RECONCILIATION

From the beginning of his Administration, President Franklin D. Roosevelt was bent upon putting an end to the anomalous situation which had existed between the Soviet Union and the United States for over a decade and a half. He was confirmed in the belief that there was no longer any justification for the two great nations to be without normal relations. As a first step toward a rapprochement, on May 16, 1933, President Roosevelt addressed an invitation to the Soviet Union along with 53 other governments to attend a World Economic Conference at London in June that year. (1) It was the first direct communication between the United States and the Soviet Government since the Bolshevik Revolution and was, therefore, looked upon by many observers as an encouraging move toward a reconciliation. (2)

President Roosevelt subsequently invited President Kalinin on October 10, 1933, (3) to send a Soviet representative to Washington for the purpose of discussing with him all questions outstanding between the two countries. This was


(2) While Litvinov was in London as Chief of the Russian delegation to the World Economic Conference, he took the opportunity to prepare a basis for negotiations with the United States. Cf. Pono, Arthur Upham, Litvinov (New York, Fischer, 1943) 236-237.

groeted as a manifestation of the importance of the Far Eastern situation in precipitating recognition.

Kalinin's reply to Roosevelt on October 17, 1933, seemed to substantiate this assertion. The former stated that the absence of diplomatic relations had "an unfavourable effect not only on the interests of the two states concerned, but also on the general international situation, increasing the element of disquiet . . . and encouraging forces tending to disturb [world] peace." (4)

The exact degree to which the Far Eastern Crisis entered into the United States decision to recognize the Soviet Union has, however, remained unknown. The reason was that during President Roosevelt's conversations with Hamid Litvinov -- the Soviet representative designated by President Kalinin -- "there were no stenographers present and no reports made." (5)

Recognition of the Soviet Union

In order that the United States might derive from the recognition of the Soviet Government the benefits which normally follow with the recognition of a foreign government, President Roosevelt wanted to clear away the obstacles which had been hampering relations between the two countries. With

(4) Ibid., 18.

(5) Department of State, Recognition of the Union of Soviet Socialist Republics, Radio Address by Robert Walton Doar, Assistant Secretary of State, November 22, 1933 (Washington, GPO, 1934) 5.
this end in view he sought and obtained from the Soviet representative, assurances in writing, that the Soviet Government would "refrain from interfering in any manner in the internal affairs of the United States"; that it and all of the organizations directly or indirectly under its control would "refrain from any act, overt or covert, liable in any way whatsoever to injure the tranquillity, prosperity, order or security of the whole or any part of the United States"; and that it would "not . . . permit the formation or residence on Soviet territory of any organization or group . . . having as aim the overthrow . . . or the bringing about by force of a change in the political or social order of the . . . United States." (6)

President Roosevelt also asked for complete assurance that U.S. nationals in Russia shall enjoy "the same freedom of conscience and religious liberty which they enjoy at home". (7) Litvinov agreed to this immediately. (8) He also agreed that the "nationals of the United States shall be granted rights with reference to legal protection which shall not be less favourable than those enjoyed in the Union of Soviet Socialist Republics by nationals of the nation most favoured in this respect." (9)

(6) For. Rel. (n. 3) 28.
(7) Ibid., 29.
(8) Ibid., 31-32.
(9) Ibid., 33.
The repudiation of the Koreansky debt and the confiscation of property of the American nationals had been another obstacle in the way of resuming normal relations with the Soviet Government. No final settlement was, however, reached in this respect. Litvinov expressed the willingness of the Soviet Government to pay to the United States on account of the Koreansky debt or otherwise "a sum of not less than $75,000,000 in the form of a percentage above the ordinary rate of interest on a loan to be granted to it by the Government of the United States or its nationals." (10)

Litvinov was personally inclined to advise his government to raise the sum to $100,000,000 but Roosevelt made it clear that the Congress was unlikely to accept a sum less than $150,000,000. Litvinov considered this sum to be excessive, but he agreed to remain in Washington after resumption of relations to discuss with the United States Government officials the exact sum (between the limits of $75,000,000 and $150,000,000) to be paid by the Soviet Government.

Recognition was formally granted to the Soviet Government on November 16, 1933, after discussions and exchange of letters, lasting for over a week between President Roosevelt and Lenin Litvinov. The long sought after goal of recognition by the United States was thus finally realized by the Soviet

(10) Ibid., 27.
The Soviet Union hailed recognition as an acknowledgment by the United States that it could no longer be ignored in the affairs of the world community. The Izvestia editorially stated that extraordinary growth of the productive powers of the Soviet Union had "compelled" the United States to wonder whether it could get along without economic relations with such a great and growing power. It also stated that in view of the common interest of both the powers in maintaining peace in Asia, "the United States could not continue its former policy of a refusal to establish normal relations with the U.S.S.R. without causing the greatest injury to itself and to the cause of peace." (11)

American Press Comments

The American press, in general, commented favourably upon the rapprochement with the Soviet Union. The Christian Science Monitor regarded it as preferable to non-recognition even if future relations did not prove to be as rewarding as some advocates hoped. (12) The New York Times which had previously expressed its doubts as to the efficacy of recognition alone as a panacea for Soviet-American trade, (13) was

(11) Izvestia (November 20, 1933), quoted in Ibid., 43-45.
hopeful that contact with America might in some way aid the people of Russia. (14)

The Liberal American journals also expressed satisfaction at the recognition of the Soviet Union, by the United States. Stressing upon the international significance of the rapprochement between the two countries, the New Republic expressed the opinion that the further isolation of Germany and Japan would be a factor in promoting peace. (15) The Nation believed that a united policy in the Far East by the Soviet Union and the United States would help to change the whole course of Japanese imperialism. (16)

**Japanese Reaction**

Japanese official circles regarded American recognition of the Soviet Union as having been guided by purely commercial motives (17) and appeared quite unperturbed at the Soviet-American rapprochement. Inspite of the calm attitude expressed in official quarters, there was nevertheless, a perceptible undertone of uneasiness which was given expression by the Japanese press. Thus the Hokkai Times stated,

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(14) Ibid. (November 19, 1933).

(15) New Republic (November 29, 1933) 61.

(16) Nation (November 29, 1933) 607.

the desire for improved trade relations between the United States and the Soviet Union is but the outward reason for their rapprochement of which the real aim is to bring pressure to bear on Japan which both of them regard as potential enemy. (18)

Chinese Press Comments

Other foreign newspapers, for the most part, also interpreted the rapprochement as a counterweight to Japanese aggression in the Far East. The Chinese paper Jih Pro editorially stated that "the principal reason for the extension of recognition to Soviet Russia by the United States is the American desire to check Japan's move in the Far East." (19) Likewise, the Shanghai Evening Post and Mercury wrote editorially on November 20, 1933, "Japan constitutes today the great menace to peace in the Far-East, and she cannot but find in American recognition of Moscow a tremendous deterring factor . . . in indulging in aggressive actions in territories contiguous to the U.S.S.R. " (20)

Japanese Press Comments

Expressing the same view, the Norwegian paper Norgesbladet wrote, " . . . it is not Soviet Russia's strength and power which has brought the Americans to take this step [of recognizing her], but simply the fact that America believes it has

(18) Hokkai Times as quoted in Grew to Hull, December 1, 1933, NA, RG 59, file 711.61/445.


(20) Editorial in Shanghai Evening Post and Mercury (November 20, 1933), enclosure in Cunningham (Shanghai) to Hull, November 25, 1933, NA, RG 59, file 711.61/444.
use for the Soviet Union . . . to retard Japan's expansion in the East." (21)

The Dutch paper Vaderland also stated that Washington's policy in recognising Russia was inspired by Japan's expansionist designs and that the former endeavoured "by diplomatic pressure and by isolating Japan as far as possible to bring that country to a policy of moderation." (22)

An Assessment of U.S. Recognition of the Soviet Union

In retrospect, it appears that the policy of non-recognition of the Soviet Government which the United States pursued for 16 years prior to 1933, was based on the proposition that Communism was a dangerous menace to the United States. It was therefore to be discouraged and suppressed.

This policy, however, did not result in the disappearance of the Communist regime in Russia. As a matter of fact, non-recognition by the United States hardly affected the position of the Communist regime (23) which, before long, established itself as a stable government in Russia, and was recognized by the principal European Powers within a decade after it was set up. But it took the United States over a decade and a half to realize the futility of attempting to ignore a government which had proved its stability.

(21) Morgenbladet (November 21, 1933), translation enclosed in Benjamin Tibb (Oslo) to Hull, December 8, 1933, NA, RG 59, file 711.61/448.

(22) Vaderland (November 12, 1933), translation enclosed in Sweeney (Hague) to Hull, November 22, 1933, NA, RG 59, file 711.61/413.

Recognition of the Soviet Government by the United States in 1933 put an end to an anomalous situation. This arose out of the fact that the ambassador of the extinct Provisional Government was regarded by the American courts as the only lawful agent of the Russian State in all suits involving Russian interests in the United States. Rights and claims of the Kerensky regime were sustained even after its complete eviction from the Russian borders.

Thus in the case of the Russian Government v. Lehigh Valley Railroad Company, (24) the extinct Provisional Government, through its ambassador in the United States, Boris Bakhtetoff, was allowed to recover damages for property of the Imperial Russian Government lost in a bomb explosion in 1916. This happened while the property was in the custody of the Lehigh Valley Railroad Company as a common carrier. The railroad denied the right of the Russian Government to sue in American courts for the reason that there was no Russian Government, and that the recognized regime was clearly not a functioning one at home. But the court decided that where the representative of a recognized regime showed unmistakable

evidence of his official reception, and where recognition continued or had not been withdrawn, the government could sue through its legal representative.

In this case, the court was following the course of the executive on the principle that the judiciary accepts the views of the executive department of the government on all controversial questions of foreign relations. (25) The court had no discretion to take account of the changed conditions independently of the position of the executive. But the point was that an extinct government was allowed by the American court to recover damages through an ambassador who had no sovereign or foreign office to which he was responsible.

On the other hand, the Soviet Government, being unrecognized, had no legal status and could not bring suits in American courts. In 1921, it attempted in the court of New York to compel one Cibrario, with whom it had contracted for the purchase of motion picture supplies, to account for the money which it had given to him. But the court refused to allow the Soviet Government to sue, holding that,

The test of the right of a foreign sovereignty to sue in our courts is its recognition by our own government ... the plaintiff never having been recognized as a sovereignty by the executive or legislative branches of the United States Government, has no capacity to sue in the courts of this state. (26)

(25) For an exposition of this principle see Wright, Quincy, "The Control of the Foreign Relations of the United States: The Relative Rights, Duties, and Responsibilities of the President, the Senate and the House, and of the Judiciary in theory and practice", 40 Proceedings of the American Philosophical Society (1921) 220-225.

(26) Briggs (n. 24) 150-154.
The Soviet Government thus had no status in the American courts and the latter, bound by the decisions of the executive in matters of foreign policy, found it difficult to deal with realities. The recognition of the Soviet Government in 1933 by the Democratic Administration under President Roosevelt put an end to this abnormal state of affairs.

Some observers believed that the recognition of the Soviet Union by the United States had been primarily dictated by "economic factors". (27) On several occasions eminent American businessmen, senators and congressmen had spoken of Russia as one of the best markets in the world for American goods. The Russians also looked upon the United States as their model for industrial development and preferred American machinery and equipment to those of other countries. The impact of American technology upon Russia's economic life was far reaching. Indirectly, the United States exerted a profound influence through Russia's adoption of American machinery and mass production technology in industry. Russia's economic life was also directly influenced by American engineers

(27) Cf. Editorial in La Prensa (November 18, 1933), translation enclosed in Haguesen (Bogota) to Hull, November 22, 1933. NA, RG 59, file R/DEW 711.61/402; Econokhoskaya Zhiza (November 20, 1933), translation enclosed in Cole (Riga) to Hull, December 1, 1933. NA, RG 59, file R/DEW 711.61/433. While economic consideration was, perhaps, one of the reasons for recognition, it is a matter of opinion whether or not it was the primary reason.
and business exports who were engaged to advise
and to guide the construction of various economic enterprises.

The program of intensive industrialization and the re-
organization of agriculture in the Soviet Union during the
period of the first Five Year Plan, opened up a large new
market for American firms engaged in the production of indus-
trial and electrical equipment, agricultural machinery, and
transportation equipment. But owing to the difficulty which
Soviet Russia encountered in obtaining long-term credits in
the United States, at times she had to turn to other countries
for machinery and equipment which the American manufactur-
ers were also in a position to supply. The latter felt that
more business would have been placed with them if only Soviet
Russia was granted adequate long-term credits. The question
of granting credits, however, was bound up with the question
of recognition. The non-availability of credits to Soviet
Russia was primarily due to the risk and uncertainty involved
in any transaction with her in the absence of formal relations.

The United States Government made a distinction between
recognition and trade and did not object to American business-
non trading with Russia in non-strategic materials at their
own risk. Secretary of State Kellogg made this point clear
in April 1928 when he stated that,

individuals and corporations availing themselves of the opportunity to engage in . . . trade with Russia do so on their own responsibility and at their own risk. (28)

The State Department's view that trade could be carried on with the Soviet Government without recognition necessarily following it, however, militated against the small American businessmen. While it did not keep out of Russia those who had the means to go there and procure business, it militated against the man of ordinary means. In the absence of consuls and other representatives of the American Government, small American businessmen were severely handicapped in trading with Russia.

Inspite of the absence of normal relations with the Soviet Union, the United States, however, did have a substantial volume of trade with the former, starting more or less from the late twenties till 1931. That had done service as an argument to show that recognition was unnecessary. But with the economic crisis resulting from the depression and the sharp decline in trade due to various factors, recognition of the Soviet Government was urged upon by various groups in the United States. Pressure groups representing commercially starved American business community, emphasized upon

(28) 3 For. Relg. 1928 (Washington, GPO, 1943) 824.
the value of the Soviet market which was in a position to absorb a substantial quantity of American machineries and manufactured products at a time when markets were becoming scarce.

The catastrophic decline in American exports to Russia after 1931 itself provided an unanswerable argument for formalized trade relations. Russia had progressed a long way since Herbert Hoover, as Secretary of Commerce, stated in March 1921 that,

under their [Russia's] economic system . . . there can be no real return to production . . . and therefore Russia will have no considerable commodities to export and, consequently, no great ability to obtain imports. (29)

By the thirties, Russia had become an important market for machinery and implements and was of special value to the American machine-tool industries during the years of depression. It was, however, urged upon by those opposed to the recognition of the Soviet Union that "the United States should be careful not to be deceived by the pressure of special interests or by fallacious expectations of profit based upon interested propaganda. (30) The abandonment by Moscow of its world revolutionary aims and of the direction and supervision of communist activities in the United States was considered

(29) Quoted in 67 New Republic (June 3, 1931) 62.
(30) American Foundation (n. 23) 80.
essential for the establishment of harmonious relations with the Soviet Government. (31)

The Soviet Union, however, was not considered as a potential threat to the security of the United States although the latter was apprehensive of subversive activities on the part of the former. That perhaps explains why the United States Government did not discourage American firms from concluding technical assistance contracts with the Soviet Government nor oppose the action of individual American businessmen or engineers going to Russia.

German militarism in Europe and Japanese aggression in the Far East during the early thirties had caused concern to the United States. She was too pre-occupied with them to consider the possibility of Russia becoming a threat to her by the strengthening of its economy with the aid of American technical help.

The attitude of a large number of Americans toward the Soviet Union had, moreover, by 1933, become conciliatory due to several factors. By that date many American observers considered the Soviet Union to be a peaceful member of community of nations. For more than a decade it had not committed any act of aggression. The conclusion of a non-aggression

pact between the Soviet Union and Lithuania in 1926, (32) and with its other immediate European neighbours such as Poland, Romania, Latvia and Estonia in 1929 (33) convinced the American people of Soviet Union's desire for peace.

Also, American fears of Communist menace were lulled to some extent by Stalin's policy of socialism in one country which implied an abandonment of world revolutionary aims, at least temporarily. (34) This soft-pedalling of revolutionary activity combined with Soviet Russia's increasingly evidenced desire to be accepted as a member of the world community, tended to dispel the fears of Communist threat within the United States. Besides, Soviet Union's desire for peaceful co-existence of both the capitalist and socialist systems led to hopes that Russia might be dealt with in the same way as other countries.

Even before according recognition, the United States had been gradually entering into relations with Soviet Russia through joint participation in international conferences and negotiations and through joint signatures on international obligations. Thus, the United States was a co-signatory with


(33) 89 Ibid (Geneva, LN, 1929) 369.

(34) Stalin, J., Problems of Leninism (Moscow, Foreign Languages Publishing House, 1940) 159-160.
the Soviet Government of the Kellogg Pact (35) which itself
was an admission of the fact that it was qualified to speak
for the Russian people and sign treaties for them. Since the
United States had, moreover, participated with the representa-
tives of the Soviet Government at a number of international
conferences, (36) there was hardly any plausible reason for
the former not to have recognized the latter (earlier than
1933) and reaped the benefits that would have accrued there-
from. Senator Borah expressed this sentiment when he stated,

"at every gathering where men meet to solve the
world's problems, there is Russia. We cannot avoid
taking her into consideration. Why not therefore
meet her as one of the family of nations..." (37)

The Soviet Union on its part, had desired recognition
by the United States over since its establishment in 1917. But

(35) John Bassett Moore, an eminent authority on Interna-
tional Law expressed the opinion that the United States had
recognized the Soviet Government by their mutual adherence
to the Kellogg Pact. Cf. Moore, John Bassett., Conformity
and Conformacce. An Address Before the Association of the Bar of
the City of New York, December 4, 1930 (New York, New York
City Bar Association, 1930) 13.

(36) The World Economic Conferences at Genoa in May 1927,
and at London in June 1933, and the Disarmament Conference at
Genoa in February 1932, were some of the International Confer-
ences in which the United States participated with the Soviet
Union. Cf. Beloff, Max., The Foreign Policy of Soviet Russia
(London, Oxford University Press, 1947) 1, 49, 53; also
see League of Nations, Records of the Conference for the Limi-
tation of Armaments (Genova, LI., 1932); Firring, Dean Frank.,
The United States and World Organization, 1920-1933 (New York,

(37) 77 CR (73: 1, 1933) 1545.
after Japan's aggression in Manchuria, there was a note of urgency in Soviet Union's desire for achieving a rapprochement with the United States. The Soviet Union feared further aggravation on the part of Japan in the direction of her Maritime Provinces in the Far East and believed that recognition by the United States would prevent any such eventuality.

Although Japanese designs in the Far East were not conceived as threats to America's national security, yet the latter was vitally interested in maintaining the balance of power in the Far East as well as in upholding the "Open Door" principle. The existence of a crisis which threatened this historic principle of United States' Far Eastern Policy no doubt exerted some influence on the reversal of Washington's policy toward Moscow. But perhaps, it was not the decisive reason for, by 1933, the United States had become convinced on other than political grounds, of the folly of its non-recognition policy.

No vital American interest stood endangered by the establishment of diplomatic relations with the Soviet Union. Communism was not regarded as a threat within the United States, nor was the risk of Soviet propaganda in the United States so great as to endanger American institutions. The Soviet Union had given proof of her desire for peace and had also given expression to her wish to be accepted as a member of the world community.
Those considerations had convinced President Franklin Roosevelt of the obsolescence, and more especially of the commercial disadvantages of continued non-recognition of the Soviet Union. The latter had acquired special importance during the depression in view of shrinking markets. As a realist, Roosevelt, therefore, decided upon recognition of the Soviet Union and put it through in a forthright and rapid manner. This episode was in conformity with the Jeffersonian principle of basing recognition upon the de facto capacity of a government to fulfil its obligations as a member of the family of nations. Roosevelt's decision to recognize Russia was thus in line with the traditional policy of recognition that had been followed by the United States.