means, political recognition the end. Any concessions, any price, any sacrifices possible in the former will be justified if the latter is accomplished.

What the Bolsheviki hope is that recognition by the Great Powers, or by one of them, will validate their title to all confiscated and stolen goods. Any negotiations as to trade relations invariably must lead to a certain amount of political recognition. Any negotiations whatever imply on the part of both negotiating parties a recognition of the existence of the other. Up to the present, the United States has not recognized the present ruler of Russia as a government in any way representative of or for the Russian people. And our government further believes that as long as the Bolsheviki remain in power and maintain their present policy there can be no security for foreign capital invested in Russia.

There are hundreds of American importers and exporters anxious today to do business with Russian citizens. But this is impossible, owing to the fact that the Russian government has

suppressed the right of private citizens, whether individual or commercial corporations, to engage in foreign trade.

Six months or so before the Soviet government succeeded in bringing about their initial negotiations with the British government's representatives in Copenhagen, a well posted person arrived from Moscow to see me. He informed me that Reidel has just informed him of the orders he had recently received from Lenin to spare no pains or expense in the enlarging and development of the school of Eastern Propaganda in Moscow. By means of its students, Britain's Asiatic Empire was to be so honeycombed with sedition that in bringing up a trade treaty in the fall, the Soviet government would hold such threats and weapons that, according to my informant's repetition of Reidel's words: "The proud British capitalists would for once be brought to their knees."

Gentlemen, you have seen the course of events. Referring to the negotiations, Krasin said in a speech in Russia not long ago, "To assist in consummating the British-Russian trade agreement the Moscow representatives gave out various orders, to Shaw, the Armstrongs, the Marconi Company – inquiries resulted and industrial pressure was naturally exerted on Lloyd George and the Foreign Office – just what I wished."

I have made a superficial examination in the foreign offices of four European governments as to the activities of the so-called trade delegations which had arrived from Russia to initiate trade

relations. The smallest of these delegations numbered thirty-eight. The population of the entire republic was not equal to a third of Greater New York City. All four foreign offices replied to my questioning, “We are not so much embarrassed by the volume of trading set on foot by the flood of delegates but very seriously so by the uninterrupted political propaganda to which the delegates directly and indirectly are directing their principal energies.” I doubt if the Soviet government would turn over a new leaf in coming to New York.

A recent statement by the Soviet government is illuminating. It reads: “Countries which have decided to trade with us, have done this not because they wish to, but because circumstances forced them to follow such a course.” And finally, how about the moral aspects of the case? Mr. Hughes summed up much in a single one of his recent terse utterances: “Production is conditioned,” he said, “upon the safety of life, the recognition of firm guarantees of private property, the sanctity of contract and the right of free labor.”

Where these are not acknowledged, it is futile to waste breath discussing the possibility of trading. I remember of finding once in the library of Leyden the account of a lengthy discussion held by the University’s learned doctors in the 15th century on the topic of whether the Pope, with whom they evidently were not acquainted, did or not have a beard. Is there not something familiar in the idleness of the present discussion – at least until the Soviet government falls?

Do you deal with a butcher or a baker you know when he is not cutting his joint or his loaf, he is

constantly deceiving your friends and is secretly plotting to set your house afire? And if not, why on earth should you do so in the case of Mr. Lenin? It is a grave charge, but the Soviet leaders have themselves stated their intentions.

Does not friendship and honor require us today rather to protect than despoil the interests of a former friend and ally? Shall we be party to weakening Russia still further by a policy of spoliation, conceived in other than Russian interests? I have often thought of a cynical heading to an article I read in a Russian paper last year, in which recent concessions given foreigners by the Soviet government were enumerated. The article was headed, "The Robbing of the Corpse." I allow there are still jewels left for us to snatch.

I feel we have come to an increasing realization that in Russian Bolshevism the world has not a mere local problem capable of being handled by the usual methods of tactical expedient, but that the whole case of Bolshevism is a matter of deep principle, the entire conception of Communism, with all its political and economical corollaries, being beyond compromise with those conceptions of law and morals which govern modern civilization or the economic foundations on which are based actual world welfare.

The conception of Communism, now characteristic of sound American judgment, is in utter contradiction to the treatment of the problem by those countries in Europe which have sought to change Communism and which have believed Lenin recently to have professed a change in his

earlier Bolshevik policies. I do not believe we can underestimate the disastrous results which would be wrought on the morals of the world if the government of the United States had been moved by mere political expediency in dealing with the question of Russian trade.

Other great nations have been so moved. I am all the prouder of being an American. Our leading American exponents of international law have recently emphasized that the interests of the United States must coincide with the interests of humanity. The progress of justice and morality in the relations between nations, I believe, had no more valuable and far-reaching contribution than in the precedents established by the relations of the United States towards Russia during and since the World War. I feel that instigating trade relations with the Soviet government would not only be an economic fallacy, but a moral taint upon us. (Applause)

MR. WICKERSHAM: The next speaker on the same side of the question is Mr. Jerome Landfield, who has been in charge of the Russian Division of the State Department. He has resided in Russia and he is well qualified by experienced knowledge and discussion on the ground, and by having an intimate part in the conduct of international affairs through our own State Department at home. Mr. Landfield. (Applause)

Third Speaker

Mr. Jerome Landfield

Adviser to State Department - Russian Division

Mr. Chairman, ladies and gentlemen, I was delighted to hear what our friend from the northern part of the British Isles had to say and I must tell him with what pleasure I can announce that I agree with him, for no one, no sane man, no public spirited man, can hold any brief against trade with Russia, mind you, I say trade with Russia, and not the particular kind of negotiations which are proposed with the Soviet government. I am all for trade with Russia just as I know you are. It would be one of the healing streams to bring about better economic condition in Europe generally and the resurrection of the Russian people especially; but this is a quite different question. We are dealing here not with these generalities, with these humanitarian principles in the large; we are dealing with specific application of certain negotiations, with certain practical questions at the moment.

I could have wished that this question had been stated a little more broadly, so that we might be in a position to suggest or to try to work out something constructive as to our general Russian policy in its broader aspects, and not simply on the commercial side, but this is the case. I want to bring to your attention certain considerations that are suggested to me by the particular negotiations that have recently been in progress.

In the first place, trade has been opened with Russia for the past ten months. There has been no obstruction to any American who cared to trade with Russia since last July. To be sure, some people have said that it might be well, that it might be important; the situation might be improved

if we could have consular representation, if we could have postal facilities, and some people have said we ought to accept the Soviet gold at our mint.

May I just take a moment, although I do not want to dwell on that side of it, I regard all of this as secondary, to point out that the only organization with which anyone can trade in Russia today is the Soviet government itself. There is no trade with the people of Russia unless clandestinely, that is entirely, totally forbidden, and since you are trading with a single organization which has its agents, which has its headquarters, you do not need to send men into the interior of Russia, you do not need to drum up trade with individuals, you do not need postal facilities, and as far as the gold is concerned, our government makes only the same conditions that it does if you or I should go and bring gold from California mines or from New York banks. Our government does not undertake to guarantee you in the possession of that property until you can prove your title. That is the sum and substance of the regulation of the mint applied to Soviet gold, but all of this is rather beside the case.

I am very glad indeed that Commander Gade went into such detail, into the technique involved in Russian trade, and showed you very clearly the impracticability of the actual operations on account of the difficulties of payment, on account of lack of commodities, exchange, and on account of the dishonesty of the parties with whom you deal. I want to touch upon a quite different topic.

In spite of the fact that trade has been opened with Russia during the past year, during the past ten months, there has been no trade to amount to anything. Possibly a trifle less than two million dollars' worth of stuff has come out of Russia, and perhaps twenty million dollars' worth of stuff has gone into Russia. Incidentally, I might remark that the Estonian figures, the official figures, show that two hundred million dollars worth of gold has come to Estonia, or more than ten times as much as would be required to pay for all of the imports, and the gold has been used for other purposes.

Now, if there were any trade possible, you can trust our businessmen to go after it. You can make sure that they made their own investigations and they have sought every opportunity for profitable and legitimate trade, but none has resulted. And yet what do you find today? You find a tremendous agitation for trade with Russia, not on the part of the businessmen, but on the part of people who are not at all concerned with business, in fact, on the part of many people who are opposed to business, and that agitation is not a cheap agitation. That agitation which secures journalists, which secures a whole crowd of speakers, which organizes all kinds of debates, which carries an unceasing propaganda throughout the country, costs a whole lot of money, and it is not being spent by the people who wish the trade; it is not being spent as production expenses by businessmen. There is a reason.

I wondered if it ever occurred to you what a similarity there is between the methods of this agitation, between the general campaign that is being carried on and the campaign of one of

these swindling get-rich-quick stock selling concerns. The analogy is startling. First, you have representations of the marvelous resources that are going to come out their mines and then presently items appear in the papers pointing out how someone just next door has struck it rich and how – then they come and tell you, of course, you all know the way in which these enterprises are conducted; then they say to you, “Oh, all of the Wall Street crowd wanted this, but we didn’t propose to give them control and so we, being altruistically inclined, are keeping it for the poor people,” and so it goes. Presently, they manage by some money gift or stock gifts to persuade some men with more or less prominence and sometimes good names, to go on the Board of Directors as decoys, and then you have a great show of prominent stockholders.

Now, all of that is exactly similar to what has been going on in this so-called trade with Russia, trade with Soviet Russia agitation. I look over in the German papers and I find reports of the enormous contracts which Americans have been getting away with, and I look in the New York papers and I see that German firms have sold 600 locomotives to the Soviet government for gold. That item appears about every two weeks. When we go and talk with the German manufacturers themselves, they tell us there is nothing in that, that they came to us and held out a proposition, but we found it was only fraud, and that the only effort that was being made was to make an impression of loyalty as a cover for political agitation, and we are suffering from that political agitation today. If that is the case – and by the way, I must tell you a little incident that came to my attention only the other day. A representative of the Soviet Bureau here on 14th Street came to the office of a friend of mine, a representative of a large corporation, and said, “You ought to

be doing business with us. We are in the market to buy a lot of machinery; we are prepared to place an initial order of a million dollars.” That sounded pretty good. He was a little skeptical still. So the Soviet representative said, “Why, all the other companies are doing it. Now, here is this corporation, one of the biggest corporations in America, by the way, has just sold us a million dollars worth of agricultural implements. They are to be shipped next week from here on the steamer Valiant Prince, which is coming up from Baltimore.”

Now, information like that, so definite, made quite an impression; it would make an impression on anybody, but I said, “Hold on a minute now; I know the sales manager of that corporation. I will call him up on the telephone.” I called him up and told him the story. He laughed. He said, “A year and a half ago we sold some agricultural implement to the Moscow Narodny Bank, which was the bank of the Russian Cooperatives, and they have been stored in Baltimore ever since, piling up storage charges and now presumably the Bolsheviks, the Soviet authorities, have managed to offer some kind of inducement to the representative of the Moscow Narodny Bank here to give up these implements and let them be taken over to Russia. We wouldn’t have any dealings with them. They came to us and offered to buy a lot of stuff and when we pin them down about payment or about credit, they had to confess it was only a bluff.”

Now, that is the situation about this practical situation with reference to trade, but what I am concerned with is, what is the object of this campaign? It isn’t enough merely to say, although that in itself is important enough, that they are planning a worldwide revolution and that all these

are only steps in that movement. We have seen recently a different kind of agitation. We have seen an agitation not only in the radical press, where it chiefly started, but we have seen items coming through the conservative press, telling us that Lenin and his crew had seen the error of their ways, but they had reformed, that now they were ready to abandon Communism and now want to deal with them. They have said to us, "Of course, if the Bolshevik regime falls, there will be chaos, there will be nothing then to take its place, therefore, while we deplore all of these misdeeds, all of these mistakes, all their lies and confiscations of private property, well, let bygones be bygones, let us make the best of it and take up the relations with them.

And so I began to think, what is there back of it all? Then I remembered that Krasin came to London – Krasin. A man who had been a very prominent businessman, an engineer who confided to a friend of mine two years ago in Stockholm, that he was in no way a Socialist or Communist; in other words, he was out for his own pocket, a man so unscrupulous that friends of mine in the electrical business in Moscow, in the machinery business, finally had to insist that his company send someone else to them, someone in whose word they could have a little belief – Krasin came to London and proposed and brought about these negotiations.

Now, we knew there was no trade to be had. Commander Gade has shown conditions which were perfectly well known, both to the Bolshevik and to the English negotiators. Why, then, was this carried on, these negotiations? They were carried on for the purpose of securing recognition of the Soviet government and the purpose of that recognition was to legalize all of the confiscations, expropriations, and plundering that have gone on – and why that? Because the

government was getting toward the end of its easily convertible resources and wished to be able to convert industrial properties, railroads, all manner of real estate, factories, plants, mines, and so forth, for their own purposes.

You see how easy the game would have been for them. Any act done by the Soviet government is legal as far as an English court is concerned, no matter how unjust, provided it is finally recognized. There is no going back of the record of that government, and so when the negotiations were finally concluded, I didn't believe for a long time that it was the intention of the British government to complete those negotiations. There was every evidence that they were only stringing along the Bolshevik delegation in the hope that something might happen in the meantime to relieve them from the difficulties, the difficulties existing due to the agitation among radical labor in England, and the difficulties in India and the Near East; but the negotiations; but the negotiations were completed and the clew was given by Mr. Krasin in an interview which he gave to labor in Moscow, the economic life to which Commander Gade has referred.

There were parties anxious to have those negotiations completed for their own purposes, and I found out who they were. I am not going to tell you, but I can indicate that there was one financial group which was anxious to do business in Russia on one particular plan. Everybody wants to do business with Russia. There isn't a business group in Russia that is not looking toward that great field for the investment of capital and the development of resources, but this

particular group had its plan. It proposed to bring the necessary pressure on the one hand to secure the recognition of that government with whom they had already prearranged the purchase and the lease of the bulk or the cream of the industrial properties of Russia, which had been seized from their owners and were now in the hands of the Soviet government, the possession of which would be legalized by that recognition, the transactions by which they were sold would be legalized by that recognition and they would be sold to the particular group that was pressing for that recognition and which was assisting in the general agitation abroad for that purpose.

But that wasn't enough. I could see clearly that if they could get recognition, they could make the deal go through. But how could they work those properties? The developments that have taken place in the last five months in that regard are very striking. These developments are very largely the result of what has happened in Russia itself. The Bolsheviks never had a plan, never had a Communist scheme worked out. They were opportunists working from one expedient to another as they go along, as they have been up against the development, slow but sure, of the great peasant movement in Russia. There has been a blockade by the peasants on the one hand of the Bolshevik policy, but on the other hand, the vast mass of peasants, agricultural peasants, cut off from the cities, cut off from the goods that they formerly got from the manufacturers have been developing their own home industries and they have not been shipping food to the cities, and the Bolshevik government has to fall, if it cannot get food, if it cannot supply its city population with food.

The particular group in question represented to Lenin and his crowd, “You are approaching disaster, you cannot cope with the development of the big peasant population. There is only one thing that can save you and that is to satisfy the needs of the peasants with the things in turn for which they will give you food. Now, you cannot buy those things outside of Russia, you haven’t got money to pay for them, you haven’t got goods to pay for them.

The only thing that will keep you going, that will keep you in the saddle, is for us to come in, operate these plants, and furnish the goods to the peasants, and we can only do that if you make such changes in your Communist program as permits the operation of these plants along the lines of capitalistic exploitation. You can camouflage it any way you please. You can square yourself with your followers and your theories as you please, but that must be done.” And that announcement was made by Lenin on the 15th of March of this year.

That was the famous concession to foreign capitalists. Lenin said very frankly, “We will make those concessions to foreign capitalists; we won’t make them to Russian capitalists. They cannot operate plants, because if they do they will demand some share in the government, they will demand some political voice, and the foreign capitalists will not.” That was all well enough from Lenin’s standpoint. He didn’t give up his theory of world revolution. He said, “We must remain quiet for a time, get this capital in, get the prosperity for the time, in order to prepare for the next world struggle, for Communist revolution.”

But what did this financial group do? Suddenly we get news items, not in the radical press, but from Riga and from London, about this change, about the possibility of doing business, how everybody, every government must recognize Soviet Russia, so that it can go on and join again the family of nations and Communism and the Soviet theory will disappear. It will be modified.

The Soviet government cannot modify itself by any economic concessions. Why? It rules frankly by its own statements, by terror, and there never yet has been a case in history where any governing power could rule by terror, by sheer force and terror, a small minority contrary to the majority and then relax that terror and get away with it. The moment the terror is relaxed, all of the passions, the desire for vengeance in the group that has been held down, bursts forth, because that relaxation is taken as an admission of weakness. The political regime of the Soviet government cannot be modified into anything representative, into anything moderate, because it has burned its bridges behind it.

But the view of this group is, first of all, we get ahead of everybody else by our arrangement with the Soviets. We get these properties which have been seized from A, B, and C and turn it over to us and we can go on working them and making this tremendous profit if we can prolong the operation, prolong the maintenance of that particular political group to whom we owe these concessions and under whose protection we shall exploit them.

That in a nutshell is the situation represented by signing of the British-Soviet trade agreement on

March 12th. The court decision, the decision of the High Court of Appeal, the decision handed down by Lord Justice Banks is very significant. It is significant, not simply because its implication is that this particular government can suddenly realize upon its plunder, can sell that plunder abroad, can buy whatever it sees fit with it, because that in total amount is not great – it is significant because it sets the way, it perhaps establishes the way for the sale by prearrangement of the factories, the workshops, the mines, and other industrial properties of Russia to the exploiting group. The plundering of Russia in this way does not mean the resurrection, the reestablishment, the reconstruction of the Russian people and in that we are vitally interested.

I want in conclusion to turn to the significance of the resurrection of the Russian people as a part of a constructive American policy, of American world policy. We have not in the past set before ourselves many lines of general policy. We have one with reference to South America; that is the Monroe Doctrine. But we have another very big interest in a world policy and that is the policy toward Russia, and that policy is not a matter of whether A, B, and C among our merchants manages to sell a few million dollars' worth of implements, of machinery, of certain other commodities to Russia, our interest lies in certain larger considerations. We shall undoubtedly in the future, with the amassing of our great surplus capital, seek outlets for that capital. We shall undoubtedly, if we are enterprising, play a large part in the development of Russian resources. All of that means so much to Russian civilization, provided only that conditions there make it possible, but we have another and a larger interest.

The Russians have on many occasions exhibited a striking sympathy for America. We have certain things in common despite the difference in rates. Their spread across Siberia, making their way as pioneers, corresponds to our development of the Great West. They see things in the large, they are used to agriculture in the large, they are idealists in the best sense of the word. I will grant that they are lazy. I will grant that they have many shortcomings of that kind. It is due sometimes to climate, sometimes to previous government, but they have marvelous possibilities, potentialities.

They will, I believe, be a great people. A mass of 150,000,00, speaking one language – the other races there amount to very little in proportion – having one culture, having a certain mutual interest, just come back. Now, what is our interest in having them come back? What is our interest in preventing their being split up, preventing their being kept in disorder, preventing the major portion of them being held down under this little group dominated by certain foreign finance? I am going to point out just one side of that question.

We are interested in the Pacific. We are interested in the “open door” in the Pacific. There is there, as you all know, a great Chinese problem, and we have also a problem which we term the Japanese problem, which I do not believe is so dangerous, provided certain events take place.

Suppose Russia, that great contented Russia, not a Russia split into parts, striving to get together

again and developing a militarism, developed an aggressive militarism, subject to all of the intrigues of aggressive neighboring nations, suppose a great contented Russia, devoted to internal development, comes back and again brings a strong body of the white race to the Pacific? Their friendship with us, their natural feeling of sympathy with us, their natural desire to do business with us, unclouded by political considerations, unclouded by any ulterior motives on the part of one or the other, means the maintenance of our intents in the northern Pacific, which together with the sympathy and friendship of the British colonies in the southern Pacific, means the stability of peace in the whole of the Pacific area. It means the avoidance of what otherwise might come, namely, a bitter and costly conflict, a great war for the control of that vast area, and then in general, I think we may look forward with confidence, in case that Russia comes back to a general giving forth of those ideals, of the spirited character of Russia to which Sir John Fraser Foster has just alluded. That to my mind is pointing the way to constructive effort.

On the other hand, simply to take such immediate steps as would enable a small group to dispose of its plunder and not devote the proceeds to the welfare of the Russian people, but merely to put them in worse case, that to my mind is by no means a solution worthy of the American people and of the principles for which we stand. (Applause)

MR. WICKERSHAM: The last speaker we have this evening will close the discussion by taking the affirmative of it, a member of the United States Senate who has not been content merely to make an academic study of this question, but who is about to go himself to Russia for the

purpose of studying on the ground the various elements of that problem. I wish he had been there and had just come back, in order that he might more fully enlighten us with the conditions and the aspirations to go. He might perhaps help us to form a sane judgment on this question. I have the honor of presenting Senator France of Maryland. (Applause)

Fourth Speaker

The Honorable Joseph I. France

United States Senator from Maryland

Mr. Chairman and members of the Economic Club, it is a very great pleasure to be here and to have the opportunity of discussing this question with you. Generally speaking, and you know senators are generally speaking (Laughter), sometimes I think that there should be a general statute to prevent senators from so generally speaking in order that they might more generally be intelligently, frequently, and considerately listening.

The more I think about the Russian question, the more I am convinced of that wise saying of that modern statesmen, who said that, "every propaganda has its proper goose." It is true that next Tuesday I shall sail to visit Russia, that great mysterious land which for so many months has been hidden from our view, shrouded in the deep clouds of war and revolution. Some people ask me why I am going, why a senator should leave his supposedly comfortable and safe upholstered chair to hazard the dangers and the annoyance and the difficulties of a trip to that land of

mystery: but the answer is very simple. You cannot solve the problem, as Sir John has said, worthy of the restoration of the world, until we have scientifically, intelligently, carefully, and accurately studied the Russian problem and found a solution for it, for the Russian problem is not only the problem of Russia, but it is a problem of the restoration of the world and of Europe.

(Applause)

That is my view of it. I feel that I am justified in leaving my duties, that I must go, because we must know the conditions which prevail in Russia, and how strangely it is that in this country the very men who are so selfish that we should not trade there, are the very men who wish the great veil which hides from us what is transpiring in Russia, remain on the ground in order that we might not see what is transpiring there.

I am not a Communist; I am not a Socialist; I have no sympathy with those modern Perunas; I hope I may and I hope I shall ever be a Hamiltonian Republican, a believer in the principles of George Washington and Thomas Jefferson. I hope that I may always be so, but nevertheless, I do feel that we should study, and we should study, and we should have studied most carefully the Russian question.

Why, here has been transpiring the first great revolution of modern times, the first revolution in the world, in this modern time of scientific investigation, or possibilities of accurate record; the first revolution in the time of modern political economy and of science. As Sir John has said,

Russia has been a great governmental laboratory in which all kinds of governmental experiments are being tried and by some strange propaganda which has changed the American spirit, we have been too timid to see what has been going on in that great laboratory.

Is that the American spirit? It is not. The American spirit fears not to see the truth. We are convinced that our government was founded by men who believed in the invincibility and immortality and of truth, and we do not and we should not fear to know the facts and we must have true facts before there can be wise acts.

Why, the moment we heard of the Russian Revolution, we should have sent Commissions there, political commissions, political scientists, students of government, students of history, publicists, moving picture cameramen, phonograph machines, in order that we might know what was going on there, in order that there might have been an accurate record of all that was transpiring there.

That is my theory, and I think it is a theory which is perfectly sound. Why, it is said that it would be dangerous, highly dangerous, to allow Russians to come here and preach Communism. That is not my theory. My theory is that we should let the great American truth go out to Russia and meet the error which is there, and if there be an error here, we want truth from anywhere to meet it.

I agree so much with what old John Milton said – and after all, this is the essence of the Russian

question, whether we believe in free discussion, in full information, in having all the facts on every question before us before we decide that question, and on that point, I agree with old, oh, the wonderful Milton, blind yet all-seeing, who said, “That by the winds of doctrine, we are let free play upon the earth, so truth be in the field. We do by listening and prohibiting too misdoubt her strength. Who ever knew truth put to the worst in a fair and open encounter.” And Thomas Jefferson said it in another way: “If there be any amongst us who would dissolve this Union or who would change her Republican form, let him remain as a monument to the safety with which error of opinion may be tolerated where truth is left free to combat it.”

Now, I have long been agitating a change in our Russian policy, and I shall be very brief, because you have really heard a very full discussion of this question. My policy would have been to break the bars, to throw down the cells, to open the windows, and to let in the sunlight of our disinfecting and healing friendship and affection upon the Russian people. I would sell them, send them, because they can buy all of the materials which they need, machinery, agricultural implements, certain raw products, such as cotton, which they require, shoes, all of the material which they lack, upon the credit of what they have there.

Why, it is absurd to say that Russia cannot buy because it has nothing to buy with. Russia, the great warehouse of wealth, two and a half times as great as the United States, and more than two and a half times as rich. She has gold, she has raw products, she has her concessions, which could be administered in the proper way. I shall not discuss all of the elements of this problem. I

might talk to you about the problem of gold, but it is not a paramount or a compelling factor in the problem.

How long could the United States, with the greatest gold reserve of any country in the world, continue to buy products from Europe, if she had to pay with gold? Trade involves the exchange of commodities and it can never be maintained upon a cash basis, and who maintain that the great domain of Russia, as I have said, the greatest reservoir of natural wealth in all the world, is not a basis for credit for the purchase of those things which Russia so immediately needs? Some say there is no oil there, there are no agricultural products there; there are no minerals to be mined from the mines of Russia. I might answer that by saying that I know of one instance where five million dollars worth of machinery would enable Russia to mine two hundred million dollars' worth of gold in a single year, and where a few million dollars worth of agricultural implements would enable Russia in certain areas which are now unproductive, to raise a surplus of products which would enable to pay for these implements in a single year.

There are vast quantities of raw products in Russia which could be used as a basis of credit, and so far as the exploitation of Russia is concerned, then there need be exploitation in connection with the concessions. In one certain portion of Siberia – and I am talking very informally and hastily – they need a railway a thousand miles in length, and the proposition is that to those who will furnish the rails and the cars, they will grant concessions in the immediate neighborhood which will pay those who furnish these materials under a plan by which the Americans or the

Englishmen going there will share in the responsibility and in the opportunities for the development of that particular territory, for the benefit of those not only who sell the product but of those who buy them, a process which would result in the general enrichment of the world.

Now, this subject might be enlarged upon indefinitely, but I shall not do it. I do not wish to go into an extended discussion of the whole problem of how the credit could be arranged and what the results politically would be. But it is to be remembered that the Communism which was originally so strong in Russia has been continually modified as it has been meeting the stern realities and conditions which have prevailed there. In the beginning, of course, Mr. Lenin was a theoretical Communist, a man of the very best intentions, I believe who was convinced that Communism would solve some of the many problems, and there are many problems which exist under capitalism today, but the first thing which Mr. Lenin met was the invincible determination of the Russian peasant to own the land which for centuries they and their fathers had tilled without the privilege of ownership.

And when he met that demand, it was enough for him to comply with it or to have his government fall before the peasants who knew what they wanted and were determined to have it. And Mr. Lenin, of course, being a wise statesman, and I think he is a wise statesman in this respect, conceded the beliefs and the contentions of the peasants, and immediately established capitalism in land and by establishing capitalism in land, he yielded his cause to nearly 90% of Russia, and therefore when he yielded, Russia became 85 to 90% capitalistic, and 10 or 15%

Communitic.

Well, now, is it possible for a country to be 15% Communistic and 85% capitalistic? Ask your professors of political economy if that be possible, and I would be pleased if any such professor could arise and explain how it can be done.

Not only that, it is my theory that when the 15% of Communism in Russia finds itself caught between the capitalism of the world and the capitalism of the Russian peasant, it will become more highly theoretical even than it is today, and whether it exists there at all or not is a very great and serious question. They are now resuming the coinage of silver. They have now done away with the requisitioning of grain from the peasants and it is very serious question as to what extent Communism is really operating in Russia today.

Now, in closing, and I shall not detain you very much longer with these informal and hasty remarks, I want to say this to you conservative American businessmen and bankers of New York. Every single difficulty which this government has confronted during this war has had its very simple, clear, and easy solution, and every great error, in our domestic or foreign policy, has been an error which was unnecessary and an error which has been committed because we have either disregarded or violated the fundamental principles upon which this government was founded.

The Russian policy of the United States, when it shall be examined by the statesmen and the historians of the future years, will be, I am convinced, called one of the most disgraceful epochs and chapters in the history of American diplomacy. We have had a wrong policy toward Russia, because we have had an un-American policy, because we have not appealed to the great principles which are to be found clearly written in the American philosophy of government.

Well, I know that it is quite fashionable to say, “What is the American philosophy of government?” George Washington is out of date, the Constitution of the United States is old-fashioned and no longer workable, but I maintain that there is a clear philosophy of American government. And I want to give you just a few words as to what it is, as to how we should be guided in our foreign policy at the present time, not only with regard to Russia, but with regard to all of Europe. That foreign policy is a very definite one; it seems to me, which we will formulate as a result of the application of American principles and philosophy of government.

I wish that I had the time to go into the mistakes which we have made, domestic and foreign, because we have not regarded this policy. Oh, what a policy it was. It is founded upon the everlasting and elementary fact – oh, it has been intimated that you cannot discuss moral questions when you are discussing political economy questions, but there is nothing more false than what is politically right is commercially wise. The world is made that way and it always will be so.

As Sir John has said, when you export goods, you export ideas with every deal. There is an ideal and every time a packing case is placed upon a ship to go to a foreign land, you send the American idea of the square deal of business, of the love of ordered government abroad. Now, the American philosophy of government we should be guided by can be stated very briefly. The trouble with us has been during this period of the war's reconstruction period, the trouble has been that we have ceased to be guided by the fixed star of principle and have been guided by the wandering, changing feeling of expediency, and I think I am right on the Russian question, because I think I am standing with Jefferson and Hamilton and Washington, and I think that we will be right when we adhere to the principles of American philosophy.

It was that philosophy which moved the pilgrims to turn their backs upon the pleasant hedgerows and peaceful lanes of England and to look across the turbulent Atlantic to the far-off land where they hoped to find a larger freedom. It was that philosophy which led them, when they reached these shores, to kneel down and dedicate the great empire which was to be the principles of liberty, of which they had dreamed, the principles of brotherhood, of justice, and of righteousness.

George Washington said, formulating his foreign policy; that we should observe good faith and justice towards all nations, cultivate peace and harmony with all. Religion and morality enjoin this conduct and can it be that good policy does not equally enjoin it? It will be worthy of a great enlightened and at no distant period mighty people to give to the world the magnanimous and

novel example of a people always guided by an exalted justice and benevolence. A foreign policy which is only based on justice is not enough. It must also be based, as Washington said, upon benevolence.

I need not tell you, who live here in New York, of the conditions in Europe. They are deplorable. The wild, joyful shouts of the Armistice Day and the joyful ringing of the bells has been followed by the moans of millions in Europe to whom peace and the Armistice have brought neither a solution or their problems nor an ending of their misery. But it need not have been so if our policy had been guided by a justice and benevolence.

What would have happened if someone at the close of the Armistice negotiations had been able to do what Lincoln did at the end of the Civil War, speaking in terms, as he was, of the American philosophy of government, when he arose and said, “With malice toward none, with charity toward all, with firmness in the right as God gave us to see the right, let us strive now to finish the work we are in, to bind up the nation’s wounds, to care for him who may have borne the burden of the battle, to do all that we may achieve a lasting peace among ourselves and among all nations.”

Do you think that that philosophy of government would have enabled to solve the problem? I do. And it will solve the Russian problem. The principles of that philosophy and of that practice, which was enjoined by the Fathers, will be sufficient, and when we shall invoke them we shall

find that many of the difficulties which seem now so insurmountable are indeed very simple. The new foundations of the world which is to be reconstructed upon the ruins of all that has been destroyed, must be laid deep in the foundation of justice, mutual consideration, friendship, and benevolence.

We cannot limit our dealings with other nations by saying that we will not have any dealings with other nations whose governmental institutions do not comply with our own high standing. To do that would be to adopt a national policy of isolation. We must deal with all the other nations with a spirit of comity, of friendship. We must learn to cooperate with all the other nations, and when we do that, we will find that those problems can be met and that they are neither unjust or difficult, but simple.

I wish that I were speaking with a knowledge that I will have, I hope, a few months hence, of the Russian situation, but I feel convinced that I shall not find any reason in Russia, and I see no reason here why we should refuse to trade, why we must refuse to have intercourse with Russia, while Great Britain, Germany, Japan, France, Italy, Sweden, Denmark, all the nations of the world are dealing with her. (Applause)

End of Meeting