War, Trade and Diplomacy:

Re-assessing Britain's Entry into Relations with Soviet Russia, 1918-1921

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Abstract

This thesis presents a new analysis of Britain's entry into diplomatic relations with the government of Soviet Russia, covering a period from the beginning of foreign intervention in Russia to the signing of the Anglo-Soviet Trade Agreement (1918-1921). It challenges previous interpretations of the British government's shift in policy regarding the Bolsheviks and instead offers a consolidated explanation of political and economic factors in prompting the 1921 agreement. It argues that Britain's intervention in the Russian Civil War was not in essence a policy of anti-Bolshevism, and the policy that replaced it – that being to enter into a commercial pact with Moscow – was the product of a miscellany of interests and pressures in British politics and society.

This thesis divides British intervention into two policies: military and commercial. It examines both through military and political perspectives, which often demonstrate contradictory priorities. Commercial intervention is also examined in the contexts of Britain's geopolitical interests and economic thought and strategy in the aftermath of the First World War.

Due to historiographical factors, the commercial facets and processes are of particular importance to this thesis, which examines cases of British companies with interests in the former Russian Empire, or which attempted to conduct business with Soviet Russia before a trade deal existed. Archival research within this thesis therefore builds upon understanding of early Anglo-Soviet commercial relations with greater detail in how companies themselves operated and made decisions in conducting business in Soviet Russia. Its final chapter examines the course of diplomacy between Britain and the Bolsheviks in the context of commercial and economic proclivities.

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Abbreviations

ARCOS	All Russian Co-operative Society
AVPRF	*Arkhiv Vneshnei Politiki Rossiiskoi Federatsii* (Foreign Policy Archive of the Russian Federation)
BECORS	The British Engineering Company of Russia and Siberia
CA	Churchill Archive
Cheka	*Chrezvychainaia Kommissia po Bor'be c Kontrrevoliutsiei, Spekuliatsiei i Sabotazhem* (Extraordinary Commission for Combating Counter-Revolution, Speculation and Sabotage)
CIGS	Chief of the Imperial General Staff
CUL	Cambridge University Library
DBFP	Documents on British Foreign Policy
DOT	Department of Overseas Trade
EDDC	Economic Defence and Development Committee
HoC	House of Commons
LA	Lancashire Archive
LoC	Library of Congress
MRC	Modern Records Centre
PA	Parliamentary Archives (UK)
RSFSR	Russian Soviet Federative Socialist Republic *(Note: this thesis will refer to the RSFSR interchangeably as 'Soviet Russia')*
TNA	The National Archives (UK)
VSNKh	*Vysshii Sovet Narodnogo Khoziaistva* (Supreme Council of the People's Economy)

Note on Transliterations

Transliterations of non-translated Russian words in this thesis generally follow the US Library of Congress' Russian Romanisation table, which can be found at: https://www.loc.gov/catdir/cpso/romanization/russian.pdf

Exceptions are given for names following standard convention such as Trotsky and Wrangel.

British sources often used anglicised forms of Russian proper nouns, for example, the city of Arkhangelsk being referred to as Archangel. Russian names in quotations from English language sources may therefore differ slightly from their modern transliterations.

Introduction

After the Bolsheviks seized power and established the Soviet government in November 1917 they set about, as they had promised, withdrawing Russia from the First World War. This set them on a path to direct confrontation with the Allied Powers – Britain, France and the United States – who regarded their separate peace as a betrayal and their ideology as dangerous. By the time of the November 1918 armistice, they were engaged in an undeclared war in which the Allies gave financial and material support to the Russian groups fighting the Bolsheviks, as well as sending their own expeditionary forces. Despite seemingly tremendous odds, by late 1919 the Bolsheviks had most of their opponents' forces in retreat and foreign military presences were evacuating from Soviet Russia. Over a year later the Anglo-Soviet Trade Agreement was signed, heralding a period of uneasy peace and formal relations with the empire that had ostensibly been the Bolsheviks' biggest external threat.

This course of events naturally raises questions as to how the state of relations between Britain and Soviet Russia seemed to change so fundamentally over the course of only three years (Soviet Russia's formal exit from the First World War happened in March 1918, the Anglo-Soviet Trade Agreement was signed in March 1921). This thesis will therefore explain this turnaround through the following lines of enquiry: why did Britain end its policy of intervention, and why did it sign a trade agreement with the Bolsheviks so soon afterwards? Additionally, why did *rapprochement* with Soviet Russia happen through a trade agreement? Historians so far have produced several differing interpretations of these events and explanations as to why the British government would pivot in such a way.

This thesis examines the initiation of Anglo-Soviet relations and its crystallisation into the 1921 Anglo-Soviet Trade Agreement, which would be the framework for their interactions until the break in relations in 1927. It focuses predominantly on British perspectives and is a study into the motives behind Britain's entry into formal diplomatic relations with the Soviet government. Due to the evolution of historiographical themes in this subject, this thesis will dedicate considerable focus on understudied commercial and economic factors, and how they interacted with politics and diplomacy.

Domestic economic imperatives were key to forming the Anglo-Soviet Trade Agreement, which was signed despite outspoken opposition in Britain and an undisputed ideological gulf between the two governments. The strength of this as a factor lies in the inheritance of the pre-Soviet process of foreign investment in the emerging market that was Russia, the economic

challenges that Britain faced in the wake of the First World War and shifting views regarding the role of the state in the national economy. Crucially, the desire to open trade with Soviet Russia created an informal coalition of interests in British society which included the country's labour movement, sections of the business community, politicians and civil servants. This common ground between otherwise disparate groups, coupled with a Prime Minister who sought peace with Soviet Russia, dragged a government divided on the issue into pursuing diplomacy. Hence, the British entry into formal relations with the Bolsheviks through the 1921 agreement was the result of the interaction of clamant economic needs with the political climate of Britain after the First World War.

Early Anglo-Soviet Relations

The historiography of early Anglo-Soviet relations is heavily reliant on a small number of scholars who have studied the interactions between Britain and Soviet Russia in the years following the Russian Revolution. Until the 1990s historians focused typically on high politics and diplomacy, which may be a superfluous observation regarding the initiation of diplomatic relations but, as will be discussed below, attention then turned towards commerce.

The foundation of the historiography, and the most comprehensive account of early Anglo-Soviet relations, is Richard Ullman's *Anglo-Soviet Relations, 1917-1921*. Over the course of three volumes, published between 1961 and 1972, Ullman covered British policy making and diplomacy with the Soviet government up to the signing of the Anglo-Soviet Trade Agreement. This provided the first historical analysis of Britain's motivations for entering into such an agreement. It was a strategy of 'appeasement', part of a wider post-war geopolitical policy of rehabilitating Soviet Russia and Germany back into the international community. Britain's entry into diplomacy with Soviet Russia was therefore as much a reflection of the perceptions of its place in the world as it was of its relations with the Bolsheviks.[1]

Another central feature to Ullman's analysis is the role of British Prime Minister David Lloyd George in shaping this aspect of foreign policy. Lloyd George was, in Ullman's words, 'the dominant figure in Russian policy' from the middle of 1919 onwards, and other key individuals in shaping it were his political allies.[2] This element is common among historical works on early Anglo-Soviet relations, and subsequent analyses also ascribe to him a critical role in the initiation of diplomacy

[1] Ullman provided a summary of his conclusions in the final chapter of his third volume, see: Richard Ullman, *Anglo-Soviet Relations, 1917-1921,* vol III (Princeton: Princeton University Press, 1972).
[2] Ullman, vol III, p. 456.

with the Bolsheviks. Yet, this presents an inherent difficulty to historians seeking to understand Britain's policy towards Soviet Russia: Lloyd George was rarely forthcoming with his intentions and goals. He often tried to conceal himself in 'an aura of mystery', in the words of one scholar, which would leave historians to have to 'penetrate the layers of his personality and belief system.'[3] This has transcribed itself into the historiography of early Anglo-Soviet relations, with some lamenting the Prime Minister's Russia policy as being 'impenetrably closed.'[4] With this in consideration, this thesis will contend that Lloyd George obscured the intended direction of policy at a key point, in January 1920, when convincing Allied representatives to relax the economic blockade of Soviet Russia.[5]

Given the centrality of David Lloyd George to Ullman's evaluation – and in subsequent historiography – of the initiation of Anglo-Soviet relations, the context of British politics in this subject is crucial. Lloyd George led a coalition government in which he had to work within a range of conflicting attitudes and ideas regarding Soviet Russia. For a time, this meant compromise between pro and anti-interventionist pressures in the use of British forces in Soviet Russia, for example.[6] Once Lloyd George had taken charge of his government's Russia policy however, the views of the most anti-Bolshevik politicians were more likely to be disregarded, even if consideration was still given to some of their concerns.[7]

Ullman's work is meticulous in its examination of diplomacy and politics and is accordingly still referenced extensively by historians covering the same subjects. This has led to challenges to both details and the broader analysis contained in his work.[8] His work has several limitations which allow for redress in many areas; his first volume, for example, did not utilise any material from the records of the British Foreign Office, which were not public at the time, or from the Cabinet Office. Not having material from the government department which oversees foreign policy is an obvious constraint for an analysis of international relations. Perhaps a bigger limitation for this volume is the absence of the Cabinet Papers which, as Chapter 1 of this thesis will show, provide important context

[3] Michael G Fry, *Lloyd George and Foreign Policy,* vol I (Quebec: McGill-Queens University Press, 1977), p. 1.
[4] Richard K Debo, 'Lloyd George and the Copenhagen Conference of 1919-1920: The Initiation of Anglo-Soviet Relations', *The Historical Journal*, 24:2 (1981), 429-441, p. 429.
[5] See Chapters 3 and 5.
[6] See Chapter 2.
[7] See Chapter 5.
[8] An example of a minor point would be his apparent neglect of the role of British naval forces during the Whites' failed campaign to capture Petrograd in the autumn of 1919, see: Howard Fuller, 'Great Britain and Russia's Civil War: "The Necessity for a Definite and Coherent Policy"', *The Journal of Slavic Military Studies*, 32:4 (2019), 553-559, p. 553-554. Another example is his contested conclusion that prisoner exchanges with the Soviet government were the result of a desire for repatriation of British soldiers overpowering concerns about diplomacy with the Bolsheviks inching closer to formal recognition of their government, see: Richard K Debo, 'Lloyd George and the Copenhagen Conference of 1919-1920', p. 429.

in answering the question of why the British government pursued dialogue with the Bolsheviks in 1918.

All of Ullman's volumes relied heavily on private papers and diaries of key statesmen and officials, which lend themselves to the detailed nature of his diplomatic history but also limit the perspectives on which to build an analysis. Historians following Ullman have since expanded the scope of examination – as shall this thesis – beyond government circles to include sometimes very different views on Britain's relations with Soviet Russia.

The next significant work regarding the early years of Anglo-Soviet relations is Stephen White's *Britain and the Bolshevik Revolution*, published in 1979. White began with an overview of the Anglo-Soviet trade negotiations and offered an alternative motivation for Britain's entry into the 1921 agreement: that it was a new vehicle for anti-Bolshevism after the collapse of military intervention. Trade with the West would force the Bolsheviks to modify their economic policy and bring forward the end of communism, it was believed at the time. *Rapprochement* was therefore a continuation of military intervention by another name.[9]

White also devoted more consideration to the impact of the British Labour Party on relations with Soviet Russia. This was an aspect which Ullman had acknowledged to an extent – particularly in relation to the Polish-Soviet War in 1920 – but which played only a marginal role in his overall assessments. White provided a more detailed analysis of Labour's reaction to the Russian Revolution and the British government's policy in the following years. His conclusion was that while the British labour movement – with the exception of some of the fringes – did not find any commonality in the Bolsheviks' ideology or methods, there was nonetheless a strong desire to oppose intervention on grounds that British workers did not want to fight another war. The Labour Party also desired trading relations with Soviet Russia as an alleviation of domestic economic problems; something which will become an important theme in this thesis. The former conclusion however has been disputed by later research – and sources presented in this thesis – into the delegation of labour representatives which travelled to Soviet Russia in 1920, which displayed a more diverse set of perceptions of the Bolsheviks than White implied.[10]

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[9] Stephen White, *Britain and the Bolshevik Revolution: A Study in the Politics of Diplomacy, 1920-1924* (New York: Holmes and Meier, 1979), pp. 25-26. A similar conclusion can be found in Andrew Williams' book which points to the anticipated 'stabilisation' of Russia, although this is a much broader overview of commercial relations between Soviet Russia and the West: Andrew J Williams, *Trading with the Bolsheviks: the Politics of East-West Trade, 1920-39* (Manchester: Manchester University Press, 1992).

[10] See Chapter 4.

Meanwhile, assessments of Soviet motivations largely revolved around the Bolsheviks' ideology and how it informed their approach to foreign policy. The Bolsheviks had seized power expecting their revolution to spread through the rest of the world soon after, but by the time of the Anglo-Soviet Trade Agreement it was accepted that this was not an impending reality. Some historians therefore have described a modification of their ideology from which the Bolshevik leadership concluded that war with the capitalist world was not, as they had previously thought, inevitable; at least in the short term it would be avoided. Consequently, they sought détente as a way to buy time for consolidating security.[11]

Richard Debo provided one of the more detailed examinations of the early years of Soviet foreign policy in his book *Survival and Consolidation*. The entry into formal relations with Britain and other Western powers was again framed within Bolshevik ideology. Debo concluded that Bolshevik leaders – Lenin in particular – still saw conflict with the capitalist world as inevitable. However, *rapprochement* with the West, primarily Britain and Germany, was an attempt to exploit divisions between capitalist nations to maintain the security of Soviet Russia. The Bolsheviks had seen how the Allied powers had failed to co-ordinate a definitive response to the Soviet government during the Russian Civil War, and so looked to discourage co-operation in the future.[12]

In recent years, international relations following the Russian Revolution have been the subject of renewed interest from historians, particularly around the centenary of the events in question. Anatol Shmelev's 2021 book *In the Wake of Empire*, for example, deals with the foreign policy of anti-Bolshevik Russia during the Russian Civil War.[13] More pertinently to this thesis is Evgeny Sergeev's *The Bolsheviks and Britain During the Russian Revolution and Civil War*. This is the

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[11] For example, see: Teddy J Uldricks, *Diplomacy and Ideology: The Origins of Soviet Foreign Relations 1917-1930* (London: Sage Publications, 1979); Caroline Kennedy-Pipe, *Russia and the World, 1917-1991* (London: Arnold, 1998), p. 25; R H Haigh, D S Morris, A R Peters, *Soviet Foreign Policy, The League of Nations and Europe, 1917-1939* (Aldershot: Gower, 1986), pp. 2-5. However, as early as 1923 Trotsky and Zinoviev were looking to Germany during the Ruhr Crisis as the stage for the next communist revolution, see: David R Stone, 'The Prospect of War? Lev Trotskii, the Soviet Army, and the German Revolution in 1923', *The International History* Review, 15:4 (2003), 799-817. There was also a 'totalitarian model' of analysis of Soviet foreign policy, which revolved around the Bolsheviks' drive for consolidation of power. Soviet historiography was also, unsurprisingly, concerned largely with the ideology of Marxism-Leninism in the study of foreign policy. It was mostly concerned with Lenin's concept of 'peaceful coexistence'; his model for temporary relations with the rest of the world, and a term later revived by Nikita Khrushchev. For more on the Soviet and corresponding Western historiography concerning Soviet foreign policy, see: Jon Jacobson, 'Essay and Reflection: On the Historiography of Soviet Foreign Relations in the 1920s', *The International History Review*, 18:2 (1996), 336-357.

[12] Richard K Debo, *Survival and Consolidation: The Foreign Policy of Soviet Russia, 1918-1921* (Montreal: McGill-Queen's University Press, 1992), pp. 311-313.

[13] Anatol Shmelev, *In the Wake of Empire: Anti-Bolshevik Russia in International Affairs, 1917-1920* (Stanford: Hoover Institute Press, 2021).

most complete account of the initiation and development of Anglo-Soviet relations between the Bolsheviks' seizure of power and the 1921 trade agreement – although Sergeev covers more of the 1920s as well – since Richard Ullman's work. What differentiates Sergeev's method is less of a focus on British perspectives, and more inclusion of Soviet sources. His analysis too is distinct from Ullman or White, for example. Sergeev attributes less importance to the Anglo-Soviet Trade Agreement than previous historians: 'in the present author's view, however, the 1921 trade agreement was of a framework nature, recalling more a protocol of good intentions than a document of practical significance.' His work perceives the agreement, in connection with the conclusion of the Polish crisis of 1920, as the start of a period of respite in Anglo-Soviet relations before the strains that grew later in the 1920s.[14]

Despite this divergence, Sergeev's approach is still heavily focused on political history as the key mechanism for shaping Anglo-Soviet relations. As shall be shown below, other historians have pointed towards commerce as a vehicle for the détente that occurred in the early 1920s. It can be concluded therefore that there is more consensus in the understanding of the Soviet government's motivations in signing the Anglo-Soviet Trade Agreement than there is for the British government. It is well established that the Bolsheviks had to adapt their approach to foreign policy as the isolation of their revolutionary state became incontrovertible, but for Britain there is no such turning point or central factor that historians can agglomerate conclusions around. Hence, there are instead multiple interpretations offering internal political, geopolitical and economic explanations as to why Britain entered into a trade agreement with Soviet Russia in 1921.

Economics and Commerce in Anglo-Soviet Relations

Historians generally frame the 1921 Anglo-Soviet Trade Agreement as a symbol of a détente taking place between the two nations, albeit a precarious one with debated motivations. The nature of this agreement of course raises questions as to the commercial or economic driving forces behind the coming to terms with the Bolsheviks. The economic aspect to the *rapprochement* with Soviet Russia is ascribed various degrees of importance throughout the historiography, although present to some extent in almost every analysis. For the Soviet government, there was clear motivation in entering into a trade agreement. Years of war, political instability, and the Bolshevik policy of War Communism had left the Russian economy in dire need. Hence, as their ideology collided with

[14] Evgeny Sergeev, *The Bolsheviks and Britain During the Russian Revolution and Civil War, 1917-1924* (London: Bloomsbury, 2022), pp. 107-108.

reality, the Bolsheviks had to modify their trade practices, as they did with their economic policies in general. A recent thesis has argued that trade policy was a key component of these changes and, more broadly, a reflection of the early development of Soviet Russia.[15] Britain also had its own economic considerations in approaching diplomacy, but exactly which considerations took priority is a question to which historians have again given varying answers. There is also the commercial aspect to intervention to consider: the Allied Powers blockade of Soviet Russia, and the British government's own commercial policy in the country.

The work which propelled these factors furthest into the understanding of early Anglo-Soviet relations was Christine White's *British and American Commercial Relations with Soviet Russia*. This is the most similar entry in the historiography to this thesis, and so it is necessary to note the differences in methods and conclusions. White's assessment of Britain's entry into the Anglo-Soviet Trade Agreement, deviating noticeably from the conclusions of Richard Ullman or Stephen White, framed it entirely within the perceived economic benefits to opening trade with Soviet Russia, rejecting the idea of any political necessity behind it.[16] While this thesis will also place great importance on such perceptions, there are key differences in the approaches. Firstly, while White attributes these perceptions mostly to sections of the British business community – although she does acknowledge the public support for reopening trade – the following analysis will argue that, crucially, it covered a diverse cross-section of British society, including businesses, organised labour, co-operative societies and sections of the political class. Secondly, this thesis will place more emphasis on the interaction of these pressures with politics and diplomacy with the Soviet government.

White also pointed to 'informal' commercial relationships between Britain and Soviet Russia that existed in the years between the Revolution and the trade agreement. These were companies that approached the Russian Revolution with a 'business as usual' attitude, conducting indirect and direct business with Soviet Russia.[17] White examines these relationships largely through material from the US National Archives Record Group and the British Foreign Office, making it essentially an assessment of trade policy. Archival sources are therefore another key difference with this thesis.

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[15] Joseph Nicholson, 'Commerce, Corruption and Control: Bolshevik Approaches to Trade, 1917-1923' (unpublished doctoral thesis, University of Nottingham, 2019).
[16] Christine White, *British and American Commercial Relations with Soviet Russia, 1918-1924* (Chapel Hill: The University of North Carolina Press, 1992), p. 129, 140. Andrew Williams' book published in the same year leans much further into the 'ruining Bolshevism through trade' argument: Williams, p. 88.
[17] Christine White, pp. 142-143.

Whereas White's study is mostly conducted through government records, the chapter covering these relationships in this thesis utilises a range of non-governmental sources.

The role of private interests in Britain's Russia policy is present in a few of the works above, but for the years leading up to the 1921 trade agreement it remains one of the least explored aspects. Reactions to the Bolsheviks' takeover from Britain's business communities were mixed, with some voicing unambiguous disgust for the new regime, while others quietly attempted to engage in 'informal' commercial relationships in Soviet Russia.[18] The nature of such relationships is not explored in much detail, hence the focus in Chapter 4 of this thesis on British companies during this period.[19]

The difference in approaches leads inevitably towards different conclusions when considering the broader question of why Britain came to terms with the Bolsheviks. White summarises her answer to the questions thus:

> Throughout the period of January 1920 to the conclusion of the Anglo-Soviet Trade Agreement in March 1921, the British government moved slowly but steadily toward the recognition of the Bolshevik authorities as the de facto government of Russia. The economic necessity of coming to terms with Soviet Russia was the primary motivating factor behind the British government's gradual shift toward a rapprochement with the Bolsheviks.[20]

This thesis, however, shows the wider processes beginning well before January 1920. For private enterprise, it was partly a continuation of pre-Soviet commercial relationships as well as the more generic process of growing Western investment in Russia, discussed further below. For the British government, trade became a key consideration for its Russia policy in 1919 as its commercial intervention intersected with – and sometimes overtook – its other priorities.

The idea that markets in Soviet Russia assumed a certain desirability in 1920 among sections of British industry has become a common factor for historians in discussing the diplomatic manoeuvrings taking place that year.[21] Certainly, the state of the British economy in 1920 is an important factor for analysis of the trade negotiations which took place in London, however, there are works which suggest that the proclivities existed well before then. Hassan Malik's *Bankers and Bolsheviks*, for example, describes a positive reaction to the Russian Revolution from Western investors who saw political and social upheaval in 1917 as the prelude to a liberalisation of Russia,

[18] Stephen White, p. 175; Christine White, pp. 138-140.
[19] See Chapter 4.
[20] Christine White, p. 111.
[21] For example, see: Sergeev, p. 97, 105; Christine White, p. 126.

which would make it a friendlier environment to foreign capital.[22] Furthermore, British businesses – particularly in extractive industries – had been increasing their investments in Russia for some years before the First World War, following the economic reforms of Sergei Witte.[23]

Christine White also introduced the concept of a dual policy in Soviet Russia on the part of Britain and the United States. Concurrent to military intervention was the policy she described as 'economic penetration', whereby the two governments and private interests attempted to entrench their positions in Russian markets in areas with Allied military presences.[24] This thesis will expand on these ideas in Chapter 3, which is partly about this policy which will hereafter be described as commercial intervention.[25] Again, the conclusions of this chapter deviate from White's quite significantly. Primarily, she viewed the commercial policy as being a relatively cohesive aspect of intervention: 'whereas the Allies' political approaches to the Bolsheviks were uncertain until well after the start of the intervention, there was no such confusion with regard to their economic policy in Russia.'[26] In Chapter 3, however, it will be argued that commercial intervention, much like military intervention, was subject to conflicting motives and interferences and consequently lacked a singular direction. This is particularly evident in the disparity between sources from the Foreign Office papers and the Churchill Archive.

The other major economic aspect to intervention is that of the Allied blockade. The blockade was a wartime measure which the Allies agreed to continue to maintain around Soviet Russia after the end of the First World War, attempting to isolate the Bolshevik regime. The focus for historians has been on determining why the blockade was ultimately raised. Ullman, for example, attributes symbolic importance to the decision, one that reflected the reluctance of Allied statesmen to confront the Bolsheviks with direct force.[27] Expanding on this, Norbert Gaworek later concluded that lifting the blockade was a shift in the strategy of tackling the Bolsheviks, led by the British government. Much like Stephen White's analysis (see above) it was a policy of moving the conflict against the Bolsheviks to an economic front, on which communism would be made redundant.[28] In

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[22] Hassan Malik, *Bankers and Bolsheviks: International Finance and the Russian Revolution* (Princeton: Princeton University Press, 2018), pp. 160-161.
[23] Thomas Jones, 'British Business in Russia, 1892-1914' (unpublished doctoral thesis, University College London, 2017). This aspect will also be explored further in Chapter 4.
[24] Christine White, p. 45, 64. She also refers to this policy as 'commercial penetration'.
[25] The reason for labelling this policy as such is because of the overlap with military intervention and the attempts by some in the British government to use commerce as a tool for expanding support for the Whites. This will be examined further in Chapter 3.
[26] Christine White, p. 39.
[27] Ullman, vol II, p. 293.
[28] Norbert Gaworek, 'From Blockade to Trade: Allied Economic Warfare Against Soviet Russia, June 1919 to January 1920', *Jahrbücher für Geschichte Osteuropas*, 23:1 (1975), 39-69.

contrast, this thesis will argue that a major relaxation of the blockade in January 1920, initiated by David Lloyd George, was largely a result of political opposition in Britain to both general restrictions on trade and the isolation of Soviet Russia.

Finally, the context of the domestic British economy is vital to understanding the *rapprochement* with Soviet Russia. In the wake of the First World War, many major economies faced turbulence. This was especially true for Britain, which had been a major exporter before the war and so a significant beneficiary of the global trading economy. Conflict and economic blockades had of course been a major disruption to trade, as was the rise of protectionism in the years after. Consequently, Britain's post-war economy – throughout the 1920s – was characterised by high unemployment and low growth. Between the First and Second World Wars, exports never returned to their 1913 levels. Thus, the timeframe covered in this thesis is often presented by historians as the beginning of a period of decline for Britain.[29]

These economic conditions would have profound consequences for Britain's Russia policy. Not only were statesmen concerned that such conditions might inspire social unrest as had happened in Russia, but they also had to wrestle with the politics of economic strategy. During the First World War, the government had taken a firm hand in the economy in order to counter the effects of massively increased munitions production and war profiteering. Its mechanisms were chiefly state control of production and prices, particularly for food, and tight restrictions on trade.[30] The state controls over the economy were dismantled soon after the war, but the wider direction for economic policy – particularly in matters such as trade and state intervention – remained in flux. While there was some movement towards protectionism there was also a desire from some quarters – mainly conservatives – to return to the free trade policies that had been prevalent before the First World War, which Britain would do in the 1920s with disappointing results.[31]

Entering into relations with the Bolsheviks, regardless of the efficacy of its outcome, could therefore be viewed as part of a post-war strategy for economic recovery. Particularly relevant to this thesis is the idea that between 1918 and 1921, the British government decided on what Robert Boyce describes as an 'internationalist strategy', whereby economic recovery would be achieved by

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[29] Geoffrey Jones, *Merchants to Multinationals: British Trading Companies in the Nineteenth and Twentieth Centuries* (Oxford, Oxford University Press, 2002), pp. 84-87; Robert W D Boyce, *British Capitalism at the Crossroads, 1919-1932: A Study in Politics, Economics and International Relations* (Cambridge: Cambridge University Press, 1987); Graham Turner, *Business in Britain* (London: Eyre & Spottiswoode, 1969), pp. 43-45.
[30] Sidney Pollard, *The Development of the British Economy*, 4th ed. (London: Edward Arnold, 1992), pp. 15-23.
[31] Turner, p. 46; Pollard, pp. 88-90.

rebuilding international trade.[32] Studies of early Anglo-Soviet relations tend to downplay the purely domestic factors in Britain, instead favouring either the idea of 'economic warfare' against communism or the growing commercial competition from German and American firms.[33] However, the assessments of the post-war economy imply a much greater focus for the British government on domestic issues in the aftermath of the First World War. These studies of British economic history, however, do not explore links between the government's economic strategy and its Russia policy, with perhaps the exception of Boyce who notes a fear of communism in Britain as a factor behind the direction of post-war strategy.[34]

Foreign Intervention and the Russian Civil War

The start of formal diplomatic relations between the British and Soviet governments cannot be properly understood without examination of the period in which they were effectively at war. Britain and the rest of the Allied Powers found themselves embroiled in the conflict that erupted out of the Russian Revolution through their policies of military intervention. It made formal relations with the Bolsheviks impossible for a time as the Allies supported their opponents with finances and arms and maintained their own military presences in the country. Nevertheless, once Britain began to wind down its involvement in the Russian Civil War, diplomacy with the Bolsheviks soon began in earnest. Due to this sharp turn in Anglo-Soviet relations, it is important to establish the nature of military intervention and why it ended.

Military intervention in Russia by the Allied Powers is the aspect of this subject with by far the largest body of scholarly work. It offers the intriguing circumstances of Western nations backing a war effort against the Soviet government decades before the Cold War, in an apparent attempt to nip communism in the bud. Naturally, one of the big questions for historians is how foreign powers became entangled in Russia's war. The origins of foreign intervention in the Russian Civil War are somewhat muddled, with various contradictory explanations offered by scholars. There have been assessments of intervention that, for example, pitch it as a morally justified act against Bolshevism, and others that conclude there was no co-ordinated effort by the Allied powers, with nations each having their own motivations for becoming involved in Soviet Russia.[35] The origins of military

[32] Boyce, pp. 33-34.
[33] See Gaworek; Christine White, respectively.
[34] Boyce, p. 33.
[35] Evgeny Sergeev provides a useful summary of these approaches, although fails to present a clear thesis of his own as to why intervention happened. See: Sergeev, pp. 23-24.

intervention are also the subject of Richard Ullman's first volume, with the most important perspectives being British diplomats and military planners. He explained it as a reactionary policy on the part of the War Office where it was believed that without an Eastern Front the war against Germany was unwinnable. Meanwhile, the first attempt at diplomacy with the Bolsheviks, happening concurrently, was merely an attempt to convince the Soviet government to re-enter the war.[36] This thesis will challenge some of the specifics of this conclusion, although maintaining the context of the war with Germany.[37]

Foreign intervention in the Russian Civil War also has its own subset of military history which frames its origins – at least from Britain's perspective – entirely within the confines of the ongoing war with Germany. Nevertheless, the continuation of intervention after the end of the fighting on the Western Front is often presented as an ideologically motivated conflict between the Allied Powers and Soviet Russia.[38] This presentation by some military historians of intervention as a concerted war or 'crusade' against the Bolsheviks will form part of the framing of Chapter 2, which will examine the nature of Britain's involvement in the Russian Civil War after the armistice with Germany.

One aspect that can be afforded more attention than previous works in establishing the origins of Britain's military involvement is the relation between intervention and the Finnish Civil War. This conflict spilled into Soviet Russia over the course of 1918 and triggered serious concern amongst the Allies due to the White Finns' alignment with Germany. This thesis will argue that the Finnish incursions into North Russia were a key reason for the expansion of the British military presence in the region. Previously, most historians have given only short consideration to what is perhaps a significant part of Britain's involvement in Soviet Russia before the November armistice.[39] The ostensible threat to Allied strategic interests from Finland has been identified previously as justification for intervention in the region, over any kind of ideological conflict with the Bolsheviks.[40] The examination in this thesis however presents sources which also allude to the beginnings of the

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[36] Ullman, vol I, p. 330.
[37] See Chapter 1.
[38] See, for example: Damien Wright, *Churchill's Secret War with Lenin: British and Commonwealth Military Intervention in the Russian Civil War, 1918-1920* (Solihull: Helion, 2017); Clifford Kinvig, *Churchill's Crusade: The British Invasion of Russia 1918-1920* (London: Hambledon Continuum, 2006), pp. 11-12; James Carl Nelson, *The Polar Bear Expedition: The Heroes of America's Forgotten Invasion of Russia, 1918-1919* (New York: HarperCollins, 2019), p. 7.
[39] For example: Ullman, vol I, p. 118, 175; Sergeev, pp. 25-26.
[40] Craig Gerrard, 'The Foreign Office and British Intervention in the Finnish Civil War', *Civil Wars*, 3:3 (2000), 87-100, p. 99.

commercial motivations for Britain's policy in Soviet Russia through the clashes with Finnish nationalists.[41]

Another facet of foreign intervention which must be discussed relates to the Polish-Soviet War, and the crisis it brought about in 1920.[42] When the conflict reached its apex in the summer of that year, the question of intervention returned as the Red Army seemed poised to overrun Warsaw and threaten the rest of Europe with chaos. Ultimately, the idea was rejected by the British government and Polish forces were left to repel the Soviet advance on their own.[43] The crisis of 1920 is understood as an obvious setback to Anglo-Soviet relations, bringing a halt to trade negotiations in London.[44] This thesis will argue that it ultimately aided the final conclusion of the 1921 agreement due largely to the rejection of intervention, and the changes in perceptions that it encouraged.

The international dimension of the Russian Civil War is an innate feature of the conflict for many historians. For example, Evan Mawdsley, whose book on the war provides a usefully succinct conclusion on the origins of intervention argues: 'The Allies (and the Central Powers) intervened in the aftermath of the Russian Revolution, not because the new government was socialist, but because it was *weak*.'[45] This of course is a clear rejection of ideological factors in the initiation of foreign intervention. Mawdsley also ascribed great importance to Allied intervention for the course of the conflict, in both its direct effects and the Bolsheviks' reaction to it. Discernible significance is also attributed to foreign intervention by Bruce Lincoln in *Red Victory*, in which he dedicated a whole chapter to the subject. Lincoln pointed to the expanse of support given to anti-Bolshevik forces as proof of its magnitude in the course of the Russian Civil War. On every front, in every national movement, Allied soldiers or *materiel* were present.[46]

The importance of the role of foreign intervention is not, however, a wide concurrence in more recent historiography of the Russian Civil War. For example, Laura Engelstein does not, like previous historians, dedicate a chapter to the Allies who play only peripheral roles in her account of the conflict.[47] Conversely, there is a cohort of historians who in the past two decades have

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[41] See Chapter 1.
[42] The conflict is also referred to as the Soviet-Polish War, or Russo-Polish War. The discrepancy comes from the lack of consensus over the start of the war, meaning there is no single aggressor. The crisis of 1920 began however with a surprise offensive by the Polish army: see Chapter 5. See also: Jerzy Borzecki, 'The Outbreak of the Polish-Soviet War: A Polish Perspective', *Journal of Slavic Military Studies*, 29:4 (2016), 658-680, p. 658.
[43] See Chapter 5.
[44] Stephen White, p. 7; Sergeev, p. 102.
[45] Evan Mawdsley, *The Russian Civil War* (Edinburgh: Birlinn, 2008), p. 97.
[46] W Bruce Lincoln, *Red Victory: A History of the Russian Civil War* (London: Cardinal, 1989), p. 192.
[47] Laura Engelstein, *Russia in Flames: War, Revolution, Civil War, 1914-1921* (Oxford: Oxford University Press, 2018).

attempted to redefine the conflicts of this period, contextualising them as all part of the same historical process happening in Europe. This is especially evident in Russia, where the ostensible end of the First World War did not mean an end to armed conflict, which continued for years after.[48] Expanding on these ideas, Jonathan Smele argues that Allied intervention in Soviet Russia was an 'umbilical link' between civil conflict in Russia and the First World War, which had spawned it. He also reframed the Russian Civil War – hence his title, *The "Russian" Civil Wars* – as part of a decade of conflict, impacting not just Russia, but all of the former empire.[49] The actions of British intervention in Soviet Russia – and in the Baltic states – after November 1918 can therefore be interpreted as remnants of the First World War, and the 1921 Trade Agreement a resolution to one of the lingering conflicts.

Sources and Methodology

The overwhelming majority of primary sources cited in this thesis are archival documents. Some sections draw heavily from old archival sources, namely government records held in the UK National Archives and Parliamentary Archives. Most of these documents are kept in Foreign Office, War Office, Cabinet Office, and Lloyd George papers, with some additional material from the Board of Trade records. With collections as large as these it is inevitable that historians previously will not have covered all the relevant material.[50] However, the use of such material here is primarily about recontextualisation of sources within the framing of the historiographical factors discussed above.

Material from Foreign Office papers used in this thesis mostly falls into two categories: records kept by the British delegation at the Paris Peace Conference, and correspondence relating to negotiations with the Soviet government between 1919 and 1921. Additionally, Chapter 1 makes use of Foreign Office papers covering relations with Finland in 1918, which have yet to be examined in relation to the origins of intervention.[51] War Office papers used in this thesis are predominantly correspondence from the British generals leading Allied forces in North Russia. Cabinet Office papers

[48] Peter Holquist, *Making War, Forging Revolution: Russia's Continuum of Crisis, 1914-1921* (London: Harvard University Press, 2002); Robert Gerwarth, *The Vanquished: Why the First World War Failed to End, 1917-1923* (London: Penguin, 2016).
[49] Jonathan Smele, *The "Russian" Civil Wars, 1916-1926: Ten Years That Shook the World* (London: Hurst, 2015), pp. 41-42. While acknowledging the interconnectedness and international natures of the wars that broke out in the aftermath of the collapse of the Russian Empire, this thesis will still refer to the 'Russian Civil War' as being the conflict between the forces of the Russian Soviet government (Reds) and Russian anti-Bolshevik forces (Whites).
[50] For example, see section 'The Basis for Trade Negotiations' in Chapter 5.
[51] These documents are kept in file FO 371/3209.

have the widest scope out of any material from the National Archives. These include minutes of Cabinet meetings and minister's conferences held throughout this period. There is also Cabinet Office memoranda, the content of which can cover a range of subjects and perspectives which can provide important context to high political discussion. This scope, however, comes with limitations. Cabinet minutes are not verbatim records and so do not convey accurate reactions and sometimes do not even attribute points of discussion to individuals.

The new context for these sources comes from a range of material from various archives in the UK. Firstly, additional government records kept in the Churchill Archive which, until recently, have not been used extensively in the context of Anglo-Soviet relations.[52] Some documents from this archive are copies of material held by the National Archives in the War Office papers. However, the Churchill Archive also contains correspondence between Churchill and generals, or with ministers and civil servants from other government departments. Churchill was an avid supporter of intervention, deeply opposed to the Bolsheviks and is often presented as a counterpoint to Lloyd George's preference for diplomacy. Documents in this archive, however, provide insights into a range of events and processes including that of commercial intervention, which is an aspect of British policy that has been explored in much less detail than others. It must be noted, however, that many of these sources will present these events through Churchill's own lens – and that of his secretary Archibald Sinclair – of interventionism. Much of what he wrote was in service of organising support for the anti-Bolshevik war effort and was therefore sometimes subject to inculcation of views not necessarily based in the reality of the conflict.

Much of the new material for this thesis comes from company records from archives in the UK. As noted above, the nature of the earliest commercial relationships with Soviet Russia has not been explored in much depth, hence Chapter 4 of this thesis presents case studies of relevant companies. The largest case study is that of the British Engineering Company of Russia and Siberia (BECORS), records of which are kept in the Leeds Russian Archive. These include company reports, correspondence and documents relating to legal proceedings that BECORS undertook between 1918 and 1921. Chapter 4 also makes use of material from the records of Vickers Limited and Horrockses, Crewsdon & Co, from Cambridge University Library Business Archives and the Lancashire Archives, respectively. The material from these is comprised of correspondence and meetings of directors' meetings. Additionally, Chapter 4 uses material from the Modern Records Centre at the University of Warwick, particularly from its collections from British trade unions. This is comprised of a range of documents including literature published by unions and the Labour Party. Some of these sources are

[52] See, for example, Sergeev.

essentially political propaganda and so this thesis will mainly use them for establishing perspectives rather than facts.

One of the main limitations of these sources is the reliance on British perspectives. This thesis will partly rectify this with some Soviet sources – such as those from the *Arkhiv Vneshnei Politiki Rossiiskoi Federatsii* – although this material is largely supplementary. Furthermore, the use of material from business archives and its position in the final conclusions of the thesis must be acknowledged for its limitations and possible biases. These sources are naturally inclined towards commercial or economic factors and will innately raise these above other elements.

Structure

This thesis is comprised of five chapters, organised loosely by chronology with some overlap due to some thematic approaches. Chapter 1 is a review of Britain's initiation of military intervention and the start of hostilities with the Soviet government, covering a period from the overthrow of the Russian Provisional Government up to the summer of 1918. This involves a focus on high-level political decisions in London as a counter to Richard Ullman's emphasis on military planning. This chapter also, as discussed above, looks to examine the effects of the Finnish Civil War on the early stages of British intervention. While this examination will show that Britain's Russia policy at this time was almost entirely reactive, the Finnish/North Russian aspect shows some movement towards the commercial proclivities that would later drive diplomacy with the Bolsheviks.

Chapter 2 covers the period of hostilities and armed conflict between Britain and Soviet Russia between the November armistice and the withdrawal of Allied forces. It will address the characterisation sometimes given to the conflict as a 'crusade' against the Bolsheviks on the part of the British government, and Winston Churchill in particular. This will show how British military intervention was defined by contradictory priorities, rather than being characterised entirely as a war of ideologies. It will achieve this through examination of political discussion, British operations in North Russia, relations with anti-Bolshevik leaders, and its role in the war's Baltic theatre.

Chapter 3 covers the commercial aspect of the British government's intervention in Soviet Russia, including the blockade. There is some chronological overlap with the previous two chapters, although it extends to cover events in 1920 as well. This chapter will explain the rise in commercial priorities for the British government during intervention and the subsequent dismantling of the Allied blockade. This is done through study of some of the schemes that contributed to forming

Britain's commercial intervention, and of political context shaping trade policy. Chapter 3 will also investigate the perceived threat from Germany in 1919 which has previously been cited as a primary motivation for the British government in changing the course of its Russia policy in January 1920. This thesis will argue, however, that fears of German penetration into Soviet Russia had greatly receded by the time the Allies began relaxing their blockade.

Chapter 4 is an examination of British industry, its relationship with Soviet Russia, and its interaction with the British government's Russia policy. This chapter is thematic, and so covers events throughout the time frame of the thesis. As well as case studies of private enterprise, this chapter will also examine the roles of the British labour movement and co-operative societies in Anglo-Soviet relations. The purpose of this is to demonstrate the range of perspectives in the coalition of interests that demanded peaceful trading relations with the Bolsheviks, and to look at in detail some of the earliest commercial relations with Soviet Russia. These perspectives and relationships were important to defining the nature of *rapprochement*; the fact that one of the first diplomatic settlements with Soviet Russia was a trading agreement was not just out of political convenience, it also formalised a process of commercial integration that had already begun.

Chapter 5 examines diplomatic efforts between 1918 and 1921, leading up to the signing of the Anglo-Soviet Trade Agreement. This covers an early failed attempt by the Allies at diplomacy in the Russian Civil War, prisoner exchanges in 1919, and the trade negotiations that began in 1920. The main purpose of this chapter is to demonstrate the effects of the factors discussed previously on diplomacy between the British and Soviet governments. Economic and commercial pressures were crucial in facilitating the negotiations in London which had appeared to be wavering at several points over the course of 1920. Ideology made interceding difficult as there was no way to reconcile with the Bolsheviks' anti-capitalism. However, hurdles were overcome by a strong desire in some quarters of the British government to reopen trade, encouraged by activities of private firms and pressure from the left of British politics.

I. The Origins of Britain's Intervention in Russia

The Bolsheviks' seizure of power in November 1917 presented Britain with enormous political and military challenges. Questions about diplomacy with its former ally, and how the Revolution would affect the First World War did not have obvious solutions. Ideology was, of course, the major obstacle for diplomatic relations with the new Soviet government. The Bolsheviks spoke of revolution, not just in Russia, but throughout the world. They also viewed the Western imperial powers – and the British Empire in particular – as the most dangerous and advanced political manifestations of the socio-economic order they sought to overthrow. Bolshevik leaders including Lenin and Trotsky were, therefore, deeply suspicious of British motivations. The suspicion was reciprocated, in large part due to the Bolsheviks' anti-war stance. A prevalent view for some time in Britain was that the Bolsheviks were in fact German agents. The connection was drawn between German war aims and the Bolsheviks' anti-war propaganda; withdrawing Russia from the war would obviously benefit the Central Powers, who would be able to turn their attention to the Western Front. Furthermore, the German government had provided Lenin with the means to return to Russia from exile in 1917, lending further credence to this belief. When the Soviet government did make peace with Germany in March 1918, many in Britain saw this as a betrayal of the Allied war effort and confirmation that Russia's new leaders were not allies. Nevertheless, it served no practical purpose to completely dismiss or ignore the Soviets, so the British government made contact with them out of necessity. Eventually, Britain would take military action in Russia, and while this was not initially directed against the Bolsheviks, it would go on to make relations practically impossible.

The attempts at limited diplomacy with the Soviet government in 1918 were conducted through the former British Consul General to Moscow, Robert Bruce Lockhart. After having left Russia during the Revolution, Lockhart was best placed to act as intermediary. He spoke Russian, and had Russian contacts, but he was not working as an official representative for Britain. This made him ideal as he was in a position to make contact with Bolshevik leaders, but his presence would not amount to diplomatic recognition of the Soviet government. Lockhart would advocate heavily for a policy of recognition and attempted to reconcile directly with Bolshevik leaders. His efforts were ultimately unsuccessful, as British military action in Russia became irreconcilable with neutrality and diplomacy with the Soviets failed to produce any real agreement. Lockhart himself would be arrested by the Cheka (the Bolsheviks' secret police force) for his part in an attempt to finance anti-Bolshevik forces.

One of the earlier assessments of the origins of Allied intervention in the context of Soviet foreign relations came from George Kennan, once the US Ambassador to the USSR. In his perspective, intervention was mainly a British affair:

> The driving impulse of this entire action came from the British military planners. The expedition was at all time under British command. The origins of the expedition were strung out over a period of five months, during which there were many changes and fluctuations in the background situation, in the relations between the Allies and the Soviet government, and in the motives and calculations of people on the Allied side.[1]

Kennan is correct in his view that Britain took the lead on intervention, but his conclusion that the 'impulse' came solely from British military planners somewhat oversimplifies the situation. Similarly, historian Richard Ullman concluded that 'intervention was the reaction of the British War Office to a political situation over which they had no control.'[2] While the British military would have a major influence on policy towards intervention there were also decisions being made in the War Cabinet that must be considered. Ullman's examination of the causes of intervention focusses largely on the War Office and the government's interdepartmental Russia Committee.[3] Therefore, this chapter will devote more attention to the War Cabinet's decisions in the build-up to and early months of military intervention. As early as January 1918, the British government was exploring options in Russia that would have amounted to an intervention, albeit indirectly. As the year progressed, the War Cabinet shifted focus to direct military action, as other options became unfeasible. The political and military situations in Russia that underpinned the decisions being made in London were complex and constantly changing, and so were discussions on policy.

Out of all the military and political circumstances surrounding intervention, the current historiography does not lend as much examination to the Finnish situation and its impact on Britain's policy as it does to others. Beginning in March 1918, nationalist White Guards launched a series of expeditions into North Russia, in territory claimed by the newly independent Finnish state. More importantly, they were supported by Germany. Kennan dismissed them as 'minor incursions' that Allied representatives took 'much more seriously than they need have done.'[4] However, the objectives of the Finnish White Guards were, at the time, linked inextricably to German war aims. Additionally, many of the earliest actions by the British military in Soviet Russia were taken in order to repel these incursions. For these reasons, the situation in Finland and its bearing on events in North Russia require further analysis.

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[1] George F Kennan, *Russia and the West Under Lenin and Stalin* (New York: Mentor, 1960), p. 79.
[2] Ullman, vol II, p. 330.
[3] Ullman himself points out in his second volume that his first makes little mention of even the Prime Minister.
[4] Kennan, p. 71.

Military intervention was a reactive policy that was ultimately about limiting the advantages Germany might gain from Soviet Russia's exit from the First World War. It was not a fundamentally anti-Bolshevik move by the British government, although it would eventually lead to direct conflict. For the purposes of this thesis, the origins of military intervention demonstrate that the Britain did not default to an anti-Bolshevik stance, or even reject relations on some level with the Soviet government. Circumstances in 1918 led the British government to deal with the Bolsheviks as Russia's *de facto* authority, even if public recognition of their regime was unconscionable.

Reactions to the November Revolution

News of the Bolsheviks deposing the Provisional Government reached Britain on 8 November with reports of a coup in Petrograd. From the outset, this news was anchored in the context of the ongoing war with Germany. The *Daily Express* front page described the 'Maximalists' – an anglicised term for Bolsheviks – as 'extreme stop-the-war revolutionaries', who were demanding Russian soldiers only obey orders from the Petrograd Soviet.[5] The *Times* described Lenin as a 'pacifist agitator' making demands for a 'democratic peace.'[6] The *Daily Mail* called him a 'Hun conspirator', in reference to the common assumption that he and Trotsky were German agents working to end Russia's involvement in the war for Germany's gain.[7] Despite strong anti-communist sentiment from some of the British political class, the earliest Cabinet deliberations on the Bolsheviks' seizure of power were largely unconcerned with ideology. For the British government, it was Russia's role in the war that took priority. Britain and its allies would not be able to recognise a government that sought unilateral peace with the Central Powers, however, the Cabinet was wary that 'any overt official step taken against the Bolsheviks might only strengthen their determination to make peace and might be used to inflame anti-Allied feeling in Russia.'[8]

The information that the British government could get out of Russia, contrary to reporting in the press, was largely realistic about claims of the Bolsheviks' links to Germany. The Department of Information's intelligence report from the week of the Bolshevik takeover stated that 'It is not correct to dismiss the Bolsheviks merely as a gang of German agents. Bolshevism is essentially a Russian disease; it is Tolstoyism distorted and carried to extreme limits.'[9] Due to such assessments, the War

[5] 'Civil War in Russia', *Daily Express*, 8 November 1917, p. 1.
[6] 'Coup d'état in Petrograd', *The Times*, 9 November 1917, p. 7.
[7] 'New Revolt in Petrograd – Lenin Seizes Power', *Daily Mail*, 9 November 1917, p. 3.
[8] The National Archives (TNA), War Cabinet 280, 22 November 1917, CAB 23/4/54.
[9] TNA, Weekly Report on Russia. XXIX, 12 November 1917, CAB 24/31/89.

Cabinet was willing to contemplate the idea of the Bolsheviks being a *de facto* authority in Russia. There were exceptions to this perception such as the Undersecretary of State for Foreign Affairs, Robert Cecil, but an ostensible loyalty to Germany from Soviet Russia's leaders does not appear to have been a serious consideration for the British government in the build-up to intervention.

A month into Soviet rule, the British government began to formulate a basis for a policy towards the situation in Russia. In a memorandum from 9 December, the Secretary of State for Foreign Affairs, Arthur Balfour, identified three issues which the government had to consider: the protection of British subjects still in Russia; the position of Romania's forces, who could reinforce the Eastern Front; and how Britain would attempt to deny Germany an advantage in the East. On this last point, Balfour concluded:

> A mere Armistice between Russia and Germany may not for very many months promote in any important fashion the supply of German needs from Russian sources. It must be our business to make that period as long as possible by every means in our power, and no policy would be more fatal than to give the Russians a motive for welcoming into their midst German officials and German soldiers as friends and deliverers.[10]

Lloyd George, in his war memoirs, called this memorandum 'one of Mr. Balfour's most notable State documents', and it appears to have set the tone for future deliberation on foreign policy regarding the Russian Revolution. The British government insisted it would not be making domestic Russian politics a concern and would be pursuing the aim of keeping Russia in the war for as long as possible, or at least denying Germany access to its resources. This was essentially no different from its previous policy towards Russia. It is important to note, however, that the discussion in Cabinet was happening in the context of uncertainty over the future of the Bolshevik regime, if it had any. It was presumed in the War Cabinet that the most likely outcome for the Bolsheviks' 'ascendancy' was that it would last 'a few months only.'[11] Nevertheless, Britain would not be taking any hostile actions towards the Soviet government in order to avoid facilitating any process that would ultimately help Germany.

Balfour's notes from December also show that fundamental differences in the attitudes and perceptions towards the Bolsheviks within the British government had already emerged. He writes:

> It was suggested in Cabinet on Friday [7 December] that, after their recent proclamations, the Bolshevists could only be regarded as avowed enemies…I entirely dissent from this view, and believe it to be founded on a misconception. If, for the moment, the Bolshevists show peculiar virulence in dealing with the British Empire, it is probably because they think that the British Empire is the great

[10] TNA, Notes on the Present Russian Situation, 9 December 1917, FO 800/214.
[11] TNA, War Cabinet 295, 10 December 1917, CAB 23/4/69.

> obstacle to immediate peace. But they are fanatics to whom the Constitution of every State, whether monarchical or republican, is equally odious.[12]

Balfour, in his role as Foreign Secretary, already found himself at odds with some of his colleagues over Soviet Russia. This would only become more apparent later, after the armistice with Germany, when he tried to steer policy away from both *rapprochement* and confrontation with the Soviet government.[13] At the beginning of 1918, however, these differences were effectively made redundant by the increasing urgency of the war with Germany, which will become apparent in the sections below.

Finally, the assumption that the Bolsheviks' regime would be short-lived was not universal in Britain. Among those who saw the very real possibility of Bolshevik power extending beyond a few weeks or months was Robert Lockhart. Having returned to Britain, Lockhart spent the weeks between 27 November and 18 December speaking with politicians of the need for contact with the Bolsheviks. His arguments were met with sympathy from some, including government ministers Edward Carson and Alfred Milner. On 21 December he met with Lloyd George who agreed he could return to Russia to make contact with Lenin and Trotsky.[14] The next day, the Soviet-German peace conference opened, signalling the beginning of the end of Russia's involvement in the First World War.[15]

The reluctant acceptance in London of the Bolsheviks being the *de facto* government of Russia had evidently manifested soon after their seizure of power. It was an acknowledgement of the reality of the situation in which there were not yet any entrenched alternatives to the Soviet government. The initial reactions and discussions in London therefore established a reticent but sincere avenue – through Robert Lockhart – towards dialogue with the Bolsheviks.

No Recognition, no Rupture: Britain's Policy Prior to the Soviet Exit from the War

At the beginning of 1918 the negotiations between Germany and Russia at Brest were far from having a forgone conclusion. The preferred outcome for Britain was for the war on the Eastern Front against Germany to continue, regardless of who was claiming authority in Russia. The ever-increasing possibility of this being the Soviet government raised questions in the British War Cabinet

[12] 9 December 1917, FO 800/214.
[13] See Chapter 2.
[14] R H Bruce Lockhart, *Memoirs of a British Agent* (London: Frontline Books, 2011), pp. 198-200.
[15] Ullman, vol I, p. 62.

as to what, if any, relationship Britain should have with the Bolsheviks. The year began with reports of difficulties in the talks at Brest due to a disagreement over a 'no annexation' clause. It was feared that if talks broke off, Germany could quickly overwhelm what remained of the Russian Army and make a push towards Petrograd. The possibility of the Bolsheviks providing some sort of resistance to Germany still existed, and so the British government was reluctant to isolate them entirely.[16] In mid-January Robert Lockhart travelled to Petrograd. His instructions were to establish relations through contact with Lenin and Trotsky but he was not given any official position. If the Bolsheviks were prepared to allow Lockhart diplomatic privileges, the British Government would reciprocate for Maxim Litvinov, who had already been appointed as Soviet representative in Britain.[17]

The advice given to London by British diplomats was generally in favour of commencing relations with the Bolsheviks. Lockhart was not the only representative to advise politicians on the need for contact with the Soviet government. On 9 January, the British Government had received a telegram from Francis Oswald Lindley, Counsellor to the embassy in Petrograd, recommending that Britain 'should enter into relations with all the *de facto* regional authorities in the country.'[18] He was not excluding the Bolsheviks out of necessity, considering the anti-war sentiment in Russia that was helping them consolidate power. In an earlier letter, Lindley had warned:

> Don't be misled into thinking the Bolsheviks an isolated minority. They are a minority in regards their violent seizure of authority, but in their demand for peace, they voice the whole people with insignificant exceptions.[19]

Lindley was not a sympathiser to the Bolshevik cause, but he recognised the forces that had led them to power and his letter highlights a major obstacle for the British government in their policy towards Russia. Ensuring Soviet Russia stayed in the war would be difficult when it had no popular support. This created a contradictory situation in which the Bolsheviks were a serious option for providing any resistance to Germany in the future. There appeared to be two reasons for this. Firstly, peace talks were not going smoothly, and Trotsky was reportedly quarrelling with the Germans. Secondly, it was believed that the Socialist Revolutionaries were the only real political alternative to the Bolsheviks, and that they were more likely to capitulate to German demands.[20] This view was supported by Balfour, who stated that Britain should avoid diplomatic rupture with the Soviets 'as it was quite clear that the Bolsheviks provided the Germans with more difficulties than would be presented by the

[16] TNA, War Cabinet 316 Draft Minutes, 7 January 1918, CAB 23/44B/7.
[17] Lockhart, p. 201.
[18] TNA, War Cabinet 319, 9 January 1918, CAB 23/5/11.
[19] TNA, Release of Russia from obligation to continue the War. Letter from Mr Lindley to Sir E. Drummond, 27 November 1917, CAB 24/35/77.
[20] CAB 23/44B/7.

Social Revolutionaries.'[21] The British government's other source of diplomatic guidance concerning Russia, the former ambassador George Buchannan, was perhaps more wary of dealing with the Bolsheviks than other diplomats. Nevertheless, his advice to the War Cabinet was also to avoid unnecessarily ending contact with the Soviets. He agreed with Balfour that the Bolsheviks were more of a 'nuisance' for the Germans than the Socialist Revolutionaries. However, in the same meeting he also warned that the Government would, eventually, have to choose between a rupture, or 'complete reciprocity in everything.'[22]

The move towards some kind of relationship with the Bolsheviks was not without opposition within the British government. In a Cabinet meeting on 7 February, discussion was raised by a telegram from Lockhart, suggesting that his authority be extended as intermediary between the Petrograd Embassy and the Bolsheviks. Balfour supported this move as a way of dealing with the *de facto* authority in Petrograd, and as a way to possibly reach an agreement to prevent Bolshevik propaganda efforts in Britain. Minister of Blockade Robert Cecil argued that, on the other hand, further steps towards recognition could be a boon for Bolshevik propaganda and could discourage anti-Bolshevik elements within Russia. Cecil had also conveyed doubts to Lockhart and was apparently still suspicious that Trotsky was a German agent.[23] George Curzon, then Undersecretary of State for Foreign Affairs, also expressed his view that further recognition would have 'a very unfortunate effect' in Britain and for its allies, considering that Trotsky was likely to agree to a peace with the Germans. The Prime Minister, however, supported granting authority to Lockhart in the hope that it could lead to some sort of influence over Bolshevik policy.[24] Balfour's reply to Lockhart, assenting to his suggestion and making him a 'Political Agent', confirmed the British government's current policy towards the Bolsheviks:

> It is common ground that full and complete recognition is at present impossible, and also that a complete rupture is very undesirable. The only question is as to the exact character of the middle course which ought to be adopted. (So long as it is understood that our diplomatic relations remain semi-official and informal, we see no reason why you should not act as the representative of the British Embassy).[25]

The nature of this 'middle course' was not easily defined, as demonstrated by the response to the actions of Bolsheviks in Britain. Two Russians in particular who were in the country were discussed by the Cabinet; Maxim Litvinov and Lev Kamenev, a prominent Bolshevik who had been the first

[21] TNA, War Cabinet 327, 21 January 1918, CAB 23/5/19.
[22] CAB 23/5/19.
[23] Lockhart, p. 231.
[24] TNA, War Cabinet 340, 7 February 1918, CAB 23/5/32.
[25] TNA, Instructions to Mr. Lockhart. Draft telegram from Foreign Office to Mr. Lindley (Petrograd), February 1918, CAB 24/41/59.

Chairman of the Soviets' Central Executive Committee. The former was already in Britain as the semi-official representative of Soviet Russia but drew attention for his involvement in the distribution of Bolshevik propaganda in the British Labour Party. While the government approved seizing presses being used to print Bolshevik literature, they stopped short of taking action against Litvinov personally. Expelling him would have been 'tantamount to a declaration of war against the Bolsheviks', in the view of Robert Cecil.[26] Litvinov, however, continued in efforts to spread propaganda and the government continued to delay taking action against him.

This was not to say that no measures were taken against Bolshevik activities in Britain. The Home Secretary, George Cave, had concerns that Litvinov was targeting British and American soldiers – particularly those of Jewish descent – with Bolshevik propaganda. It was also reported that Lev Kamenev was travelling to Britain to aid these efforts. The Home Secretary concluded:

> These people may not have much influence on the British working man; who will judge Bolshevism by its results in Russia: but they may cause serious trouble among Russian and Jewish soldiers and munition workers and in the mixed population of the East End.[27]

The government did not want to risk allowing the Bolsheviks to undermine morale and exercised the authority to prevent them doing so. Police confiscated Bolshevik literature and raided meetings of Russian Communists in London. When Kamenev arrived in Britain, he was met by police who seized a cheque for £5,000 (over £250,000 today).[28] He claimed to have been travelling to France, but the French government denied him entry, so arrangements would be made for his return to Soviet Russia. He would remain in Britain until then.[29]

The British government delayed taking decisive action on the Bolshevik presence in Britain, in line with their general policy towards Soviet Russia. Balfour's 'middle course' saw Britain respond to the Bolsheviks as a potential threat to its war effort, but not yet as an enemy. Litvinov was eventually detained – as was Lockhart in Russia – but not until hostilities between British and Red forces in Russia begun, and months after the signing of the Brest-Litovsk Treaty. Britain still needed assistance holding back Germany in Russia, so the Bolsheviks could not yet be treated as a hostile power, particularly while talks in Brest were still under way. Lockhart's request for authority in February would have amounted to a step towards formal recognition of the Soviet government and further – but not complete – recognition was considered. Lloyd George, for instance, had cited Greece as an example of Britain recognising competing governments, a model that could have

[26] TNA, War Cabinet 328, 22 January 1918, CAB 23/5/20.
[27] TNA, Bolshevist Propaganda, 22 February 1918, CAB 24/43/4.
[28] TNA, War Cabinet 353, 25 February 1918, CAB 23/5/45.
[29] TNA, War Cabinet 356, 28 February 1918, CAB 23/5/48.

applied to Russia.[30] Nevertheless, there was much to be reconciled with the Bolsheviks before Britain could recognise their regime as Russia's government. A week after Germany and the Soviets made peace US President Woodrow Wilson expressed sympathy for the Russian people on the opening of the Congress of Soviets; 'it was pointed out that this document did on behalf of the United States exactly what Mr Lockhart had urged the British Government to do', as it was recorded in the Cabinet's minutes. However, the British government would continue to avoid such public declarations, as the Cabinet were aware of an animosity in Britain towards the Bolsheviks regarding their withdrawal from the war.[31] Publicly, the British government could not be seen to support the Soviets as there would almost certainly be a political backlash. Nonetheless, because of the fluid situation and the advice of its diplomats, Britain would keep a cautious window with the Soviet government open.

Reforming the Eastern Front

Ministers in London would not be relying entirely on the Soviet government resisting German advances. If Germany was to be prevented from gaining a foothold in Russia, the war effort on the Eastern Front would have to be renewed to some extent. For a time, it appeared that the Russian Cossacks would be one of the forces most likely to continue the fight against Germany. Days after the Bolsheviks' seizure of Petrograd, General Knox advised London that 'Cossacks are the only disciplined force in the country.'[32] Following this assessment, some groundwork would be laid for British support to be given to the Don Cossacks in South Russia. On 21 January, Robert Cecil proposed, on advice of a military attaché, an advance of 5 million pounds to a contact in the south-east through which they would be able to finance the Don Cossacks as well as gain control of important resources.[33] The War Cabinet, 'anxious to give immediate financial assistance', approved the funds the next day.[34] This avenue into Russia would last barely a month, as on 20 February, by Balfour's account 'it was now clear that the Cossacks no longer existed as an efficient fighting force.'[35]

[30] CAB 23/5/33.
[31] TNA, War Cabinet 350, 20 February 1918, CAB 23/5/42.
[32] TNA, Russian Situation. Telegram No 1490 of the 12th Nov. 1917, from General Knox, 17 November 1917, CAB 24/32/83.
[33] CAB 23/5/19.
[34] CAB 23/5/20.
[35] CAB 23/5/42.

One of the most serious problems that was becoming apparent was that the Allied Powers currently would not be able to provide sufficient military forces to the defence of the North Russian ports. Meanwhile, the war on the Western Front was entering a decisive phase as Germany began its spring offensive shortly after making peace with the Soviets. If a new front was to be opened in the East, the fighting would likely have to be done by Russians. In this event, putting together a force would be difficult given the anti-war sentiment in Russia. General Knox told the War Cabinet as early as January that a volunteer army would be 'impossible.'[36] By the end of February, the only other hope of resisting a German advance in the East was a proposed military intervention in Siberia by Japan. Initially, the prospect had arisen out of the need for supporting the Cossacks. It was hoped that Japan could secure parts of the Trans-Siberian Railway in order to create a line of communication with the anti-Bolshevik elements in the South.[37] However, a major hurdle this plan faced was opposition from the United States. Wilson was reluctant to back any military intervention in Russia, and the US was concerned about the possibility of the spread of Japanese influence in the region. Japan was delaying taking steps towards intervening while the US changed its position, first assenting to it and then returning to averseness. Furthermore, Japan had no desire to move West from Siberia.[38] This meant that an invasion of Siberia would not allow for protection of ports at Murmansk and Arkhangelsk in the north.[39] The Allies had built up some two million tons of military stores in Vladivostok, Arkhangelsk and Murmansk over the course of 1917.[40] Murmansk, in particular, was of significant use due to it being ice-free, and the British Navy had already assigned a squadron to its defence. These ports would become the centres for the first direct involvement in Russia by British forces as they attempted to prevent the supplies falling into German hands. At the beginning of March, the prospect of this happening directly suddenly arose, as the Soviet government initially refused to sign the proposed treaty. Trotsky, now fearing a German advance on Petrograd, instructed the Murmansk Soviet on 2 March to prepare a defence: 'you are instructed to co-operate with Allied Missions in everything and to put all obstacles in way of advancing Germans.'[41]

The Allies already had a small naval presence established at Murmansk. British, French and American ships under British command – lead by Rear Admiral Thomas Kemp – were positioned to defend the port if necessary, but would be unable to field significant ground forces. Kemp had

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[36] CAB 23/5/19.
[37] TNA, War Cabinet 330, 24 January 1918, CAB 23/5/22.
[38] TNA, War Cabinet 363, 11 March 1918, CAB 23/5/55.
[39] Arkhangelsk is referred to as the anglicised 'Archangel' in British sources.
[40] David Lloyd George, *War Memoirs,* vol II, (London: Oldhams Press Limited, 1936), p. 1892.
[41] Ibid, p. 1893.

requested a force of 6,000 to defend Murmansk after the Soviet requested aid and although more ships were sent, ground forces would not be. He was, however, authorised on 4 March to land troops he already had under his command, with the stipulation that he 'was not to undertake operations against the Bolsheviks except in a case of extreme urgency.'[42] British Marines went ashore the next day; the first direct involvement by Britain in Russia. Murmansk remained out of German hands, but the stores at Arkhangelsk were still at risk. Amidst conflicting reports about supplies being removed from Arkhangelsk, Britain dispatched a cruiser to the port on 19 April.[43] Intervention in Eastern Russia, meanwhile, was now more likely. The view of the British government was broadly in favour of Japanese intervention with the aim of preventing Germany from taking supplies from Western Siberia. This endeavour still did not have the backing of the United States, and it was decided that the Foreign Office should make efforts to persuade Woodrow Wilson to lend support.[44] Furthermore, Lockhart reported to London near the end of March, that Trotsky might also be persuaded to invite intervention from Japan.[45] Lockhart and other Allied representatives in Soviet Russia believed that an Allied military presence could only be brought there with Bolshevik consent.[46] This was not a view shared in the British government, which was looking to encourage Japanese intervention regardless of whether the Soviet government agreed to it. However, an invitation from the Soviets was still a preferable outcome.

In mid-April the War Cabinet continued preparations for the defence of the Russian ports. The situation at this time saw two important developments. Firstly, the British government was now considering ground forces for the defence of Murmansk and secondly, the United States might be willing to lend support to Japanese intervention if it was invited. Robert Cecil pointed out that this would have to come from the *de facto* Russian government, which was now the Bolsheviks. While there was still no desire to officially recognise the Soviet government, British policy towards Russia was now working with the assumption that the Bolsheviks were the only effective authority in the country. Consequently, it was Trotsky's consent that was sought for either British or Japanese military landings.[47] Trotsky was now willing to hear a proposal from the Allies as to how they would assist Russia in continuing the war against Germany and it was hoped that with his approval, the US would finally lend support to Japanese action in Siberia.[48] Lenin too had told Lockhart in May that he

[42] TNA, War Cabinet 358, 04 March 1918, CAB 23/5/50.
[43] TNA, War Cabinet 395, 19 April 1918, CAB 23/6/17.
[44] TNA, War Cabinet 369, 21 March 1918, CAB 23/5/61.
[45] TNA, War Cabinet 378, 30 March 1918, CAB 23/5/70.
[46] Lockhart, p. 247.
[47] TNA, War Cabinet 390, 12 April 1918, CAB 23/6/12.
[48] CAB 23/6/17.

would prefer an arrangement with the Allies, although the Bolsheviks were increasingly less amenable by this point. When Japanese troops landed at Vladivostok in April following the murder of Japanese residents, Trotsky revoked privileges for British representatives.[49] In addressing this development in Siberia, the British government issued a statement to Georgii Chicherin – the Soviet Commissar for Foreign Affairs – attempting to reassure the Bolsheviks of the intentions behind the landing:

> The British Mission in Moscow received this morning a telegram from the British Government relative to the landing of allied troops at Vladivostok. After describing the murder of two Japanese subjects in Vladivostok and the circumstances which induced the Japanese admiral to take this action, the British Government requests its representatives in Moscow to assure the Russian Government that this landing has taken place with the sole objective of securing the lives and property of foreign subjects in Vladivostok, and that it should not be regarded in any other light than as a measure directed solely to this end.[50]

The issue of Japanese intervention had ultimately been a source of tension between Britain and the Soviets.[51] However, the Allies were so far unable to co-ordinate a policy on the matter – in large part due to American reluctance – and so could not assuage the Bolsheviks' concerns about their intentions. Nonetheless, Britain was making an effort to secure the backing of the Soviet government for military action and in doing so was now dealing with it as the *de facto* Russian national government. The statement to Chicherin is an indication of how quickly events had developed since the start of the year. There was no longer a question of whether Britain should have any sort of contact with the Bolsheviks. They were now the authority that would have to be negotiated with if the Allies were to maintain a presence in the East with any consent from Russia.

While Germany's spring offensive was making gains on the Western Front in May, a new plan regarding Siberia was proposed by Robert Cecil to the Japanese ambassador in London. Japan would take the lead on intervention providing their aims were not territorial but rather to assist the wider Allied cause. Furthermore, their forces would need to be sent as far West as Chelyabinsk, on the border of Europe and Asia. This way, Japanese intervention would serve as a distraction to pull German manpower and resources away from the Western Front.[52] Britain would still have to seek approval of the United States as, in Balfour's view, action in Siberia would not be possible without

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[49] Lockhart, p. 271.
[50] Arkhiv Vneshnei Politiki Rossiiskoi Federatsii (hereafter AVPRF), op. 1, d. 2, p. 1, l. 4.
[51] Lenin, for example, had issued a directive to the Vladivostok Soviet in April to prepare for a Japanese attack aided 'probably by all the Allies without exception': V I Lenin, 'Directives to the Vladivostok Soviet', 7 April 1918, *Marxists Internet Archive*, https://www.marxists.org/archive/lenin/works/1918/apr/07b.htm [accessed March 2020].
[52] TNA, War Cabinet 417, 24 May 1918, CAB 23/6/39.

their support. The matter would therefore be taken up with the Allied Supreme War Council in the hope that military arguments in favour of intervention could win over US backing.[53]

The planning for intervention in Siberia provided a catalyst for Allied governments to co-ordinate policy on Russia. Likewise, reports from Russia were encouraging a sense of urgency. Lockhart feared Germany could soon make an advance and asked London to intervene quickly.[54] The British, French and Italian Foreign Ministers agreed at the start of June that the Allies should approach Japan to intervene with three conditions:

> (a.) That Japan should promise to respect the territorial integrity of Russia.
> (b.) The she would take no side in the internal politics of the country.
> (c.) That she would advance as far West as possible for the purpose of encountering the Germans.[55]

The matter had yet to be concluded on by the Supreme War Council, however, the British government would continue to move ahead with planning. Partly motivated by a communication to the Foreign Office suggesting Wilson would intervene in Russia if invited, the War Cabinet began discussing the logistics of direct action by the Allies on 6 June. It was now a question of how large a force would be required to be effective in Siberia up to Chelyabinsk. The Cabinet also wanted estimates for operating around Arkhangelsk and Murmansk regardless of whether the Allies sent forces to Siberia.[56] Britain was now intending to push ahead in North Russia with or without support from the United States, or an invitation from the Soviets.

Wilson would not consent to intervention until the end of July, by which time Britain had already placed troops in North Russia. The expansion of their military presence had been prompted by events in the East in which Britain had been presented with another option for defending the ports. The Czechoslovak Legion, a unit of the former Imperial Russian Army, had arrived in Siberia. The Legion was refusing to fight in Russia and was awaiting evacuation from Vladivostok by the French to be sent to the Western Front. The British government saw a different use for the Legion, however. An estimated force of 20,000 Czechs was gathered at Omsk and the British Director of Military Intelligence reported that there was a possibility that this force could be transported north to defend Arkhangelsk and Murmansk.[57] By 17 May it was expected that a total of 50,000 could be diverted from Siberia to the northern ports to be used against the Germans.[58] These reports were disputed by the captain of the British ship HMS Suffolk, stationed at Vladivostok, who informed

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[53] TNA, War Cabinet 421, 30 May 1918, CAB 23/6/43.
[54] CAB 23/6/43.
[55] TNA, War Cabinet 426, 05 June 1918, CAB 23/6/48.
[56] TNA, War Cabinet 427, 06 June 1918, CAB 23/6/49.
[57] TNA, War Cabinet 402, 01 May 1918, CAB 23/6/24.
[58] TNA, War Cabinet 413, 17 May 1918, CAB 23/6/35.

London that the Czechs would only fight on the Western Front.[59] An arrangement was later made to have the Legion transported to France but the British military had already laid the groundwork to support their arrival in North Russia.

Britain would continue to further its involvement in North Russia even while still seeking an invitation from the Soviet government. Major-General Poole was dispatched to Murmansk with a military mission with the aim of organising the Czechoslovak forces. Meanwhile, Lloyd George told the War Cabinet that they should begin to consider taking further measures in Russia without the United States and Japan in the event they did not assent to military action.[60] More Marines were dispatched to Murmansk in late May and were placed under Poole's command, with additional ground forces *en route*. Chicherin had reportedly ordered the Murmansk Soviet not to allow further landings by the British Navy, but the War Cabinet chose to ignore this, believing it was only a 'camouflage' from German pressure.[61] In reality, Britain was heading closer to conflict with the Soviets, as landing more troops without invitation would only confirm Bolshevik suspicions regarding Allied intentions. At the start of July, Poole reported that the Murmansk Soviet had elected not to obey orders from Moscow and co-operate with the Allies, after being ordered to stop accepting aid. Meanwhile, the Bolsheviks were stirring up anti-Allied sentiment elsewhere in the region.[62] This seemed to be the result of a genuine belief that Britain was now preparing for conflict with the Soviet government. Chicherin had conveyed their concerns as early as April regarding British troops making movements towards Arkhangelsk.[63] Britain's actions would not alleviate these concerns as operations extended further from Murmansk. Even if their aims were purely directed at resisting Germany, the Bolsheviks did not see British operations in North Russia in the same way. On 12 July, Chicherin appealed to the American ambassador over British advances along the coast towards Arkhangelsk. He saw 'no connection with the German menace from Finland', believing this was a move directed against the Bolsheviks.[64] On the same day, he sent a note to Lockhart in which he told him: 'we have stated, and we state once more, that Soviet troops will do everything in their power to defend Russian territory, and will offer the most determined resistance to foreign armed invasion.'[65]

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[59] TNA, War Cabinet 418, 27 May 1918, CAB 23/6/40.
[60] CAB 23/6/35.
[61] TNA, War Cabinet 415, 23 May 1918, CAB 23/6/37.
[62] TNA, Telegram from General Poole to DMI, 02 July 1918, WO 106/1153/159.
[63] AVPRF, op. 1, d. 2, p. 1, l. 38.
[64] AVPRF, op. 1, d. 2, p. 1, l. 39. The reference to Finland is due to the German presence there, explained further in the section below.
[65] Georgii Chicherin, 'Note from Chicherin to Lockhart on British Action in Northern Russia', 12 July 1918, *Marxists Internet Archive*, https://www.marxists.org/history/ussr/government/foreign-relations/1917-1918/1918/July/12.htm [accessed March 2020].

In Robert Lockhart's view it was the Allies' use of the Czechoslovak Legion that was ultimately the cause of the rupture between Britain and the Soviet government.[66] In late May, the Legion revolted and seized control of part of the Trans-Siberian railway. This is often cited as one of the triggers for the Russian Civil War and it placed the Allies squarely at odds with the Bolsheviks. In June, fighting between Czechs and Red Guards spread across Siberia towards Vladivostok. The Czech's commander appealed for Allied support on 7 July. Knowing that intervention still did not have the backing of the United States, Britain dispatched a battalion to Vladivostok from Hong Kong.[67] Even before the first direct clashes between Allied and Red troops, Britain was now actively supporting a force the Bolsheviks considered an enemy, and that was forming the foundation of the Allies' presence in Russia.

Once intervention had gained the backing of the United States, and Britain could dispatch more ground forces, Poole was issued new orders. His original directive had been to prepare for the arrival of Czech forces, but it was now conceded that they would not be coming. He was therefore given further instructions from the War Office: 'Your main object is to co-operate in restoring Russia with the object of resisting German influence and penetration, and enabling the Russians again to take the field side by side with their Allies for the recovery of Russia.'[68] Unlike orders issued to Kemp in March, these did not come with the stipulation that British forces were not be used against the Bolsheviks. Neither was Poole ordered specifically to take action against the Reds, now moving to regain control of the northern coast. From a military perspective, Britain's goals in North Russia remained unchanged since the beginning of the year; the priority was still to ensure the ports remained in the Allied sphere of influence.

Between the months of March and August, Britain had been steadily building a military presence in North Russia. Although the Allies did not officially intervene in Russia until August, by 10 June, there were already 1,200 British troops at Murmansk.[69] Britain had essentially already begun intervention without approval of the United States, and without Allied forces being committed to Siberia. The Murman Oblast was threatened by German advances through Finland, and Britain would not wait for US or Soviet approval before taking measures to defend its interests there. The state of the Western Front also contributed to accelerating preparations for intervention. On 6 June Robert Cecil expressed the view that there would be no 'successful conclusion to the war' unless the

[66] Lockhart, p. 272.
[67] TNA, War Cabinet 443, 10 June 1918, CAB 23/7/6.
[68] TNA, Telegram from War Office to General Poole, 10 August 1918, WO 106/1153/367.
[69] CAB 23/7/6.

Allies acted in Soviet Russia.[70] While Britain was deepening its involvement in the East, Germany increased its strength in the West. As the war was still months from its conclusion, the Allies needed any advantage they could get in the East and the urgency gave increasing weight to Britain's justifications for intervening in Russia.

While intervention gathered speed, diplomacy with the Soviet government was breaking down. Military operations by Britain were confirming fears that the Allies would work to overthrow the Soviet government. When British reinforcements, commanded by General Maynard, landed at the end of June, Lenin and Trotsky considered it an act of hostility and cut communications with the Murmansk Soviet. The landings had taken place without assent, despite previous attempts to secure an agreement from Moscow. On this, Richard Ullman concludes: 'through Lockhart's mission a serious attempt was made to come to terms with the Bolshevik leaders. To the British government, however, to come to terms with the Bolsheviks meant only one thing—securing their agreement to come back into the war.'[71] Certainly, the attempt was serious, however, its objective was not necessarily to bring the Bolsheviks into the war. Even just consent to military landings, without the Soviets becoming directly involved, would have been a major boost for securing support from the United States. Nevertheless, landings took place anyway as there were ostensibly no alternatives left for defending the Russian ports, and the Bolsheviks were increasingly hostile to British military presences.[72] Despite some diplomatic effort on the part of the British government, the urgency of the war meant a build up of forces in Russia went ahead without any approval, Soviet or otherwise. Meanwhile, the Bolsheviks reverted to their belief that the British Empire was preparing for a war against their revolutionary government and so chose to resist, without much success, further attempts to intervene.

Finland and North Russia

One of the many consequences of the collapse of the Russian Empire was the Finnish Civil War. Fighting between Finnish Red Guards and nationalist White Guards broke out in January 1918 and in March, Germany intervened on the side of the Whites. When this dynamic threatened territory in North Russia, Britain in turn would intervene in the region. Existing historiography has already

[70] CAB 23/6/49
[71] Ullman, vol I, p. 330.
[72] This culminated at the end of August when the Cheka forced their way into the British mission in Petrograd, murdering a naval officer in the process, see: Sergeev, p. 47.

contested that this demonstrates the military imperative behind intervention over ideology. Sources presented below, however, will show an emerging commercial motivation also played a role in these events.[73]

By the Spring of 1918, Finland was considered, by Lloyd George at least, to be a 'German protectorate', housing 20,000 German troops.[74] The Finnish Whites (nationalists) were making a move for independence and were gaining recognition from nations on both sides of the war. British Intelligence warned, prior to the intervention, that a German invasion of the country was a likely outcome and would strengthen their influence over an independent Finland.[75] The Reds meanwhile had limited support from the Bolsheviks, but not enough for them to hold off the combined German and White forces. As they began to gain the upper hand in Finland, White Guards began incursions across the Russian border into the Murmansk and Karelia regions; their main focus being coastal settlements and railways. Finnish Red Guards, local Russian and Allied forces would spend the next 7 to 8 months fighting off these attacks. The developing contest involving Finland over territory in North Russia was driven by three factors: the possibility of strategic gains for Germany, Finland's push for independence, and economic development. In the eyes of the British government, any incursion into Russia by Finnish White Guards would be to Germany's benefit.

The new Finnish Republic's anti-Bolshevik government approached Britain, and the rest of the Allies, from a position of neutrality, even after White Guards became involved in the conflict in North Russia. The difficulties in this became apparent in March, when a group of British subjects, including diplomats, were captured by Germany in Finnish territory, prompting a serious diplomatic incident. The British government in response warned that Finland would be considered an enemy if it did not secure the prisoners' releases and prevent further detentions of Allied citizens.[76] The Finnish government attempted to maintain their neutrality and declared they would protect diplomats' inviolability while German troops remained in the country.[77]

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[73] Gerrard, p. 99. This article also implies that the height of the fighting between Britain and Finland was in May 1918, whereas this section will show that it continued for some months after. It should also be noted that the most recent historiography of the conflict in the North also mentions the 'strategic importance' of Murmansk in relation to the Finnish Civil War, see: Vladislav Goldin, 'The Russian Revolution and Civil War in the North: Contemporary Approaches and Understanding' in Kari Aga Myklebost, Jens Petter Nielsen, Andrei Rogatchevski (eds.), *The Russian Revolutions of 1917 : The Northern Impact and Beyond* (Boston: Academic Studies Press, 2020), pp. 7-9.

[74] Lloyd George, p. 1894.

[75] TNA, Memorandum on the Situation in Finland, 22 February 1918, CAB 24/43/13.

[76] TNA, Telegram from Esme Howard, 15 March 1918, FO 371/3209; TNA, Telegram from Foreign Office to Esme Howard, 16 March 1918, FO 371/3209.

[77] TNA, Proclamation to the Subjects of Foreign Countries, 10 April 1918, FO 371/3209.

Relations with the Finnish Republic therefore remained in a state of limbo. Meanwhile, British banks sought clarity on the situation regarding Finnish accounts in Britain, prompting the Treasury to request clarification from the Foreign Office. Balfour agreed with the Secretary of the Treasury that operations on Finnish accounts should be prohibited.[78] As events on the ground progressed, the Treasury sought further clarification as to whether Finland was now being treated as an enemy state. The reply from the Foreign Office explains Balfour's position: the Finnish Republic had claimed that German troops would leave once the Civil War was over, and Balfour did not want to risk stirring up more pro-German sentiment in the country by treating it as hostile. Furthermore, he saw no practical advantages to declaring Finland as German occupied territory. He would therefore be waiting to see whether German troops would actually leave.[79]

One of the reasons for British interest in Finland had been logistical; the country could be used as a route into Russia for an Allied military mission. In an attempt to secure passage the Allies sent another mission to meet with White Finland's leader, General Karl Mannerheim. Allied officers were not well received by Finnish police and army officers who blamed the Allies for causing the civil war, among other grievances. Mannerheim, however, did not take a hostile tone. He tried to assure the Allies that German influence was limited as he did not have any Germans on his staff, although he did admit there were German officers in his army, and a large percentage of his soldiers had been trained in Germany.[80]

Commerce was also a notable component to British interests. A report from Esmé Howard – the British envoy in Sweden - sent to London on 6 April, following the arrival of the Allied mission, alludes to the commercial ties between Finland and North Russia. More specifically, this was in regard to Finnish territorial claims around the Arctic Sea. The Whites were seeking to incorporate northern territories which they claimed were inhabited almost entirely by Finns. Howard did not believe this to be true, stating that the regions in question were inhabited mostly by Lapps and Russians. Additionally, he points out that the Murman coast was majority Russian 'whose whole commercial interests are connected with Arkhangelsk.'[81] Further to this, Britain had its own commercial interests in the region. Not only had the Allies stockpiled hundreds of thousands of tons of goods and military equipment at the ports in 1917, but North Russia was a possible source of important raw materials such as timber, minerals and oil.[82]

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[78] TNA, Letter to Secretary of the Treasury, 23 March 1918, FO 371/3209.
[79] TNA, Letter from Foreign Office to Secretary of the Treasury, 6 May 1918, FO 371/3209.
[80] TNA, Telegram from Esme Howard, 01 April 1918, FO 371/3209.
[81] TNA, Letter from Esme Howard to Arthur Blafour, 06 April 1918, FO 371/3209.
[82] Christine White, p. 39.

There were also private interests with a stake in the region. A British trading company – W M Strachan & Co – had contacted the Department of Overseas Trade in March regarding the export of goods from Russia. Their representative to Russia, residing in Finland at the time, had informed the company that 'important stocks of raw materials' needed exporting before being obtained by Germany. The company was, therefore, appealing for diplomatic assistance.[83] Due to these logistical and commercial factors, defence of the Murman railway would be one of the main priorities for Britain regarding North Russia, and it would consequently be at the centre of military operations. This is a glimpse at the origins of Britain's other policy in Soviet Russia, that of commercial intervention, which will be examined further in this thesis.[84]

Returning to the military situation, in the period between the first landing of British troops in March and start of the conflict with the Bolsheviks, the principal threat to the British interests in North Russia came from the Finnish White Guards. Robert Cecil warned that the Finns 'coveted' Murmansk but believed Britain could earn some goodwill among the Bolsheviks by defending the port.[85] A report submitted to the War Cabinet, dated 16 April, by the Admiralty outlined the potential threat to North Russia from White Finland. It stated that White Guards, with German support, were expected to advance into Russia to occupy the Kola Bay and take control of the Murman Railway. The Admiralty concluded that Kemp's request in March for a force of 6,000 to defend Murmansk would be sufficient to hold the Kola Peninsula against a 'large force' from Finland.[86] However, until the sea ice had thawed, large military operations would not be possible around Northern Russia. In the meantime, the Cabinet was content with sending an officer to Murmansk to report further on the situation.[87]

While Britain was building its military presence in North Russia, operations in the region were conducted first and foremost to repel incursions by Finnish White Guards. For the British military, the threat was enough to warrant co-operation with the Soviets. Early in May, Finns advanced on Pechanga, in Northwest Murman, and were met by a combined force of a British Navy ship and a party of Red Guards from Murmansk.[88] A hundred and fifty British Marines went ashore and drove off Finnish scouts, and the White Guards reportedly retreated back across the border.[89] In

[83] TNA, Letter from Director of W M Strachan & Co to Comptroller General of Department of Overseas Trade, 07 March 1918, FO 371/3209.
[84] See Chapter 3.
[85] TNA, War Cabinet 390, 12 April 1918, CAB 23/6/12.
[86] TNA, The Situation at Murmansk and Finnish intentions with regard to acquisition of the Murman Coast, 16 April 1918, CAB 24/48/46.
[87] TNA, War Cabinet 393, 17 April 1918, CAB 23/6/15.
[88] TNA, War Cabinet 405, 06 May 1918, CAB 23/6/27.
[89] TNA, Telegram from R.A. Murmansk to Admiralty, 24 May 1918, WO 106/1154.

June, Poole dispatched 130 Marines to Kandalaksha, south of Murmansk, after reports of White Guard patrols in the area. He also expected 800 Finnish Red Guards to assist British forces at Kem, in Karelia.[90] British officials in Stockholm had raised objections the Red Guards supporting their forces in Russia, but the War Cabinet decided to leave it to Poole's discretion as to whether they should be used.[91]

Despite such clashes, the Finnish government was still keen to allay British fears that Germany would use Finland as a route into Russia. In a memorandum sent to London in June, the Finnish government argued that Germany was not looking to gain a foothold in Northern Russia in case it restarted conflict on the Eastern Front. Seeking British support for the Finnish claim to Karelia, this memorandum lends backing to international control of the Murman Railway, should Karelia become part of Finland, so that the Allies not lose their access to Russia.[92] The reply from the Foreign Office reinforced the British Government's position on German influence in the country:

> So long, however, as Finland is occupied by a German army, and the German military authorities exercise, as they appear to do at present, a dominant influence over the Finnish Government, you will, no doubt, understand that His Majesty's Government find it difficult to avoid seeing a connection between Finnish foreign policy and German military aims. Until, therefore, Finland is definitely freed from German occupation and influence, they will be compelled to resist any movement which, though nominally based on the satisfaction of Finnish claims, tends, in fact, to further and promote German interests.[93]

The ongoing clashes with White Guards in North Russia were enough evidence for the British government to continue to treat Finnish aims as inherently pro-German. Furthermore, the importance of the Murman Railway – being a commercial and logistical artery for North Russia – to British objectives meant the Finnish proposals were unlikely to gain any traction. For these reasons, the British military presence in North Russia would continue to work with the local Soviets and Finnish Red Guards, even as the Bolshevik resistance to landings gathered pace.

By the end of July, relations between Germany and the Finnish Republic appeared to be straining. Reports indicated that the Whites were now generally opposed to a military expedition into Russia with the Germans. White Guards had even refused to obey orders to advance toward the Murman Railway.[94] On the other hand, British troops were still engaging White Guards south of Kandalaksha only a week before.[95] There was also still a very real possibility of German forces being

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[90] TNA, Telegram from General Poole to DMI, 08 June 1918, WO 106/1153/73.
[91] CAB 23/6/37.
[92] Churchill Archive (CA), Memorandum, 31 May 1918, CHAR 27/55.
[93] CA, Foreign Office to Dr Holsti, June 1918, CHAR 27/55.
[94] TNA, German Finnish Threat to Murmansk, 29 July 1918, WO 106/1154/317.
[95] TNA, Telegram from Maynard to War Office, 22 July 1918, WO 106/1154.

sent directly into North Russia. The threat from Finland therefore remained as Allied intervention began in earnest. In August, White Guards continued to fight British forces, including the Finnish Red Guards now assisting them.[96]

Allied forces continued to engage with Finnish White Guards after the official start of intervention in August. Most of the reports of battles from Poole in August and September involved parties of Finns being met by Allied troops or local forces under his command. The largest engagements with Finnish incursions took place around Kem. One of Poole's local forces reportedly killed 55 White Guards on 8 September following previous clashes in the area.[97] The Finns in Karelia were then steadily pushed back to the border. On 2 October, they suffered a heavy defeat there, prompting Poole to report to London: 'Central and Southern Karelia now cleared of Finnish White Guards.'[98] This development came amid reports that Germany had moved most of its troops out of Finland. An estimated 15,000 Germans remained out of 55,000 at the beginning of August. Furthermore, the War Office's assessment of the situation now was that the biggest threat from Finland was confined to raids on railways near Kandalaksha. The Allied forces at Murmansk were deemed to be more than sufficient to deal with the lingering White Guards.[99] The Finnish threat to North Russia was now effectively gone. For the Allies, it was now the Bolsheviks' forces attempting to retake Murmansk and Arkhangelsk that were biggest threat to their interests in the region.

The expansion of Britain's military presence in Soviet Russia following Brest-Litovsk was evidently driven largely by the relationship between the victors of the Finland's civil war and Germany. Although the new Finnish government had its own claims in North Russia, their incursions were seen in London as German advances. Failing to defend the ports ostensibly meant commercial and military gains for Germany, and Britain's reaction to this situation leads to two conclusions. Firstly, it reinforces the idea that the British government and military were prepared to co-operate with the Soviet government in 1918, even if the results of this were very limited. Secondly, that commerce formed part of the motivations behind intervention. Although military concerns still took priority during the clashes with Finland, commerce would eventually overtake them.[100]

[96] TNA, Telegram from Maynard to War Office, 05 August 1918, WO 106/1154/385.
[97] TNA, Telegram from Maynard to War Office, 13 September 1918, WO 106/1155/398.
[98] TNA, Telegram from Maynard to War Office, 17 October 1918, WO 106/1155/741.
[99] TNA, Telegram from War Office to GOC Murmansk, 10 October 1918, WO 106/1155/694.
[100] See Chapter 3.

Conclusion

The Cheka's attack on the British mission in Petrograd in August 1918 marked the beginning of armed conflict between Soviet Russia and the British Empire. In the months prior, however, Britain's approach to the 'Russian situation' – as it was often referred to by officials – was far more concerned with German penetration into the East than it was with the Bolsheviks; so much so that co-operation with the new regime was not out of the question. In fact, their ascent to intervention was at one point seen as beneficial to its justification. The decision to intervene in Russia by the British government had therefore not been a policy of anti-Bolshevism.

Britain's policy towards the Soviet government in those early months had consequently been trying to walk a tightrope between an accidental recognition of the Bolsheviks as Russia's true rulers, and a complete severing of relations with Moscow. Its diplomats had advised against the latter and the Foreign Secretary appeared to agree with them. There was nothing to be gained from an outright rejection of Soviet authority, but potentially a lot to lose in not recruiting their aid against the Germans. The result was a very limited attempt at diplomacy with the Bolsheviks through Robert Lockhart, and the British military's co-operation with the Arkhangelsk and Murmansk Soviets. It also meant an acknowledgement by diplomats and the War Cabinet that the Bolsheviks were Russia's *de facto* government and that they would have to be treated with if intervention was going to have some appearance of legitimacy. Of course, this was not something discussed publicly.

Britain never secured explicit consent for establishing its military presences in the country; the war with Germany being a far more pressing matter than the political situation in Russia. When American reluctance became apparent, and the Bolsheviks began to suspect an invasion, the British government decided to expand its military presence unilaterally. The motivations for British intervention therefore came primarily from its need to deny Germany advantages in the East, something which most of the relatively recent studies of the events agree on.[101] However, trying to place a definite starting point on intervention can be difficult due to its incremental nature. The first landings at Murmansk in March – a knee-jerk reaction to the Brest-Litovsk treaty – are therefore the best answer by way of being the first incidence of British soldiers on Soviet Russia's soil. Further landings were the result of a genuine fear of an invasion of North Russia through Finland, but objectives remained the same: to keep ports and resources out of German hands.

[101] See Introduction.

Incursions by Finnish nationalists into North Russia fuelled the growth of Britain's military presence in the region for several months after Brest-Litovsk. Their alignment with Germany was viewed as axiomatic in London, hence the approval of Poole working with Red Guards to repel them. The specific threat posed to North Russia that warranted such a response was to the railway and ports: an indication that commerce was one of reasons behind Britain's interest in the region from an early stage. Although certainly not placed above military factors in 1918, this would later go on to become a priority of Britain's Russia policy.

II. A Crusade Against Communism? Britain in the War with Soviet Russia

By the end of 1918 the main anti-Bolshevik fronts in the Russian Civil War had been established. In Siberia, Admiral Aleksander Kolchak, after the deposition of the previous Socialist Revolutionary government in a coup, was named Supreme Ruler of Russia and head of the anti-Bolshevik Omsk government. Czech forces also continued to fight Bolsheviks in the East. In the South, General Anton Denikin had commanded his Volunteer Army in a successful campaign to take control of the Kuban region. From there, they would prepare for the advance on Moscow. The front in North Russia had already been formed, as British-led forces continued to defend the ports, now from the Reds rather than the Germans. Although the British government generally avoided describing their position in Soviet Russia as a war, British and other Allied soldiers were fighting on the front lines against the Red Army.[1] The British military's most direct role was in North Russia where anti-Bolshevik forces were under the command of British generals; Charles Maynard at Murmansk, and William Ironside at Arkhangelsk. Meanwhile, Allied forces continued to assist in Siberia and the Caucasus, although these fronts were not given the same attention as the North by the British government.

For the Bolsheviks, the intervention had been confirmation of assumptions that foreign powers would attempt to stop their revolution by force. Trotsky's stance, for example, was that 'we cannot regard interference by the Allied imperialists in any other light than as a hostile attempt on the freedom and independence of Soviet Russia.'[2] Conversely, in a speech to parliament on 16 April 1919 regarding Soviet Russia, David Lloyd George insisted that 'we cannot interfere, according to any canon of good government, to impose any form of government on another people, however bad we may consider their present form of government to be.'[3] He argued strongly against an 'invasion' of Soviet Russia, yet for some months British soldiers had already been fighting the Red Army, and Allied support was essential to anti-Bolshevik forces.

Previously, the decisions that led to Britain's initial intervention in Soviet Russia were informed by a relatively small group of people outside of Lloyd George's War Cabinet and the interdepartmental Russia Committee; principally military officers and British diplomats still in the country. This would soon change in 1919 when the Allies had to address the existence of the Soviet government without the immediate circumstances of the First World War. Much of the debate

[1] There was never an official declaration of war against the Bolsheviks. It wasn't until July 1919 that the War Cabinet elucidated that Britain was, in fact, at war with Soviet Russia, see: TNA, War Cabinet 588 A, 04 July 1919, CAB 23/15/19.
[2] Leon Trotsky, 'Towards Intervention', 22 June 1918, *Marxists Internet Archives*, <https://www.marxists.org/archive/trotsky/1918/military/ch31.htm#ti> [accessed 17 November 2020].
[3] House of Commons (HoC) Debate, 16 April 1919, vol 114 cc2939-41.

shifted to the Paris Peace Conference where diplomats and statesmen set about shaping post-war Europe. Although Soviet Russia was often side-lined by other issues, much of Britain's foreign policy was being fashioned by debate within its delegation at Paris, and the discussions that followed between the Allied leadership. Furthermore, those who had been in the country were no longer in contact with Bolshevik leaders, who now treated them as representatives of a hostile power. Robert Lockhart had been arrested and imprisoned in the infamous Lubyanka for his part in a plot to finance anti-Bolshevik Cossack forces, until he was exchanged for Maxim Litvinov, who had been detained in Britain for engaging in propagandist activities. Lockhart, who had earlier been a pragmatic voice arguing against outright hostilities with the Bolsheviks, was now among those calling for significant military intervention against them.

The historiographical interpretations of Britain's role in the Russian Civil War vary quite distinctly. Most have acknowledged the complicated nature of the war and foreign involvement but diverge on its ultimate purpose. Caroline Kennedy-Pipe, for example, summarises Allied landings as disjointed, agreeing with George Kennan's earlier assessment that Allied troops were not deployed in Russia in order to topple the Bolsheviks from power.[4] Richard Ullman too pointed at the 'obligations' that ministers in London sought to uphold in Russia. The non-Bolshevik authorities that they had recruited assistance from in fighting Germany in 1918 – such as the Administration of North Russia – now needed defending, and doing so was not necessarily a conscious effort to topple the Soviet government.[5] Military history, however, has framed Britain's intervention – particularly that in the North – as a direct conflict between communism and the British Empire. Titles such as Clifford Kinvig's *Churchill's Crusade*, and Damien Wright's *Churchill's Secret War with Lenin* are a recognition of a concerted effort to fight the Bolsheviks being the defining characteristic of intervention. They also introduce the role of the Secretary of State for War from January 1919, Winston Churchill, who was the figurehead of interventionism and anti-Bolshevism within the British government.

This chapter will therefore address the framing given to Britain's policy of a 'crusade', or war of anti-communism in Soviet Russia, particularly after the armistice with Germany in November 1918, when the initial justification for undertaking military intervention – the denial to Germany of resources in the East – became redundant. Hence, it will examine the most direct military action against the Bolsheviks, which took place through the spring and summer of 1919, and the political context in which it was undertaken. What will become clear is that Britain's policy in Soviet Russia was caught between competing priorities, not all of which were inherently anti-Bolshevik, and so it is

[4] Kennedy-Pipe, p. 24.
[5] Ullman, vol II, p. 384.

difficult to place any one cause or motive on intervention after the armistice. This is well demonstrated by Britain's relations with the White movement in Russia, and the clash between intervention and policy regarding the newly independent border states. These factors, as shall be discussed below, make characterising Britain's involvement in the Russian Civil War as an anti-communist 'crusade' reductive.

'The War After the War': the Basis for Post-Armistice Intervention

By now, it is well established that the origins of military intervention were found in the First World War, and not hostility with the Bolsheviks, which in Britain's case was not immediate. This meant that when fighting on the Western Front came to an end on 11 November 1918, the Allied military expeditions in Soviet Russia would soon have to be re-evaluated now that war with Germany could no longer be a justification for their presence. Naturally, the question of an anti-Bolshevik crusade or invasion quickly surfaced in discussion of policy but was also soon put to rest. With the exception of Winston Churchill, the Cabinet did not find such a direction to be desirable, and the head of the Army, Henry Wilson, largely agreed. This is not to say that the anti-Bolshevik cause was being rapidly abandoned, rather the British government quickly decided that its direct involvement was not a practical or politically feasible solution.

In London, Arthur Balfour had wasted little time in bringing together ministers and military directors to review their policy of intervention on 13 November. He firstly set out two points that future discussions on the matter should be based on: Britain would not be undertaking an anti-Bolshevik 'crusade' – the exact word Balfour used – and recognition and support should be afforded to the border states. Consequently, he proposed four steps the government should take: support the Omsk government, evacuate the Czechs from Siberia, support Denikin, and help 'small nationalities' in the Caucasus. Alfred Milner – still Secretary of State for War at this time – agreed they could not launch a crusade in Russia but should protect neighbouring states from Bolshevik attack. Balfour's and Milner's views were broadly supported in the Cabinet, although Robert Cecil cautioned against support for border states, as this could be construed as Britain undertaking the crusade they wanted to avoid.[6] Meanwhile, the Chief of the Imperial General Staff, Henry Wilson, advised in no uncertain terms that British troops should be withdrawn from Soviet Russia as soon as possible. The objectives they had been sent to Russia to achieve no longer existed, with the exception of the vague goal of

[6] TNA, War Cabinet 502, 14 November 1918, CAB 23/8/23.

preventing Germany from increasing its influence in Soviet Russia, which Wilson referred to as 'the war after the war.'[7]

The Cabinet discussions of policy in Soviet Russia had yet to directly address the presence of Allied troops still in the country. However, in a memorandum from 29 November, Balfour offered a new priority for British military intervention. Although he maintained Britain had no interest in Russia's domestic politics, Balfour pointed out that they now had 'obligations' in the region. Britain now had to aid anti-Bolshevik forces in Siberia and the Caucasus, as well as the Czechs, yet to be evacuated. He also concluded that, without committing more British soldiers, Britain should be arming anti-Bolsheviks and 'nascent nationalities' against 'the invasion of militant Bolshevism.' This memorandum did, however, admit the outcomes and direction of such a strategy were still unknown. Balfour's post-armistice approach to Soviet Russia was met with scepticism as many in Britain would question why their soldiers were in Russia at all. The War Cabinet however was in agreement that an immediate withdrawal of troops would result in 'massacres' of their local allies but there was division over when it could happen. The Prime Minister believed Britain should withdraw as soon as possible, as he did not think their agreements with local governments obliged them to help fight the Bolsheviks. On the other hand, Milner and George Curzon were both of the view that they should allow time for local forces to build up strength, which would mean delaying withdrawals.[8] A final decision had yet to be made, and minsters appeared far from a solution. The Imperial War Cabinet was convened on 23 December, and the Russian situation was again discussed at length. Lloyd George and Balfour reiterated that their involvement was for military reasons and that they would not be intervening further. Discussion was also raised over possible peace terms with the Bolsheviks that Maxim Litvinov had been attempting to raise with the British government. The Cabinet did not dismiss this and agreed they should receive terms from Litvinov for consideration.[9]

Lloyd George's eagerness to remove British troops from Soviet Russia was in stark contrast to some of those more ideologically opposed to the Bolsheviks, who wanted Britain to have a much larger role in the Russian Civil War. Robert Lockhart, believing the end of the war gave real potential for Bolshevism to spread into Europe, was quick to advocate for further military intervention. In a report sent to London the week before the armistice came into effect, Lockhart set out three options for Britain's direction in Soviet Russia. Firstly, withdrawing all forces from Russia and entering a 'working arrangement' with the Soviet government. This was the desired outcome for the

[7] TNA, Memorandum on our Present and Future Military Policy in Russia, 13 November 1918, CAB 24/70/11.
[8] TNA, War Cabinet 511, 10 December 1918, CAB 23/8/32.
[9] TNA, Imperial War Cabinet 45, 23 December 1918, CAB 23/42/17. Litvinov's peace terms were premature but were soon followed by a peace plan from the Allies; the so-called Prinkipo Proposal: see Chapter 5.

Bolsheviks. Secondly, withdrawing from Russia and providing material and financial support to anti-Bolshevik forces and border states. Thirdly, reinforcing Siberia and the northern fronts while invading from the South to directly attack Moscow. His conclusion was that the third option of intervention on a larger scale was the necessary action to take. The second option was, in his view, the worst as it would only prolong a civil war that the Bolsheviks were sure to win. A complete withdrawal from the war would have practical benefits for discouraging working class unrest in Britain and possibly being a moderating effect within the Soviet government. Nevertheless, Lockhart believed it would also leave Europe at risk from the spread of Bolshevism, and therefore, not as desirable as continued intervention.[10]

An invasion of Soviet Russia was not an idea that was gaining widespread traction in the British government. Furthermore, Lockhart's views on the matter were not afforded much consideration. Earlier that year Wilson had told the Cabinet that 'Mr. Lockhart's military advice is so bad that I hope he will be told not to give a military opinion in the future or be recalled.'[11] Wilson also later dismissed the idea of an invasion in a report in February 1919 in which he stated:

> While there was a period about the 1st September of last year when effective intervention on a decisive scale could have been carried out from Siberia, it is universally admitted that, under present conditions, the employment of large Allied forces for an offensive campaign in Russia is impractical. It is, therefore, unnecessary to discuss further.[12]

The impracticalities of a war in Russia – after having just concluded the war against Germany – were great enough to trump any ideological motivations. Principally, from Wilson's perspective it was 'unrest' in the Army, still awaiting demobilisation, over the prospect of being shipped to Russia that was preventing more troops being sent.[13] Further intervention in the Russian Civil War would not necessarily have to be a large military campaign, however. In the view of diplomat Charles Eliot in Vladivostok, 'moderate numbers' of Allied troops could form a junction between Siberia and Denikin in the South.[14] This was a much more modest proposal than Lockhart's but still clashed with Wilson's unambiguous advice to the War Cabinet to evacuate Soviet Russia. This shows how advice from diplomats and agents like Lockhart – who had previously been the government's main source of information from Soviet Russia – was being side-lined by quite different opinions from the Army. Although it was months after the armistice until the final decision was made, evacuation would be the route Britain would take.

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[10] TNA, The Internal Situation in Russia, 07 November 1918, CAB 24/73/62.
[11] TNA, The Delay in the East, 18 March 1918, FO 800/214.
[12] TNA, Allied Policy in Russia, 13 February 1919, CAB 24/75/5.
[13] TNA, War Cabinet 515, 10 January 1919, CAB 23/9/2.
[14] TNA, Copy of a letter from Sir C Eliot, Vladivostok to Mr Balfour, 29 November 1918, FO 800/215.

While intervention on a larger scale was generally undesirable, the British military was not looking to entirely abandon Russia to its fate. Before the armistice, the War Office had directed the commanders at Murmansk and Arkhangelsk to begin operations that were intended to facilitate the defeat of the Bolsheviks. Shortly before the end of fighting on the Western Front, requests for reinforcements for Arkhangelsk were rejected. Instead, the War Office sent instruction to commanders to begin training Russians. The purpose of this was made clear: 'the presence at Archangel of a well-trained Russian force combined with your present stiffening of Allied troops might materially accelerate the complete downfall of the Bolshevists.'[15] In lieu of the government sending more troops, most of the fighting would have to be done by Russians. However, there was much scepticism over how effective such a policy would be. Estimates for how large a force could be raised varied and were subject to revision. The view in London was generally pessimistic, and by the end of the year Lloyd George believed they would only be able to muster around five thousand soldiers.[16] For comparison, Britain had around six thousand troops in North Russia by the end of the First World War, not including soldiers from other Allied nations. Nevertheless, British commanders pushed ahead with raising local forces, and this strategy was essentially the policy that Balfour proposed later in November. In reality, this process had already been initiated by General Poole in the months before the armistice. He had begun training officers from the ranks of the former Imperial Army, and by the end of October was hoping to mobilise between 12,000 and 15,000 Russians in the North.[17] This was much higher than the estimates later quoted by Lloyd George in the Cabinet, and Poole was relieved of his command before he could muster anywhere close to the number of troops that he hoped for. However, the groundwork for Britain's strategy going into 1919 had now been laid.

Training a force to defend North Russia would take time. Meanwhile, there was no doubt among the Allies that without their forces being present in the region, the Bolsheviks would take Arkhangelsk and Murmansk. Henry Wilson had advised the Cabinet Office that simply withdrawing Allied forces and support from Russia 'would be tantamount to disowning the anti-Bolshevik cause.' However, he did not believe that further direct intervention was necessary to achieve a desirable outcome:

> If supplies, equipment, and munitions, together with a comparatively small number of tanks and aeroplanes, manned by volunteer specialists, are sent it will at least enable the Bolsheviks to be held

[15] TNA, Telegram from War Office to GOC Archangel, 05 November 1918, WO 106/1156.
[16] CAB 23/42/17.
[17] TNA, Telegram from General Poole to CIGS, 02 October 1918, WO 106/1153.

> and confined within their present limits. This means their ultimate collapse, since Bolshevism … can exist only by extending its system of organised rapine into fresh territory.[18]

This direction for the military that was beginning to emerge was not designed to directly assault the Soviet government, rather it was intending to assist anti-Bolshevik forces in encircling them. With this, the Chief of the Imperial General Staff was attempting to balance intervention with the realities of demobilisation. In his view, Bolshevism had to be 'contained', but not by the British Army.

Wilson's proposed strategy was markedly different to the plans being made by the new Secretary of State for War, Winston Churchill. Churchill had been sent to the Paris Peace Conference in February, where he began to make provisions for intervention along with French Prime Minster Georges Clemenceau. On 16 February, he sent a message to Lloyd George in which he advised to have drawn up immediately 'a plan of war against the Bolsheviks' for consideration by the Allied Supreme War Council.[19] In the quite furious reply Churchill received, the Prime Minister stated he was 'very alarmed' by the proposal for war in Soviet Russia. He reminded Churchill that the Cabinet was not considering anything beyond support for the Whites. He was also reminded of the 'very grave labour position' in Britain:

> Were it known that you had gone over to Paris to prepare a plan of war against the Bolsheviks it would do more to incense organised labour than anything I can think of; and what is still worse, it would throw into the ranks of the extremists a very large number of thinking people who now abhor their methods.[20]

The communication from Lloyd George also cautioned against seeking French support on the subject, as he believed they were 'biased' by financial interests in Russia. This episode was essentially the final blow for plans for an invasion of Soviet Russia, and evacuation would soon be cemented as the direction for Britain's military intervention. Lloyd George's reasoning is notable; the concern that unrest could follow a decision to launch a decisive campaign against the Bolsheviks. 1919 saw widespread industrial action in Britain. Soldiers had been the first to strike in January and a delegation, likened to a Soviet by Henry Wilson, had attempted to bring demands to the Prime Minister.[21] There are obvious parallels to be drawn with the Soldiers' Committees of the Russian Revolution and although Britain was not on the brink of a similar cataclysm, it is clear why Lloyd George would make this consideration. February saw the start of miners' strikes which he described

[18] CAB 24/75/5.
[19] CA, Telegram from Winston Churchill to War Office, 16 February 1919, CHAR 16/20.
[20] CA, Telegram from War Office to Secretary of State, 16 February 1919, CHAR 16/20.
[21] TNA, War Cabinet 514, 08 January 1919, CAB 23/9/1.

privately as 'a fight with revolution.'[22] Sending the British Army to Soviet Russia would have risked pushing tensions even further, at a time when social unrest was seen as a very real threat.[23]

Although these months immediately following the end of the war with Germany did not produce a concrete policy for Britain's lingering military presence in Soviet Russia, there were still some lines being clearly established. Most importantly, Britain would not be throwing its full weight behind the efforts to destroy the Soviet government. For Lloyd George and Henry Wilson, the priority was the evacuation of British forces, although to do so immediately would have disastrous consequences for the areas they currently occupied. There was also a perceived duty to defend North Russia and new nations in Eastern Europe and the Caucasus, particularly in the case of the former, which seemed incapable of holding back the Red Army without the Allied troops still stationed there. Long-term, this would mean aid for the Whites, and the training of a military force for North Russia before evacuation. Later, Britain's support for ascendant nations and for anti-Bolshevik Russia would prove to be contradictory, but in early 1919 these were the foundations for the direction of military intervention.

The British Offensive in North Russia

The anti-Bolshevism of Winston Churchill and the British military had not been entirely deterred by the rejection of plans for war by the Prime Minister. Between May and August 1919, the British-led forces in North Russia engaged in offensive actions against the Red Army with the goal of affecting a junction between Arkhangelsk and Kolchak's forces in Siberia. Officially, this was to allow time for Allied forces in the North to be safely evacuated, but it would also undoubtedly provide a chance for the Whites to strike at Petrograd. This section will therefore examine the events closest to what could be defined as a British military campaign against the Bolsheviks.

British policy towards Soviet Russia had been practically in a state of limbo from the armistice through to the beginning of March 1919. The Allied Powers had sought a diplomatic

[22] Kenneth O Morgan (ed.), *Lloyd George Family Letters, 1885-1936*, (Cardiff: University of Wales Press, 1973), p. 190.

[23] Historians have questioned the severity of these labour disputes, or even denied there was a crisis altogether. Others have concluded that although there was no revolution to be seen in Britain, the end of the First World War had been accompanied by a noticeable shift in Britain's class dynamics, see: James Cronin, 'The Crisis of State and Society in Britain', in Leopold Haimson & Charles Tilly (eds.), *Strikes, Wars, and Revolutions in an International Perspective: Strike Waves in the Late Nineteenth and Early Twentieth Centuries* (Cambridge: Cambridge University Press, 1989). The relationship between British organised labour and the Russia policy in this period will be covered further in Chapter 4.

solution to the Russian Civil War, but this did not yield results.[24] Without a common strategy, the question of the inevitable withdrawal would have to be settled. Balfour had outlined a possible case for evacuation in February. His argument was that the Allied Powers were not willing to commit more troops to Russia but the Bolsheviks, if their regime did not collapse, would be in a position in the summer to make a 'formidable' push on anti-Bolshevik forces. Therefore, the Red Army could attack the separated Allied forces, and 'the obvious conclusion' was that they should be evacuated from Russia as soon as weather conditions allowed for it. Balfour nonetheless stated that this was the wrong course of action as, on the other hand, a withdrawal would make a Soviet victory in the civil war far more likely.[25] It was generally assumed that anti-Bolshevik forces were not yet in a position to face the Red Army without Allied intervention, which is why this argument held merit. Although advice from the General Staff had been to evacuate as early as possible – which for Arkhangelsk meant June – British troops would remain throughout the summer. On 4 March, the Cabinet finally decided on evacuating Arkhangelsk and Murmansk, but this would not be completed until October.[26]

British military command was soon clear on its purpose in North Russia; as Ironside reported: 'Our one idea here is to get Northern Government in such a state that it can stand by itself and then hand over command and continue policy with a supply mission.'[27] After the decision to evacuate troops from Russia had been made, the British General Staff laid out their plans for future operations in preparation for a withdrawal. Arkhangelsk's port was still frozen, making an immediate evacuation impossible. This gave Allied forces some time to prepare, both for evacuation and to hand over operations to the Russian National Army; the name given to the local forces. The General Staff outlined three objectives to meet in order for this to be successful:

> (i) strike a sharp and successful blow at the Bolshevik forces.
>
> (ii) Effect a real and permanent junction between the North Russian forces and the right wing of Kolchak's Siberian Army.
>
> (iii) Provide a cadre of British officers and non-commissioned officers to organise, instruct and lead Russian units.[28]

Without these preparations, it was feared that the North Russian forces would collapse rapidly without the Allies. However, this document also set out the possibility of enacting the first two objectives with a single operation. If there was to be a safe junction, the Reds would need to be

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[24] See Chapter 5.
[25] TNA, Memorandum on Russian Situation, 26 February 1919, FO 800/215.
[26] TNA, War Cabinet 541A, 04 March 1919, CAB 23/15/6.
[27] TNA, Telegram from GOC Archangel to War Office, 06 April 1919, WO 106/1153.
[28] 'Future Policy and Proposals for Action', in William Edmund Ironside, *Archangel: 1918 – 1919* (Uckfield: The Naval & Military Press Ltd, 2007), 202-211, p. 203.

driven out of the town of Kotlas on the Dvina River, southeast of Arkhangelsk. Not only would this allow forces to cross the Dvina River safely, but it was also expected to be a boost to Russian morale as, in Ironside's words, 'Russians are easily affected by success.'[29]

Meanwhile at Murmansk, a Russian regiment had been successful in routing the Reds in April, and Maynard sought to capitalise on this: 'it would be sound tactics to keep them running.'[30] He could not, in accordance with policy, use British troops for offensives in Soviet Russia, but in this case, he submitted a proposal to the War Office to approve such actions. His target was Lake Onega, which would situate anti-Bolshevik forces much closer to Petrograd than any currently were. The War Office approved 'not only for the favourable influence it is likely to have on operations with the Archangel force but also for the improvement of the situation locally.'[31] It was a deviation from their defensive policy, but it would be limited in scope and the resources available to it. Maynard duly began the operation on 1 May, his forces successful in pushing back the Reds and capturing the town of Medvezhyegorsk on the northern shore of Lake Onega on 21 May.[32]

In June, Ironside put forward a plan for British and Russian troops to attack Kotlas and link up with the Siberian Army's flank, which found approval from the General Staff and the War Cabinet.[33] Although evacuation was still the goal of the British Arkhangelsk force, Lloyd George was concerned that they could become entangled in the front line of the civil war in their attack on Kotlas. He wanted Ironside to be fully aware that if he found himself in a situation that required reinforcements from Britain to rescue him, no such force would be sent.[34] Regardless, the operation on the Dvina began on 20 June and the initial phase was successful, although not as 'overwhelming' as Ironside had hoped. Nevertheless, his forces continued to advance down the river towards Kotlas. It appeared as if the Reds would not be able to put up a strong enough defence, but on 1 July the operation was dealt a severe blow with news that the Siberian Army was stalled. This meant it was now unlikely that they would be able to meet the Arkhangelsk force at the Dvina. The advance on Kotlas would have to be halted.[35] Although this specific objective had failed, it was not necessarily a total setback for Britain. As Henry Wilson told Churchill, their ultimate goal of evacuation was not reliant on a junction with the Siberian forces. In fact, it was beneficial for them to have the Red Army

[29] TNA, Telegram from GOC Archangel to War Office, 19 June 1919, WO 106/1158.
[30] Charles Maynard, *The Murmansk Venture* (Uckfield: The Naval & Military Press, 2010), p.218.
[31] TNA, Telegram from War Office to GOC Murmansk, 29 April 1919, WO 106/1157.
[32] Maynard, pp. 227-229.
[33] TNA, War Cabinet 578A, 11 June 1919, CAB 23/15/15.
[34] CA, Telegram from Henry Wilson to General Ironside, 16 June 1919, CHAR 16/8.
[35] Ironside, pp. 151-155.

occupied with fighting in Siberia, rather than harassing British forces as they retreated back to Arkhangelsk.[36]

While Ironside had been preparing for the assault, Churchill was making provisions for North Russia after the Allies had evacuated. He intended for a military mission to remain, like those Britain had already sent to Siberia and the Volunteer Army, and it would be at most 2,000 volunteers from the Murmansk and Arkhangelsk forces. Without such a mission, Churchill believed the Russian army they were leaving behind would 'collapse at the moment of our withdrawal.'[37] However, the situation was even more favourable for the Bolsheviks than he was assuming. British operations in North Russia in the summer of 1919 had seen some immediate successes but were increasingly hampered by unrest among the Russian ranks. Incidents of Russian soldiers murdering their officers were not uncommon.[38] Furthermore, this problem was not limited to Russian troops. As early as February Ironside had reported a British company refusing orders to move to the front line; an incident which ended in court martials of more than 50 soldiers. He put the blame on a 'feeling of isolation' and warned London that the problems would continue without relief.[39] Just days later French Colonial troops also ignored orders to move to the front.[40] It was later reported that 160 soldiers had been detained, but their entire battalion were then 'completely demoralised and are now useless for military operations.'[41] These incidents prompted the War Office to send a communication to troops in Russia, assuring they would be relieved 'at the earliest possible moment.'[42]

A relief force was sent to Arkhangelsk in the summer, and while the promise of returning home had calmed frustrations among British and other Allied troops, some Russian sections of the forces continued to mutiny. Again, this usually involved officers being murdered, and there were now reports of mutineers fleeing to the Reds' lines.[43] Previously, attempted mutinies had not appeared to be efforts to defect to the Bolsheviks, but by the summer the situation was changing. On 8 July, a 'determined mutiny' took place on the Dvina with several Russian and British officers killed by their soldiers. Ironside placed the blame for this incident on 'active propaganda.'[44] Bolshevik propagandists had been targeting the Allied forces in the North since their arrival in an

[36] TNA, Secretary of State, 26 June 1919, WO 106/1158.
[37] CA, Untitled letter, 14 July 1919, CHAR 16/9.
[38] TNA, Telegram from GOC Archangel to War Office, 18 May 1919, WO 106/1153.
[39] TNA, Telegram from GOC Archangel to War Office, 27 February 1919, WO 106/1153; TNA, Telegram from GOC Archangel to War Office, 23 February 1919, WO 106/1153.
[40] TNA, Telegram from GOC Archangel to War Office, 01 March 1919, WO 106/1153.
[41] TNA, Telegram from GOC Archangel to War Office, 26 March 1919, WO 106/1153.
[42] TNA, Telegram from War Office to General Ironside, 4 April 1919, WO 106/1153.
[43] TNA, Telegram from GOC Archangel to War Office, 08 May 1919, WO 106/1153.
[44] TNA, Telegram from GOC Archangel to War Office, 08 July 1919, WO 106/1158.

effort to break morale. These efforts appeared to be successful in contributing to the unrest among British and French soldiers at the end of the winter, although much worse for morale were harsh weather conditions and food shortages.[45] However, it was the consequences for the Russian National Army that would have greatest bearing on British foreign policy. The military mission that Churchill intended to have remain at Arkhangelsk was becoming unrealistic as there was no guarantee it could be defended during the winter. Furthermore, it contributed to doubts over the wider anti-Bolshevik movement, and its ability to win the war against the Soviet government.

The culmination of the unrest came on 22 July when a mutiny handed control of the town of Onega – on the White Sea coast west of Arkhangelsk, not to be confused with the lake – to the Reds. For Ironside, this was a fatal blow to the goal of leaving an effective military force to defend North Russia, as he informed the War Office: 'State of Russian troops such that it is certain my efforts to consolidate Russian National Army are definitely a failure. As early evacuations as possible essential now unless British force out here is to be increased.'[46] His attitude towards these mutinies and the state of his troops had shifted significantly in the previous months. On 25 April about 300 mutineers on the Dvina front ran and were met by a Red Army detachment, with whom they proceeded to attack their former positions. Ironside, after this particular mutiny, was 'left convinced that something could be made of the Russians we had conscripted.'[47] However, the loss of Onega three months later was apparently evidence that this was no longer possible. It was a situation that the British military was itself partly responsible for, as in dealing with the unrest officers (including Ironside) had often resorted to executing Russian soldiers. This continued after the British Army had ended the practice of execution of its own soldiers.[48]

By early August, the military had given up hope of Kolchak ever reaching the Arkhangelsk forces. General Henry Jackson, sent to Russia in August to command an infantry brigade as part of the relief force, wrote on 8 August in a letter home: 'Ironside was originally hoping by advancing from Archangel up the river Dvina to form up with Kolchak…but the latter has lately taken the brunt from the Bolshevists and gone back across the Urals.'[49] Jackson believed the plan was still to hand over the defence of the ports to the North Russian Administration, but Ironside was sure that this would only result in the Red Army overrunning them.[50] The dire circumstances that anti-Bolshevik

[45] Kinvig, p. 117, 119.
[46] TNA, Telegram from GOC Archangel to War Office, 22 July 1919, WO 106/1158.
[47] Ironside, p. 127.
[48] For more on mutinies among Russian forces, and Britain's often heavy-handed response, see: Steven Balbirnie, '"A Bad Business": British Responses to Mutinies Among Local Forces in Northern Russia', *Revolutionary Russia*, 29:2 (2016), 129-148.
[49] Imperial War Museum Archives, Letter from Henry Jackson, 08 August 1919, Documents.3160.
[50] TNA, Telegram from General Ironside to War Office, 01 August 1919, WO 106/1158.

forces in the North faced may not have been apparent to the relief force, but to the War Office and the Cabinet the likelihood of Arkhangelsk and Murmansk staying out of Bolshevik control through the winter was low. At the end of July, news of the loss of Onega prompted long discussion in the Cabinet over their Russia policy, in which this situation was now apparent. While it was agreed that direct negotiation with the Bolsheviks was out of the question while Allied troops were still present in North Russia, Lloyd George expressed his view that they could not support Russians 'indefinitely.'[51] On 29 July, the decision was handed down to Ironside and Maynard to evacuate North Russia without leaving a military mission behind.[52] The British offensive in North Russia was over, and Churchill's plan to secure an anti-Bolshevik foothold had been thwarted.

The Prime Minister later told Churchill of the Cabinet's policy towards Russia: 'I am not sure that they have not once or twice strained that policy in the direction of your wishes.'[53] The sanctioning of what Churchill described as 'definitive aggressive action against the Bolsheviks' was arguably a major departure from the direction set out by Balfour in November but was ultimately a very limited expansion which did not achieve the objective it set out to accomplish. Lloyd George's approval of the operation on the Dvina, given his concerns that British troops could be tied down there, was a compromise between the need to evacuate and fears that this would result in the collapse of the anti-Bolshevik war effort. He did so under the assumption that whatever the outcome, it would not bring the end of the Soviet government any closer. On this point, Richard Debo concluded that intervention was a policy that was contrary to Lloyd George's basic principles concerning foreign policy, and that supporting counterrevolution may not have even been in Britain's best interests.[54] These beliefs would explain why Lloyd George would allow for offensive action to be taken, as he did not think the course of the Russian Civil War would be affected by it. The results of Britain's operations in North Russia in the summer – particularly the clear absence of proper morale in the Allied and local forces – had given more weight to this view, while the Prime Minister leant this way even before the offensive on the Dvina River. On 20 May he had expressed his doubts in a meeting at Paris with Georges Clemenceau and Woodrow Wilson, telling them that 'little confidence was felt' in those trying to crush the Bolsheviks.[55] This lack of confidence in anti-Bolshevik forces was also present in military leaders and is what led Britain to abandon the northern front in September.

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[51] TNA, War Cabinet 601, 29 July 1919, 23/11/15.
[52] TNA, Military Members Meeting, 29 July 1919, WO 106/1158.
[53] L J Macfarlane, 'Hands off Russia: British Labour and the Russo-Polish War', *Past and Present*, 38 (1967), 126-152, p. 129.
[54] Debo, 'Lloyd George and the Copenhagen Conference of 1919-1920'.
[55] Washington, Library of Congress, mss46029, reel 451, <https://www.loc.gov/resource/mss46029.mss46029-451_0018_1019/?sp=399&r=-0.41,0.127,1.823,0.897,0> [accessed 29 October 2020].

The offensives by Ironside and Maynard between May and August were, by definition, attacks on the Red Army. However, to attribute these entirely to a wider anti-Bolshevik crusade would be to ignore key context. They were justified, to the Prime Minister particularly, as a necessary operation for evacuating Allied troops from North Russia, and in this sense, something was achieved by them. On the other hand, the idea that they could form a junction with Kolchak's forces can only be explained as an attempt to bring the Whites closer to Petrograd; Henry Wilson even acknowledged that this part of the operation was unnecessary to the goal of evacuation. Of course, this aspect of the operation was a failure, and Churchill's plan for a mission to remain to aid the local anti-Bolshevik forces was deemed unfeasible.

The final point to consider is that of the relations between the British military and its Russian allies in the region. Given the state of morale and the ensuing mutinies, it is clear that the British were failing to build a rapport with the Russians with who they shared a common enemy. As shall be shown below, this problem extended beyond North Russia at different levels of the anti-Bolshevik movement, but here it demonstrates how this was a pervasive problem for British intervention. This lack of cohesion between people that were ostensibly on the same side of the war does not lend credence to the idea of Britain being engaged in an anti-Bolshevik crusade. Rather, it points towards Britain's priorities in Russia being at odds with the goal of defeating the Soviet government. This rift would only become more apparent later in 1919, in other theatres of the war.

Britain and the Omsk Government

Lloyd George's comments at Paris about anti-Bolshevik forces were indicative of one of the biggest flaws in British policy towards Soviet Russia in 1919. Those hoping for a military defeat of Bolshevism had to rely on the 'White' armies. Rather than taking on the characteristics a democratic counter-revolution, the White movement – with perhaps the exception of the North Russian Administration – was comprised of military dictatorships, often lacking in effective leadership. Kolchak had been made Supreme Ruler due to the reputation he had gained as Admiral of the Black Sea Fleet, but there had been few other options. Former Provisional Government leaders Aleksander Kerenskii and Georgii Lvov lacked both military experience and popular support. General Lavr Kornilov – known for the failed coup in 1917 – had been leading the Volunteer Army and could have been a rallying figurehead for the Whites, had he not been killed in April 1918.

While the Allies gave Kolchak's regime material and financial support, British officials questioned his competence and motives. There were certainly grounds for them to do so, as his

government would prove to be ineffective at fighting the Reds. Jonathan Smele's assessment is that 'Kolchak, for all his nobility, patriotism and sympathetic characteristics, had not the will to dictate and was not a figure blessed with an innate ability to inspire loyalty.' Consequently, his regime was characterised by incompetence and infighting as he failed to rein in his subordinates.[56] The other fundamental issue for Allied support of the Omsk government – and the wider White movement – was its perceived association with Tsarist restoration, something that would form a substantial part of arguments made against Britain possibly formally recognising it as the legitimate government of Russia. The Whites were not, however, united behind the Tsar, and restoration was not a principal that their movement was founded on.[57] Nevertheless, Kolchak failed to shed the image of regressive political aims that was informing some views in Britain of the Whites.

The Whites were certainly not without supporters among British representatives. Early advocation of Kolchak came from notable figures in Vladivostok, such as General Knox and Charles Eliot, who gave Balfour the following review of Kolchak in November 1918:

> I was not impressed with him myself but I saw him when he was down in his luck and he looked sullen and melancholy. He is reputed to be of a highly nervous temperament and probably shows the result of his changing fortunes. He is not credited with much judgement but is said to be brave, straightforward and energetic.[58]

Eliot's apparent reluctance to venerate Kolchak while also giving him some benefit of doubt is somewhat emblematic of the wider perspective from Britain of the Supreme Ruler. There were concerns that he was too close to the old Tsarist regime, and that his government would be autocratic. However, he was also the only real alternative to the Soviet government that had emerged in Russia. Knox – staunchly anti-Bolshevik – was the more enthusiastic backer of Kolchak and had described him as 'the best Russian for our purposes.'[59] He had been the military attaché to the British embassy in Petrograd and so was well connected in the former Imperial Army and shared many sympathies with Russian officers who would go on to join the White movement.[60] For these reasons, Knox had been sent to Vladivostok in July 1918 to oversee Britain's military interests in Siberia. The War Cabinet had sent him knowing full well his ties to the old regime, although there was some concern that sending Knox would be perceived as a 'reactionary' move, especially by

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[56] Jonathan D Smele, *Civil War in Siberia: The Anti-Bolshevik Government of Admiral Kolchak, 1918-1920* (Cambridge: Cambridge University Press, 2009), pp. 671-672.
[57] Leonid Heretz, 'The Psychology of the White Movement', in Vladimir N Brovkin (ed.), *The Bolsheviks in Russian Society: The Revolution and the Civil Wars*, (New Haven and London: Yale University Press, 1997), p. 114. Heretz also notes how some who joined the Whites were liberals, or even had socialist sympathies.
[58] 29 November 1918, FO 800/215.
[59] Smele, pp. 74-5.
[60] More on Knox's relationship with Russian officers can be found in extracts of his diary published in: Alfred Knox, *With the Russian Army 1914-1917* (New York: E P Dutton and Company, 1921).

Woodrow Wilson.[61] This discussion shows how White military leaders were associated with reactionary politics even before the coup that brought Kolchak to power at Omsk in November. The nature of his ascent to power would be a source of apprehension, but not the origin of doubts that were expressed about his leadership; there were more fundamental concerns.

In another example, as with Lockhart, of British officials and agents in Russia becoming out of step with the direction of policy, Francis Lindley – now the British Commissioner at Arkhangelsk – in April 1919 cautioned the Foreign Office that 'it is disastrous to encourage Separatist movements which have no foundation in race, religion or history. Allied policy must be directed towards reunion.' While not referring to any specific group – although his interjection was in response to events in Ukraine – his telegram mentioned Kolchak favourably with the implication that he would be the leader to re-unify Russia.[62] Clearly, Lindley did not share the same views as Balfour on the question of national movements, and his opinion of Kolchak was not shared universally by other British representatives in the region. Henry Bell, the British Ambassador in Helsingfors (Helsinki), communicated advice to the Foreign Office that 'the great fear in Russia is that we want to reinstate all the autocratic bureaucracies … and if this fear could be removed Russian situation would rapidly improve.'[63] These two opposing views on Russia's future are symptomatic of the bias among those who had been in the country before and during the Revolution (Lockhart, Lindley and Knox, for example) towards movements or political figures associated with the old regime. As was shown in discussions on Knox's appointment to Siberia, ministers were aware of the possible implications of such sympathies for perceptions of Britain's role in the Russian Civil War. The result was that their views on matters such as Britain's relationship with Kolchak were not persuasive.

Despite public declarations of non-interference in Russia's politics, supporting Kolchak was a key part of the Allies' military strategy in 1919. Inevitably, the question of Allied nations officially recognising the Omsk government as the legitimate government of all of Russia would be asked in London and at the Paris Peace Conference. Those who supported further intervention in Soviet Russia also promoted formal recognition of Kolchak's government. The most notable exception to this was the British General Staff, who were heavily in favour of formal recognition of Kolchak's government while also wanting British troops evacuated. The critical reason being that it would 'invigorate' the military forces and the government at Arkhangelsk to take the action

[61] TNA, War Cabinet 446, 16 July 1918, CAB 23/7/9.
[62] TNA, Decypher from Mr Lindley (Archangel), 20 April 1919, FO 608/178.
[63] TNA, Decypher from Mr Bell (Helsingfors), 11 April 1919, FO 608/178.

needed to create the junction with Siberia.[64] Although the General Staff's advice had gone a long way to informing the British government's policy on Russia, there were other factors shaping discussion around Britain's relationship with Kolchak. Nevertheless, it was this military perspective that was used as the basis for justifying official diplomatic ties with Omsk. Kolchak's military successes early in 1919 also gave some weight to these pro-recognition arguments. This was especially true for Winston Churchill, who was keen to have Kolchak as an ally, instructing Knox to 'make him feel that he has friends here.'[65] The Omsk government was key to anti-communist politics as Kolchak was the closest thing the Bolshevik's opposition had to a unifying leader. Having largely failed to sway policy towards stronger direct military action against the Soviets, Churchill, through April and May 1919, pushed for recognition as a boon to the anti-Bolshevik war effort.

Churchill was well aware of 'the fear widely spread in England that [the Whites'] victory will constitute a triumph of reaction and a revival of an autocratic regime', noting in particular the Prime Minister's commitment to 'democratic principles.' However, he still believed he could make a strong case for Kolchak, if Knox could obtain a declaration pledging the Omsk government to establishing a constituent assembly.[66] This was the policy that Churchill suggested to the Cabinet on 29 April. Additionally, he highlighted recent news from North Russia which was still confident that the Siberian Army would be at Kotlas by the beginning of June.[67] The obvious military incentive to extend recognition to Kolchak prompted discussion of the topic among Allied heads of governments at the Paris Peace Conference in May, but the outcome would not be as definitive as Churchill had hoped. On 27 May the Allies agreed to give Kolchak assurances that their material support would continue, providing that he agreed to make certain guarantees about Russia's future. These included summoning a constituent assembly to establish a democratic national legislature; no revival of 'the special privileges of any class or order'; and the recognition of independent Finland and Poland.[68] It was an attempt to steer Kolchak toward liberal policies by hinting at recognition, but it was not the official declaration that Churchill had proposed. Woodrow Wilson had summarised the reason for the Allies' position in a meeting of Allied leaders on 24 May: 'Admiral Kolchak might be under reactionary influences which might result in a reversal of the popular revolution in Russia. [The Allies] also feared a Military Dictatorship based

[64] TNA, The Case for the Recognition of Admiral Kolchak's Government in Siberia, 11 April 1919, CAB 24/78/17.
[65] CA, Telegram to General Knox from Secretary of State for War, 01 April 1919, CHAR 16/22.
[66] CA, Telegram from Secretary of State to General Knox, 29 April 1919, CHAR 16/22.
[67] TNA, War Cabinet 560, 29 April 1919, CAB 23/10/8.
[68] Washington, Library of Congress, mss46029, reel 451, <https://www.loc.gov/resource/mss46029.mss46029-451_0018_1019/?sp=769> [accessed January 2021].

on reactionary principals, which would not be popular in Russia and might lead to further bloodshed and revolution.'[69] 'Reversal of the popular revolution' was a reference to Tsarist restoration. However, the second concern Wilson noted – the possibility of a military dictatorship – did not rely on misconceptions of the Whites and Tsarism. It was the Whites' reactionary image, regardless of the Tsar, that was preventing the Allies from throwing their full weight of support behind Kolchak, as his regime could threaten the 'democratic principals' that informed foreign policy.

Lloyd George had similar reservations, and his government was still not in agreement over what Britain's policy should be. In contrast to the War Office, advice from the Foreign Office was often highly critical of Kolchak. A report to London, on the same day as the Allies' communication to Omsk, from Edward Hallett Carr – the member of the British delegation at Paris charged with Russian affairs – concluded that 'to recognise Kolchak as the Government of Russia is a travesty of the facts which, if it were not so obviously a piece of opportunism and make-believe, would be fundamentally dishonest.' These 'facts' were concerned with the nature of a national government headed by Kolchak; that there were no guarantees he would produce a more liberal state than the Bolsheviks. Furthermore, Britain could find itself being held responsible for a 'White Terror' that Carr was sure would accompany Kolchak toppling the Soviets.[70] Although Kolchak had agreed in principle to the conditions he was given, the concerns over what a White Russian state would look like were not totally groundless. The White movement had been founded on a romanticised image of Russia heavily imbibed with Orthodox Christian imagery, which largely contributed to its appearance of a reactionary force. Moreover, Carr's warnings of a 'White Terror' were not without precedent, as the Volunteer Army since Kornilov's leadership had been carrying out violent retributions for Bolshevik atrocities.[71]

Carr was an important voice in this debate and was not alone in protests from the Foreign Office against taking a side in the Russian Civil War.[72] In January the head of the Political Intelligence Department, William Tyrrell, had proposed an alternate policy of complete non-interference in Soviet Russia, and no recognition for any government until the Civil War was concluded. He believed the Allies, in supporting the anti-Bolshevik cause, risked creating what

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[69] Ibid.
[70] TNA, The Proposed Recognition of the Kolchak Government, 27 May 1919, FO 608/188.
[71] Heretz, pp. 114-6, 118-9.
[72] In Richard Ullman's view, 'Carr probably did more to shape the discussion of Russian problems within the delegation than any other member', see: Ullman, vol II, p. 20 n. 18. Carr's notes accompany much of the correspondence and memoranda on the Russian situation in records from the Paris delegation, such as those in files FO 608/177, FO 608/178, FO 608/189, FO 608/269.

would be perceived as 'a Holy Alliance against Socialism.' Instead, Tyrrell made the following suggestion: 'We should be acting then against the Bolshevik Government in Russia on exactly the same principal on which we acted against the militarist Government of Germany. We should be defending national States against an external danger.'[73] This view is particularly noteworthy as a member of Tyrrell's department, James Simpson, would later travel to Paris to lead attempts at forming an agreement on a federal Russia based around the Omsk government. However, Simpson was only promoting acknowledgement of Kolchak's regime as *de facto* authority of Siberia, he did not advocate recognising it as the authority over all of anti-Bolshevik Russia.[74] Moreover, his attempts were ultimately unsuccessful due to objections from some nations and the course that the civil war was beginning to take in June 1919.[75]

The failure to secure formal recognition for Kolchak was a palpable setback for the anti-Bolsheviks. After the talks that concluded on 27 May Churchill, attempting to stir up some form of enthusiasm for the decision made at Paris, informed Knox that the Allies had 'definitely decided to recognise Kolchak.'[76] He continued to refer to the Allies' 'recognition' of Kolchak In June, as preparations for the Kotlas offensive were being made.[77] It was language chosen to avoid having a detrimental effect on morale, something that was expected to be improved by an official recognition. Nevertheless, Churchill was aware that the political situation was not so favourable. A communication from the War Office to Kolchak on 11 June stated that recognition 'will not be long delayed.'[78] However, he (and Carr) had wrongly assumed that the Allies had been on the brink of making such a decision. The matter would not be discussed again by leaders at Paris, and Kolchak's military position was rapidly deteriorating. Richard Ullman goes as far to suggest that the Allies' declaration was the reason for Trotsky's decision to shift the Red Army's focus in June to the Siberian front; a move that would eventually lead to Kolchak's execution in February 1920. Before the string of defeats for Kolchak that began in June, the question of recognition was still open.[79]

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[73] TNA, Sir William Tyrrell, 16 January 1919, FO 608/177.
[74] Simpson had been a proponent of intervention in the Russian Civil War, but before Paris had been concerned about the 'stability' of Kolchak's government, see: TNA, Notes on the Russian Policy of His Majesty's Government, 08 January 1919, FO 608/177.
[75] Charlotte Alston, '"The Suggested Basis for a Russian Federal Republic": Britain, Anti-Bolshevik Russia and the Border States at the Paris Peace Conference', *History*, 91:1 (2006), 24-44, pp. 38, 43-44.
[76] CA, Telegram from Secretary of State to General Knox, 28 May 1919, CHAR 16/22.
[77] CA, Telegram from Secretary of State to General Milne, 08 June 1919, CHAR 16/22. Churchill had also told Ironside that Kolchak was to receive formal recognition: CA, Telegram from Secretary of State to General Ironside, 02 June 1919, CHAR 16/22.
[78] CA, Telegram from War Office to British Mission, Vladivostok, 11 June 1919, CHAR 16/22.
[79] Ullman, vol II, p. 170.

However, the significance of the debate surrounding Britain's relationship with Kolchak was not just in its outcome, but also the nature of the arguments made in caution or protest of support for the Whites. Criticisms of Kolchak were shaped far more by political concerns than they were by his inability to secure decisive victories against the Red Army. From a military perspective, recognising Kolchak was presented as an easy win for anti-Bolshevik forces, but Allied leaders were far too reluctant to take such a step. They wanted Russia to establish its own democratic institutions and they doubted whether Kolchak would pursue such a future, as outside observers of his government often perceived it as nothing more than a military dictatorship.

This was one of the biggest obstacles to Britain adopting a policy focused on bringing down the Soviet regime: the alternatives were rebarbative. James Simpson made very similar observations in November 1919 in a retrospective memorandum on Allied policy:

> For many months the vital issue in the Russian situation has not been so much the relation of the different anti-Bolshevik Governments to Bolshevism, as the relation of the Kolchak Government to the other anti-Bolshevik Governments.
>
> In promising assistance to Kolchak's Government to the extent of aiding it to become an All-Russian Government, the Allies did not make sufficiently clear what action they expected of Kolchak's Government in relation to other anti-Bolshevik Governments, and the natural result has been to inhibit their cordial and cooperative action with Kolchak and Denikin against Bolshevism because of their instinctive fear, for which there is increasing ground, of the real intentions of certain of the elements behind these Russian leaders.[80]

Such perceptions of their 'real intentions' were significant when one of the premises of Britain's continued intervention was, as shown above, that the actual fighting against the Red Army would have to be done largely by Russians. Yet, some of the biggest forces that would fill this role were pointed in a direction that was suspected to be the establishment of a new autocracy. Ultimately, this is an important argument against characterising British intervention as a crusade against the Bolsheviks; the British government did not want to install the Soviets' major opponents as Russia's new leaders.

The North-western Front and the Border States

As the Russian Civil War progressed, the old Empire continued to fragment as national movements demanded independence from Soviet Russia. The border states question was another major wedge between Britain, which looked to support the sovereignty of the new nations, and the Whites, who largely wanted to restore Russia's pre-revolutionary borders. Meanwhile, after the failure of the Siberian Army to reach North Russia, another front would be

[80] TNA, Memorandum on Allied Policy in Russia, 08 November 1919, FO 800/157.

opened to assault Petrograd, this time from the north-west. This episode of the war demonstrates the incongruous nature of intervention through the collision of White advances against the Bolsheviks with the independence of Russia's border states.

As seen above, the independence of nations in Eastern Europe which had previously been part of the Russian Empire was seen in London to be a preferential outcome for Britain. Not only was it a fulfilment of self-determination, but it would also weaken a former imperial rival and place a geographical barrier between Russia and Germany. Hence, the Russian groups which sought to restore the old borders were inconsonant with Britain's aspirations for the region. As Balfour wrote in February 1919: 'the only Russian party which has shown itself favourable to the policy of self-determination in these non-Russian parts of Old Russia is the Bolshevist gang.'[81] When the time came to debate Soviet Russia's future at Paris in May, Balfour's policy advice was greatly focused on the border states issue. He was clear that supporting the independence of these states was the right thing to do. However, his memorandum on the subject was also heavy with caution over protests from anti-Bolshevik Russians against such a policy: 'There is an essential inconsistency between two halves of our present policy which is, I suspect, going to cause us endless trouble in the future.'[82]

The inconsistency was particularly visible in the case of Finland, which continued to be a cause of concern for the British military in Soviet Russia. General Maynard, having been informed of the anticipated recognition of Finland by Britain and the United States at the Paris Peace Conference, raised serious concerns with the War Office over such a policy; that there were doubts over the future of the independent Finnish state. These concerns were rooted in the economic realities of independence from Soviet Russia. Finland had been economically dependent on Russia, and Russians were concerned that independence would be to their detriment. Particularly there were fears that Finland would be ceded Karelia, which Maynard pointed out was not a succinctly defined region. Such a move could hand Finland control of 'vast' wealth in timber and minerals, as well as fishing on the east coast of the White Sea. Furthermore, Maynard believed that the Murmansk railway would become 'an important commercial artery' for Russia, but much of the railway could come into Finnish possession. His Russian allies had informed him that if Karelia did become part of Finland, they would endeavour to retake it by force. Likewise, he thought it probable that the Karelian force he commanded would abandon the fight against the Reds to defend the region from the Finns. The anti-Bolshevik effort could not

[81] 26 February 1919, FO 800/215.
[82] TNA, Notes on the Russian Situation, 09 May 1919, FO 800/216.

afford such a distraction, as in Maynard's words: 'if the Bolsheviks are to be opposed successfully it is of upmost importance that the Karelians trained by me should be incorporated in the Russian Army.'[83]

Later, Francis Lindley would relay to London that Maynard 'has all along taken much too alarming a view of his position'; suggesting that he was no longer fit for command.[84] Although he did not see the same direct threat to Murmansk, Lindley did agree that Finnish territorial aspirations could put North Russian troops in an 'embarrassing' position. 'Unless we are careful we shall run serious risk of alienating Russian sympathy by supporting aspirations of her former border states.'[85] Given his opinion of British support for the border states, this could be construed as an argument against recognising Finland. Nonetheless, his and Maynard's concerns over Karelia were tangible, unlike Lindley's objections to other independence movements. For these reasons there would be conditions when, on 3 May, Allied Foreign Ministers at Paris agreed on the recognition of an independent Finland and of Carl Mannerheim's government. Noting Maynard's concerns, there would be stipulations that Mannerheim grant amnesty to Red Finns fighting for the Allies and adhere to the Peace Conference's determination of Finnish borders with Russia, although a final decision on this had yet to be made.[86]

Support of Finnish independence would, as per Maynard's warnings, create complications for the anti-Bolshevik cause. Finland had been the refuge of the former Imperial general and monarchist Nikolai Iudenich, who had fled there in 1918. From there, Iudenich had intended to command the North-western White Army to advance on Petrograd. The British Foreign Office was first informed of Iudenich's plan to open a new front in the Civil War in January 1919. From Finland and the Baltic states, they were told, he intended to directly attack Petrograd and then Moscow while hoping for 'intervention of the Allies in Finland, so that our efforts should not be hindered.' The accompanying notes from Carr said of Iudenich and his associates: 'it is to be hoped that HMG will not allow themselves to get mixed up with them and their schemes.'[87] A report from the Political Intelligence Department called Iudenich's presence in Finland 'an added complication' owing to the situation with Karelia. Its advice was that if he was to receive support from Britain in his attempt to take Petrograd, he would have to begin his assault from Arkhangelsk or Estonia, as to not involve Mannerheim, although it was admitted this would 'add to his

[83] TNA, Telegram from GOC Murmansk to DMI, 17 February 1919, WO 106/1157.
[84] TNA, Decypher Mr Lindley (Archangel), 05 April 1919, FO 800/157.
[85] TNA, Decypher Mr Lindley (Archangel), 19 April 1919, FO 800/157.
[86] Washington, Library of Congress, mss46029, reel 450, <https://www.loc.gov/resource/mss46029.mss46029-450_0018_1025/?sp=772> [accessed 05 October 2020].
[87] TNA, Appeal from General Yudenich for Allied Assistance, 25 January 1919, FO 608/269/3.

difficulties.'[88] Furthermore, the War Office did not see any potential for Iudenich's relatively small force to actually take Petrograd. The preferred course of action was for him to move to support Murmansk, if the North Russian Administration would agree to such action.[89]

Ultimately, Iudenich would not launch his campaign from Finland. He and Mannerheim had been unable to form an alliance as there was no way to reconcile Finnish independence with the Whites' aims of restoring Russia's borders. Iudenich would instead establish his base in Estonia.[90] This was not an end to the complications, however, as both Mannerheim and Iudenich were still planning separate advances on Petrograd. Churchill was concerned that the North-western Army and the Finns could arrive there at the same time, raising questions over who would be in control of the city once it fell. Furthermore, the Cabinet were unsure of Kolchak's relations with Iudenich or what his policy on a possible Finnish occupation of Petrograd was. Knox was asked to 'point out to him that we need all the help we could get and that it would be a great pity to refuse Finnish aid.'[91] He reported back that Kolchak was greatly in favour of the proposed Finnish attack, but that the Finns should not administer Petrograd once it was captured.[92] This presented two problems for Britain's involvement in North Russia and the Baltics. Firstly, a Finnish push into Soviet Russia could ignite tensions with Russian anti-Bolshevik forces. Secondly, the question remained of Petrograd's administration once the Soviets were no longer in charge. If Mannerheim's forces reached the city first, it could be the start of territorial acquisition. If Iudenich took Petrograd, there were concerns that he would establish a military dictatorship. Furthermore, the city was experiencing major shortages including food and fuel and whoever captured it would have to address this if they were to retain control. The Director of Military Intelligence had advised Balfour that a 'clash of interests' between those claiming to hold authority in Petrograd was likely. In his opinion, to avoid 'the establishment of a military dictatorship', the city should be overseen by the North Russian Administration.[93]

The War Office saw little potential for either force to take Petrograd. However, it was assumed that if the city could be taken, it would be a decisive blow against the Bolsheviks. Therefore, it was deemed necessary to plan for such an eventuality. As one report concluded:

> In the event of Petrograd falling, the Bolsheviks would endeavour to saddle the Allies and anti-Bolshevik Russians with responsibility for the distress prevailing in the city. It would therefore be of great

[88] TNA, Memorandum on Russia in View of Peace: A Conspectus with Conclusions, 01 May 1919, FO 608/178.
[89] TNA, Telegram from War Office to Mr Balfour, 04 May 1919, FO 608/178.
[90] Lincoln, p. 286.
[91] CA, Telegram from Secretary of State to General Knox, Vladivostok, 5 May 1919, CHAR 16/22.
[92] CA, Telegram from Colonel Somerville, Vladivostok, to S of S, 26 May 1919, CHAR 16/22.
[93] TNA, Question of Administration of Petrograd in Event of its Capture, 23 May 1919, FO 608/178.

> importance that relief measures should be put in hand without delay, and it is suggested that these measures should be thought out in advance of the event.[94]

It would be detrimental to the anti-Bolshevik cause if Petrograd continued to suffer shortages in the event of it being liberated, and the logistics involved in avoiding this situation would require Allied support. Konstantine Nabokov – the *Chargé d'Affaires* at the Russian Embassy in London – informed the Foreign Office that the question of Petrograd's fuel supply 'is becoming extremely acute.' Running the city's power stations and water supply would require 200,000 tons of coal annually, with a further 10,000 tons of oil to run the tramways.[95] With British assistance, provisions for fuel were made; but commitments to the food supply remained intentionally ambiguous. In May, the Allied Supreme Economic Council agreed that areas of Russia not under Bolshevik control would be supplied with food, which would include Petrograd if it were captured. However, Balfour instructed the British Mission in Estonia that 'great care should be taken to avoid committing them specifically to relief of Petrograd as Allied Governments do not want to be made in any way responsible for military operations against the city.'[96] While the Allies were prepared to supply Petrograd, Balfour's note was an indication that they did not expect to. Nor did they want to be assigned blame in the event of either a failed attempt to take the city, or a successful attempt after which the acute shortages continued.

The chances of the Bolsheviks being ousted from Petrograd would have been improved if Iudenich and Mannerheim could coordinate their attacks, even if Iudenich was not basing in Finland. However, such a campaign could still lead to the possible territorial conflicts that concerned the Allies. Balfour deferred to the Paris delegation on the planned attack on Petrograd, noting to Curzon that they 'consistently discouraged' Finnish forces entering Soviet Russia.[97] The military section of the British delegation at Paris had surmised that 'the Finnish movement would also appear to be undesirable as even if it succeeded it could only lead to future warfare between an enlarged Finland and a reconstituted Russia.'[98] The message from Britain was quite clear that Finland should not be involved in the attempt to take Petrograd. Churchill's appeal to Kolchak to accept Finnish support was the only major exception but had not been enough to reconcile the Finns and the Whites. Finnish White Guards made some incursions towards Petrograd in 1919 but would make no actual assault. It was, however, a possibility that Churchill continued to entertain later into the year with a memorandum in August that promoted

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[94] TNA, Notes on the Situation to be Met Should Petrograd Fall, 05 May 1919, FO 608/178.
[95] TNA, Question of Fuel Supplies to Petrograd, 23 June 1919, FO 608/178.
[96] TNA, Telegram from Mr Balfour to Mr Bosanquet (Reval), 26 May 1919, FO 608/178.
[97] TNA, Telegram from Balfour to Curzon, 20 May 1919, FO 418/53/18.
[98] TNA, Notes on Movements in Finland Directed Against Petrograd, 27 March 1919, FO 608/177.

substantial support for Iudenich in lieu of the junction between Arkhangelsk and Siberia. Additionally, it proposed putting pressure on the Finns to assist with taking Petrograd. Henry Wilson refuted this view quite bluntly, writing that it 'does not realise the true state of affairs.' He pointed to earlier assessments of the relations between Finland and the Whites as well as the logistical issues with supplying Iudenich and Petrograd.[99] It was an indication that Maynard's earlier assessments of the Finnish situation still held some weight in military considerations.

Furthermore, Mannerheim's popularity was waning, and he lost the country's first Presidential election on 25 July. The Foreign Office's assessment of this situation was that Mannerheim's loss was due entirely to the unpopularity in Finland of his policy of military intervention in Soviet Russia. It was consequently assumed that the Finnish government would not be involved in the campaign to take Petrograd.[100] Meanwhile, the situation in Estonia had been complicated by Iudenich's aversion to supporting the state's independence. In April, a representative of Iudenich had appealed to British diplomats for Allied pressure on Estonian leaders to allow the North-western Army to base there. Carr believed this was 'out of the question' unless Iudenich was prepared to recognise Estonia's independence.[101] By August Iudenich had entered Estonia but tensions over the question of independence persisted. The Bolsheviks took advantage of this, promising the Estonians that the Red Army would not cross the border. Iudenich responded by insisting the entire Estonian Army be placed under his command if he were to recognise their independence. This exasperation prompted the chief of the Allied Baltic Mission, General Frank Marsh, to intervene and insist Estonia be granted recognition. An agreement was reached, but without approval from Kolchak – who refused to recognise Estonia's independence – it was 'worthless', in Iudenich's words.[102] This extremely reluctant support was enough to form the basis of a coalition against the Soviets, but the fundamental issue had yet to be addressed.

At the end of September Iudenich, along with an Estonian force and British naval support, began the advance on Petrograd. The first major goal was the Soviet naval base at Kronstadt, protected by the coastal fort Krasnaya Gorka, which Iudenich would require British assistance in capturing. The Admiralty, however, sent only one heavy warship capable of matching the fort's defences, which arrived after the Estonians' initial assault had been repelled. The British Navy had also badly underestimated the Soviet gunners and the fleet was then forced to withdraw out

[99] CA, Untitled letter and memorandum, 11 August 1919, CHAR 16/24.
[100] TNA, Minute, 11 September 1919, FO 800/157.
[101] TNA, The Plans of General Judenitsch, 10 April 1919, FO 608/177.
[102] Lincoln, p. 292.

of range, exposing the flank of Iudenich's force.[103] The Red Army counterattacked with much success, and by November had driven the North-western Army back to the border. The Estonians, fully aware of Iudenich's reluctance to support their independence, chose to pursue diplomacy with the Soviets and stopped his army and accompanying refugees from crossing the border. His forces scattered and Iudenich later fled to France.[104]

The Baltic campaign of 1919 had exposed certain contradictions – the 'inconsistencies' that Balfour had written about earlier in the year – in Britain's policy towards Soviet Russia and the Russian Civil War. By supporting the independence of the border states, Britain was creating obstacles between co-ordinating the various anti-Bolshevik groups and its own military efforts. The result was beneficial to the Red Army, which proved more than capable of defending Petrograd from the force that attempted to capture it. Moreover, the British government seemed aware that their policy in the region was not enough to effectually support the anti-Bolshevik cause. For example, minutes of the Cabinet's retrospective discussion of operations in the Baltics simply concluded that 'it could not be said that the Navy had been used to its fullest extent to assist in the advance of General Yudenitch.'[105] While it would be incorrect to assume that Iudenich would have been successful with more Allied support, Britain's approach had certainly impeded his efforts. The North-western front is therefore emblematic of how Britain's involvement in the Russian Civil War was not guided exclusively by anti-Bolshevism, and how other priorities – in this case the support for the border states – were shaping policy to a greater extent.

Conclusion

By the end of 1919, the military fortunes of the Reds and Whites had been reversed from the positions they had been in at the start of the year. Kolchak's forces were in retreat, Siberia was steadily falling to the Reds, and Iudenich had failed to take Petrograd. This left Denikin commanding the Volunteer Army in the South as the best remaining hope for anti-Bolshevism, although their position since September had been steadily worsening after being routed by anarchist-led forces in

[103] Fuller, p. 557.
[104] Lincoln, pp. 299-300.
[105] TNA, Cabinet 1 (19), 04 November 1919, CAB 23/18/1.

Ukraine.[106] Support for Denikin from the Allies was also beginning to wane, leading to the British government telling him to cease his military campaigns against the Soviets in March 1920.[107]

Although Britain and the other Allied Powers had given significant support to these forces, it cannot be said that the British government did everything it could to hasten a military defeat of the Bolsheviks. Its involvement in the Russian Civil War was heavily circumscribed by an unwillingness to go to war and a detachment from the anti-Bolshevik cause. On the first point, Lloyd George and Wilson had both quickly reached the conclusion that the British Army could not be used in a full-scale offensive against the Soviet government. War-weariness among soldiers, and the British population more generally, presented enormous risk for any attempt to launch an invasion. Coupled with the logistical challenges inherent in such a campaign, a large expansion of Britain's military presence in Soviet Russia had to be ruled out soon after the end of the war with Germany.

The task of fighting the Bolsheviks then fell to the Whites. Beyond a military defeat of the Soviet government, Britain and the Whites never had a common purpose, nor was there any extensive attempt to forge one. The internal politics of White Russia was simply too unpalatable for many Western statesmen to be enthused by the idea of a reconstituted Russian state led by someone like Kolchak or Iudenich. More specifically for British politicians, the well-founded assumption that the Whites had little respect for the independence of states formerly part of the Russian Empire was a significant barrier to vociferous support. The British government, and the Foreign Office especially, saw the future of Eastern Europe very differently to White leaders, who largely saw the Baltic states, Poland and Ukraine as rightfully Russian territory. Moreover, there was a pessimism regarding the Whites' ability to even take the first step towards revivifying Russia: defeating the Red Army on the battlefield. This was not just Lloyd George expressing doubts at Paris, it was also the experience of the British military in North Russia which fostered a scepticism of the abilities of Russian anti-Bolshevik forces.

Of course, there were some who could see past the shortcomings of their Russian allies in the quest to unseat the Bolsheviks from power; principally Winston Churchill and the British military. The role of Secretary of State for War is essential to the framing of an ideological war between Britain and Soviet Russia. Churchill certainly saw North Russia as an opportunity to affect some kind of change in the Russian Civil War, but the main British-led offensive in the region in 1919 did not have any wider impact on either the Reds' or the Whites' fortunes. Due to the factors noted above, the interventionists had been severely limited in what they could do with their best chance at

[106] Geoffrey Swain, *Russia's Civil War* (Stroud: The History Press, 2008), pp. 118-119.
[107] See Chapter 5.

bringing the end of the Soviet regime closer, which ultimately relied on Russian forces capitalising on any gains made by the British-led force. Some ministers and officials were already questioning the efficacy of their relations with the Whites by the time Ironside's assault began and, furthermore, his advance down the Dvina River only happened because it was also preparation for the evacuation of the region. There was certainly some compromise between reluctance and interventionism in decision-making, but there was only so far the interventionists could go. Therefore, British intervention in Soviet Russia following the armistice with Germany was not an all-out war of ideologies, but rather, from Britain's perspective, a defence of emerging states and authorities in the former Russian Empire. In the Russian Civil War, the most immediate conflict between the Reds and Whites, British military power could not produce a desirable outcome.

Meanwhile, the course of events in the summer and autumn of 1919 had surely vindicated Lloyd George's views on intervention and the capabilities of the Whites. Their undeniable failures that year meant the foreign policy vacuum, which had never properly been filled, was open to implementation of a new course. As the following chapters will show, a new direction was already beginning to emerge by the end of 1919, one which the Prime Minister would then begin to impose. In November, he gave a speech at the London Guildhall in which he surmised that intervention in Soviet Russia had failed, and that it was time to pursue a new policy. This came as something of a shock to the audience which included some of his Cabinet colleagues, who had apparently been unaware of the speech's contents before hearing it.[108] It was a signal that not only was the Prime Minister getting ready to take charge of the Russia policy, but also that Britain would consequently be moving to engage in diplomacy with the Bolsheviks.[109]

[108] US Office of the Historian, The Ambassador in Great Britain (Davis) to the Secretary of State, 15 November 1919, 861.00/5666: Telegram, <https://history.state.gov/historicaldocuments/frus1919Russia/d88> [accessed November 2020].
[109] See Chapter 5.

III. 'A Clumsy Weapon': Blockade and Commercial Intervention

Following Brest-Litovsk, the Allied Powers extended their wartime economic blockade to encompass Soviet Russia, preventing commercial shipping in the Black and Baltic seas. Dubbed the '*cordon sanitaire*', this served two purposes: to prevent Germany circumventing existing measures, and to isolate the Bolsheviks. During this time, commerce with Soviet Russia was difficult – although not impossible – as Western nations would not sanction trade; the British government, for example, refused to licence exports. The economic blockade of Germany was ended by the signing of the Treaty of Versailles, but the cordon of Soviet Russia continued. This raised several issues for Allied statesmen, including serious concern that the blockade had no legal basis.[1] Meanwhile, the Bolsheviks were eager to blame the dire state of Soviet Russia's economy on the Allied blockade, which might absolve them of any recklessness in their own economic policy.[2]

The blockade – enforced largely by the British navy – also introduces a major aspect of Britain's response to the Russian situation not covered in Chapter 2. Concurrent to military intervention was a policy of commercial intervention. This amounted to a series of schemes sometimes aimed at funnelling aid into the anti-Bolshevik governments, and other times to entrench Britain's position over Russian markets. These two objectives often proved to be conflicting and, like military intervention, the wider picture of the policy is one of contradiction. Attempts to create favourable conditions in Russia for British companies sometimes clashed directly with anti-Bolshevik goals. Meanwhile, support for the Whites often proved to be costly and the commercial elements of their relationship with Britain were as disharmonious as other aspects already discussed. Expansion of trade with the Whites was obstructed by their lack of a central currency, the prioritisation of British firms, and an unwillingness among certain sections of the British government to interfere – as they saw it – in private commerce. Hence, over the course of 1919, British trade steadily began to be prioritised over assistance for the Whites.

In 1920, the Allied blockade of Soviet Russia would be relaxed and then abandoned completely. Its end has largely been the focus for historians covering the blockade, who have looked

[1] The blockade was based on wartime legislation but considering that there was no official declaration of war on Soviet Russia, and that Germany accepted a peace treaty in 1919, some argued that continuing the cordon would require new laws, see: Gaworek, pp. 40-45.

[2] Soviet economist Vladimir Milyutin blamed 'painful circumstances' in the Soviet economy on 'purely external circumstances (the result of capitalist attacks and the blockade)': V P Milyutin, 'The Economic Organisation of Soviet Russia', 1920, *Marxists Internet Archive*, <https://www.marxists.org/archive/milyutin/1920/economicorganisation.pdf> [accessed March 2021]. The blockade was even blamed for the 1921 famine, well after it had been lifted, see: Victor Surge, 'The Causes of the Russian Famine', 23 October 1921, *Marxists Internet Archive*, <https://www.marxists.org/archive/serge/1921/10/famine.html> [accessed March 2021].

to ascertain its implications for the direction of British policy towards Soviet Russia. One of the more common explanations is that ending the blockade was a continuation of the fight against Bolshevism through very different methods. Norbert Gaworek concludes that the relaxation in January 1920 was part of a broader strategy by David Lloyd George to fight Bolshevism without military force. This action specifically was about allowing Russian co-operative societies to trade with Western counterparts and allowing commerce to resume without dealing with the Soviet government which would, it was believed, lead to economic realities collapsing the regime.[3] Furthermore, Gaworek determined that 'there is no conclusive evidence that domestic criticism of the allied policies towards Soviet Russia in general, and the blockade in particular, influenced directly the decision to reconsider the allied policy towards the end of 1919.'[4] This is a major downplaying of domestic factors in decisions regarding the blockade. Similarly, Christine White also notes Lloyd George's justification of the relaxation of the blockade as being a way to 'ruin Bolshevism.'[5]

However, peripheral works regarding the British economy in 1919 and 1920 suggests that a different approach can be taken in examining the reasons for this apparent change in strategy. Following the First World War, Britain had to contend with serious and immediate economic problems. Inflation, for example, reached 50% in 1919 after the removal of wartime price controls, and exports were not recovering to pre-war levels. It is in this context that Robert Boyce points to social unrest and a spread of Bolshevism as being among the biggest concerns for the British government after the December 1918 general election. Thus, economic 'orthodoxy' was set aside in order to restore industry and employment levels.[6] The economic situation was accompanied by shifts in mainstream political ideologies in Britain concerning the role of the state in commerce and the national economy. Wartime controls had challenged the old ideals of free trade and minimal state interference in the eyes of some, while others clamoured for a return to pre-war trading regimes. Ultimately, these views created a political environment that was favourable to the dismantling of the blockade in 1920. Such beliefs also inspired some of the indecision over trade with the Whites, which required action that might amount to state interference in commerce. This chapter will therefore examine Britain's Russia policy in relation to its post-war economic strategy, and how this impacted the blockade.

There is also a geopolitical dimension to the historiography of the blockade to consider: the ongoing threat, from Britain's perspective, of Germany securing a significant advantage in the East

[3] Gaworek, p. 69.
[4] Ibid, p. 57.
[5] Christine White, p. 116.
[6] Boyce, pp. 32-33.

through commerce. Reopening trade would ostensibly give British companies a head start over German firms in the race to dominate Russian markets. Gaworek, for example, points to this as a tangible motivation for the British government to start dismantling the blockade in January 1920.[7] This chapter will present a very different assessment of this element to British policy. Advice in favour of continuing the blockade came largely from the military, but over the course of 1919 it became apparent to the War Office that Germany was in the midst of its own economic troubles which lessened its threat to British interests. There was a further complication in the possibility that the Whites were just as – if not more – likely to pursue cordial relations with the German government than the Bolsheviks. Consequently, German rivalry was a declining factor in the shaping of Britain's Russia policy. Due to these historiographical features, this chapter can then be divided roughly into three components: the position of Germany in policy making, British schemes in Russia relating to commercial intervention, and the political factors behind the lifting of the blockade.

The apparent commercial potential of Soviet Russia had been present well before hostilities with Britain began.[8] This chapter will therefore detail how British policy shifted from commercial intervention – attempting to establish trade without the Bolsheviks – to dismantling the blockade of Soviet Russia. The Allies' agreement on relaxing the blockade in January 1920 was spurred by British interjection, which in turn was the result of underlying political pressures and growing need for more effective commercial policy. Blockading Soviet ports while attempting to establish trade with the Whites had proven to be unsustainable for a country that demanded more export markets.

Intervention and Russo-German Alignment

As seen in Chapter 1, the origins of British intervention in Russia are found in the context of the First World War. In order to establish how and why commerce became the main priority for British foreign policy in Soviet Russia, it will be necessary to examine the remnants of the geopolitical context during the blockade and following the end of the war with Germany, due to its historiographical importance. While there certainly were genuine fears of an alignment of Soviet Russia with Germany, over the course of 1919 British officials and politicians began to seriously question whether this could be practically feasible, or if it was their own Russian allies who were

[7] Gaworek, p. 57.
[8] See Chapter 1. In fact, this had started even before the Bolsheviks took power, see: 'British Capitalism and Tsarist Russia' in Chapter 4.

more at risk from German influence. Consequently, such risks posed by the Russian situation became starkly diminished as a factor in British policymaking.

The idea that the Bolsheviks were German agents had proved to be a misconception and had not played a decisive role in the decision to intervene in Soviet Russia, but this is not to say that Germany did not continue to factor into the direction of British foreign policy. John Thompson identifies two attitudes in the British government towards the German presence in Soviet Russia after the Brest-Litovsk Treaty. The view of Alfred Milner and Henry Wilson, for example, was that German troops in Eastern Europe would create a barrier against the spread of Bolshevism and so argued against their demobilisation. On the other hand, some feared an alignment of Germany and the Soviets that would create a power capable of geo-political supremacy over Europe. In addition, Thompson notes there were more specific concerns about Germany achieving this through an economic domination of Soviet Russia, a view held by Lloyd George and John Maynard Keynes.[9] Yet, as the Russian Civil War progressed – to the detriment of anti-Bolshevik forces – so did the ostensible prospects of Germany expanding its sphere of influence. Firstly, the assumption that this would be achieved with the Bolsheviks' help dissipated over the course of 1919 as anti-Bolshevik leaders were not immune to suspicions of pro-German sentiment. Secondly, the practical risk of a Russo-German alignment receded as it was becoming increasingly clearer to British observers that Germany's post-war economic problems were more acute than previously thought.

At the beginning of the Paris Peace Conference, concerns over relations between Germany and the Bolsheviks were still a significant part of the discourse. In February 1919, James Simpson described to William Tyrrell what he saw as cooperation between Germany and Soviet Russia regarding the border states: 'The more I watch the German plan of action in Finland, the Baltic Provinces, Lithuania and the Caucuses, the clearer the whole thing becomes, namely, the definite attempt by collaboration with the Bolsheviks to reduce all these regions to a complete state of anarchy.' Simpson saw this 'plan of action' as a precursor to an alliance with the Soviets and, being a supporter of intervention, believed the absence of a cohesive military policy risked allowing Germany to further cooperate with the Bolsheviks. He concluded his report by saying:

> I cannot get away from the conviction that owing to the lack of getting to grips with the Bolshevik problem, we are eventually giving Germany every opportunity to acquire a colony in Russia which will repay her better than all that she has lost elsewhere. [10]

[9] John M Thompson, *Russia, Bolshevism, and the Versailles Peace* (Princeton: Princeton University Press, 1966), pp. 25-27

[10] TNA, German Policy in Russia, 05 February 1919, FO 608/189/17.

Simpson's views on German-Soviet relations were, as implied in his report, at least partly informed by landowners from the Baltic states. The issue with news from some landowners and politicians in the Baltics was that it was intended to provoke a particular response. In April the Estonian Prime Minister, Konstantin Päts, informed the British delegation at Paris that 'reliable sources' had confirmed that Germany and Soviet Russia had reached an agreement to fight the Allies. It was part of a plea for financial aid and formal recognition of Estonia's independence; convincing the British government that the Soviets were German allies would have had a beneficial effect for such petitions. E H Carr noted in receipt of this telegram that he felt 'a little sceptical' towards Päts' claims of an alliance having been formed.[11] Carr would be consistently sceptical of reports of talks between Germany and Soviet Russia. When rumours of secret meetings in Berlin surfaced in June, he was of the opinion that 'it seems somewhat doubtful whether, in view of past experiences, the Germans are really receiving a Bolshevik emissary.'[12]

The possible ulterior motives behind the reports of German-Soviet co-operation provided one reason for doubt. Another reason was their increasingly hyperbolic nature. Exaggerated claims to the British government were not uncommon in regard to Germany's position in the region. Churchill, for example, had been in receipt of an advanced copy of an article by a Russian émigré in *The Times* which asserted that the highest functions of the Red Army were being carried out by German officers.[13] The Paris delegation also continued to receive reports of German interference, and they continued to be met with scepticism. In September, for example, these came from Aleksander Guchkov, who had at one time been the Provisional Government's Minister for War. His claim was that Germany was waiting for Britain to end support for Denikin so a German-led army could march on Petrograd and Moscow. Carr called this claim 'tendentious, being intended to frighten the Allies into active intervention.'[14] While the veracity – or lack of – of a German-Soviet alliance was certainly convenient for Carr's anti-interventionist views, he was far from isolated in his doubts. At the start of June, the British mission in Berlin had received a new report of Bolsheviks travelling there to meet German representatives. The news reached the delegation at Paris where the military section concluded that the Germans were not in talks with the Soviets. 'Their policy seems more likely to be one of cooperation with anti-Bolsheviks in Estonia'; an assessment that Carr agreed with.[15] In contrast with James Simpson's earlier warning, by the summer of 1919, all reports of the Bolsheviks meeting with Germans were dismissed by the Paris delegation. Furthermore, the

[11] TNA, Rumoured Anti-Allied Russo-German Treaty, 24 April 1919, FO 608/189.
[12] TNA, German Negotiations with Bolsheviks, 09 June 1919, FO 608/189.
[13] CA, The Interests of Germany in the Russian Revolution, 18 July 1919, CHAR 16/24.
[14] TNA, German Policy towards Russia, 26 September 1919, FO 608/189.
[15] TNA, German Negotiations with Bolsheviks, 04 June 1919, FO 608/189.

comments regarding Estonian anti-Bolsheviks were indicative of a new dimension to the issue that was emerging: the possibility of groups other than the Bolsheviks opening the doors for Germany.

At the start of July, rumours circulated at Paris of Russian émigrés meeting German representatives in Switzerland. It had been reported to the Foreign Office by the British embassy in Berne that meetings were 'for the purpose of establishing an alliance between the two countries after Bolshevism had been definitely killed in Russia.' More specifically, it was stated that 'the point of the enterprise contemplated was that Admiral Koltchak's [sic] intention to found a Russian democracy should be encouraged until Bolshevism has been exterminated and thereafter should be frustrated.' Although this would appear to play into the existing concerns of autocratic tendencies within the White movement, this communication was met with the same scepticism at Paris as the previous claims regarding the Bolsheviks. The Foreign Office did not take any action in regards to this report, however, it should be noted that Carr – who although questioned the report's reliability – concludes that 'there is sure to be a strong party among [the émigrés] which looks for help to Germany.'[16] This specific allegation had not been taken seriously but clearly there were concerns about anti-Bolshevik relationships with the Germans. This apparent shift in the nature of concern over German influence coincides with the change in Kolchak's fortunes at around the same time, namely the failure of the Siberian Army to reach Kotlas and the lack of formal recognition from the Allied leaders.

The spectre of Germany also hung over Britain's relationship with Denikin and the Volunteer Army as it became clear that Kolchak was losing the war in Siberia. This was exemplified at the beginning of December 1919, when the head of British military mission in Paris, Edward Spears, had met with the Socialist Revolutionary Boris Savinkov. In one particular meeting they had discussed the views of another émigré, Vladimir Gurko, who believed German influence over Russia was inevitable and that this was a prevalent opinion amongst Russians. Spears, in his letter on the subject to Churchill's secretary, Archibald Sinclair, also noted that Savinkov and Gurko were involved in secret anti-Bolshevik émigré societies, one of which was 'most probably in relation with the Germans.'[17] This was a problem for Spears as his meetings with Savinkov were part of a wider scheme in the War Office to continue support for Denikin. Churchill already faced an uphill struggle with arguing for further support of the Volunteer Army, given Lloyd George's speech in November effectively announcing the end of military intervention in Soviet Russia. Spears informed Sinclair that 'I am constantly drilling into [Savinkov] that nothing whatever must be said or done that will make it more

[16] TNA, Intrigues for Establishing a Russo-German Alliance, 07 July 1919, FO 608/189.
[17] CA, Letter from Edward Spears to Archibald Sinclair, 08 December 1919, CHAR 16/42A-B.

difficult for the Secretary of State to defend Denikin.'[18] If Denikin's supporters were seen to be pro-German there would obviously be questions over British aid for the Volunteer Army. The implication of Spear's letters is that he took the possibility of an anti-Bolshevik agreement with Germany seriously enough to want to keep these rumours quiet as to avoid such questions. However, the fact that these suspicions were not enough to stop Spears from holding these talks is an indication of how, later in 1919, the ostensible German threat in the East was subsiding.

Churchill himself had often tried to use German influence as a reason in favour of British intervention. His argument was, essentially, that by not siding with Kolchak and Denikin on the issue of Russia's borders, the country could be reunified without British assistance and consequently look to Germany for an ally. Alternatively, if the border states were successful in achieving independence, the smaller nations could be more susceptible to falling into the German sphere.[19] Whether he saw Bolshevism or Germany as the bigger threat to British interest is difficult to discern, but the notion that the Soviets alone were working to advance German interests was not one that his pro-intervention arguments relied on. This could explain why Churchill and officers like Spears were worried about the optics of pro-German sentiment among their Russian allies. They saw German influence through the lens of pro versus anti-interventionism and not as White versus Red. In other words, it was not about who won the Civil War but about how the war was won that would allow for Germany to align with Russia. If the war could be won with British assistance, it would be the best safeguard against German interests.

If the War Office was to counteract any potential German influence it would be difficult to do so with direct military force; indeed, Spears' meetings in Paris were well after evacuation had begun. The purpose, however, had been to organise financial assistance for Denikin. With military action out of the question, this route was the best option for solidifying British interests. Yet, anti-Bolshevik Russia required much more than just money for the Volunteer Army; it needed commerce to be restored. A report to Churchill in August by British-Lithuanian landowner, William de Ropp, stated:

> The view that order and prosperity can only be restored with British help is shared by the majority of the educated classes of all nationalities and a close cooperation with England is almost universally desired. At the same time the British policy in the Baltic during the early summer 1919 came in for a good deal of hostile criticism. The extremely active German propaganda was an important factor in fostering anti-British feeling, chiefly among Russians and Baltic Germans…
>
> The Baltic bourgeoisie is eager to resume the old established trade relations with England, the commercial communities in Riga, Libau etc. look upon the revival of trade with this country as their only chance of regaining their former prosperity.[20]

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[18] CA, Letter from Edward Spears to Archibald Sinclair, 10 December 1919, CHAR 16/42A-B.
[19] Ullman, vol II, pp. 221-2.
[20] CA, Latvija, 27 August 1919, CHAR 16/24.

This shows how the framing of the conflict as that of one between German and British power in Eastern Europe also had implications for future economic relations, and the role Britain would play. In fact, it was those pushing for greater economic assistance from Britain who were often the ones trying to frame the situation in such a way. Karol Yaroshinski – Ukrainian born banker and supporter of Denikin – expressed this view to Churchill in October:

> For many years to come, Russia will remain too weak, as a consequence of the internal strife maintained within her frontiers, to form an absolutely independent power. She will be obliged to seek support from without, which can be afforded only by the Allies or Germany. In proportion as Inter-Allied policy wavers, the efforts of Germany are strengthened in the attempt to regain her domination in Russia, and Germanic influences are becoming more and more successful.[21]

As the blockade continued – at this point now months after restrictions on Germany had been lifted – the issue of German versus British influence was increasingly tied with economic development. Although Yaroshinski's account may have suffered from hyperbole like others when talking about the success of German influence, his opinion that outside help would be needed, regardless of where from, was not a controversial one. This was the essence of appeals from the likes of Yaroshinski and de Ropp; if Britain did not assist the reconstruction effort, then Germany would.

While these appeals did not fall entirely on deaf ears – see below section 'Financing Trade for White Russia' – the German threat in the East was not as compelling to the British government as it once had been. In the second half of 1919 there was a reassessment by, primarily, the War Office of Germany's capacity to assist Soviet Russia. This was down to two reasons: firstly, the British military mission in Berlin was able to make direct assessments of Germany's post-war capabilities; and secondly, the progress of the war in the Baltic regions in which German forces were still heavily involved.

The War Office's new assessments of German capabilities were not providing much reason for further concern in regard to German influence in Soviet Russia. For example, in response to news in October of a 'West Russian Government' being formed in exile in Berlin, Sinclair made light of the reports and noted that 'the Germans would not be in a position to offer them effective assistance.'[22] It was a minor comment, but it is indicative of the changes in perceptions that were occurring at the War Office. The stories of Germany rebuilding the Russian economy rested on the assumption that it was still the power it had been before the First World War. However, when it came to discussions about the future of the blockade towards the end of 1919, it becomes evident that, from a British perspective, Germany was much weaker than anticipated, at least temporarily.

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[21] CA, Memorandum, 17 October 1919, CHAR 16/28.
[22] CA, Note of an Interview with M. Bark at the War Office, 09 October 1919, CHAR 16/28.

On 5 November, Churchill circulated a memorandum to the Cabinet comprised of a report from the British military mission in Berlin, 'the object [of which] is to combat the idea that nothing that we can do will prevent Germany from securing the economic domination of Russia.' It painted a much different picture of German intrigues in Soviet Russia than those who had been trying to prompt Britain to take more decisive action in the region:

> 1. There appears to be a universal impression in England at the present time that the Russian market, when it becomes open to trade, is bound to be secured by Germany. The prospect is, if anything, viewed with relief in England, under the belief that it will eliminate Germany as a trade rival to England.
>
> 2. This belief is based on a complete misapprehension of the position of Germany's finance, credit and manufacturing capacity at the present time.
>
> 3. The real position of Germany is that she has no raw material, and no money for buying raw material at the present rate of exchange for her home requirements, still less for the Russian market. Such commercial relationship as exists between Russia and Germany, is based on pre-war business associations and the keeping-up of correspondence with a view to *ultimate* trade possibilities.

The solution offered was for British companies to buy up German factories while many were up for sale at 20% of face value due to bankruptcies; 'it is within the power of British capitalists to get control for an indefinite period of practically every factory in Germany, and, through Germany, of Russia.'[23] William Clark, the Comptroller-General of the Department of Overseas Trade, expressed to the War Office his support of this assessment after hearing similar views from the director of the Metropolitan Wagon and Finance Company.[24]

Churchill's memorandum was not discussed directly in the Cabinet, but it came two weeks before the meeting on 20 November in which it was decided that, once the winter ice had thawed, the Royal Navy elements in the Baltic Sea would no longer turn back ships bound for Soviet Russia.[25] Although the Cabinet minutes suggest this discussion was prompted by questions over the blockade's shaky legislative foundation, there were clearly other factors – military and geopolitical – being taken into consideration. With Kolchak's and Denikin's forces in retreat and the Allies' evacuations almost complete, there was little military justification left for the blockade. The assessment of the German economy also gave reason to question the blockade's continued purpose.

The Allies' decision to allow trade with Russian co-operatives would soon follow. In the memorandum that Lloyd George took to Allied representatives at Paris in January 1920 – E F Wise's 'Economic Aspects of British Policy Concerning Russia' – it was concluded that:

> From a purely British trading point of view there can be no doubt that the longer reopening of trade with Russia is delayed, the more formidable will be German and American competition. At the moment Germany does not have the manufacturing resources to compete effectively, and America has not

[23] TNA, Future of German Trade and Finance in Russia, 05 November 1919, CAB 24/92/59.
[24] CA, Letter from William Clark to Herbert Creedy, 10 November 1919, CHAR 16/28.
[25] TNA, Cabinet 8 (19), 20 November 1919, CAB 23/18/9.

> acquired the necessary knowledge of the export trade and the needs of the Russian markets. Our relative advantage in both respects tends to grow less each month.[26]

Wise had repeated the earlier conclusion of the military mission in Berlin; that Germany lacked the economic capacity to dominate trade with Soviet Russia. It is indicative of a relatively small, but important shift in the perceptions of many in London that had occurred throughout 1919. By the beginning of 1920, German power over Soviet Russia was not seen as a close inevitability, but rather Britain now had a window of opportunity to establish strong commercial links while Germany was unable to.

Richard Ullman, in the context of Britain's policy in the Baltics writes: 'here was an assertion that would be repeatedly made at the Peace Conference – that a German-Russian combination, if it were brought about, would gravely menace a post-war world.' And later, that 'German capabilities to exploit Russia were exaggerated in London, and otherwise dubious policies were justified on the ground that they were necessary to constrain Germany.'[27] The blockade of Soviet Russia was undoubtedly one such 'dubious policy'. However, as seen above, these assertions and exaggerations did not go unchallenged at Paris, or in London. While the belief that a close Russo-German relationship would be a serious threat certainly existed, it became clear that neither country was in a position to make this a reality.

Going back to Norbert Gaworek's conclusions, in which domestic considerations were taken in 'ever-present paranoid fear' of German control of Russian markets and resources, there appears to be an inconsistency between this and some of the evidence.[28] Germany being a potential threat was clearly a substantial consideration being made for some time, but 'ever-present' may be an overstatement. Certainly, some individuals – Curzon and John Picton Bagge (see below), for example – had genuine concerns over relations between Germany and Russians. Nonetheless, the discussions of the West Russian government; Spears' meetings in Paris; the various unbelievable claims made – all point towards the German threat to Britain's interests in Soviet Russia no longer being a paramount concern for the British government by the end of 1919. Even Churchill – who had used Germany as a justification for military action in Soviet Russia – by November could only conceive of a future alignment, 'five or ten years hence', rather than an immediate threat.[29]

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[26] TNA, Memorandum on Economic Aspects of British Policy Concerning Russia, 06 January 1920, FO 418/54.
[27] Ullman, vol II, p. 54, 248.
[28] Gaworek, p. 57.
[29] CA, Letter from Churchill to Loreburn, 21 November 1919, CHAR 27/58.

Germany and the Baltic States

The other element to the geopolitical framing to consider is the movements of German troops in the Baltic states and the reaction from London. These were holdouts of the First World War, a force that superficially could have validated the most serious concerns about Germany's influence in the East, but which ultimately demonstrates the retreat of such anxieties.

On 12 November 1919, Lloyd George had chaired a meeting to discuss the government's Soviet Russia policy in which the now very real possibility of the Red Army taking Omsk was laid out. Henry Wilson had expressed concern about a *rapprochement* between Germany and the Bolsheviks; the minutes concluded, however, that:

> It was agreed that the German forces in the Baltic were in some ways our greatest source of trouble, and that, although it was not possible to prevent a certain amount of German penetration into Russia, if any re-modelling of a united Russia were to take place in the future it was most essential that it should not be done by the Germans; and again it was pointed out that to turn that Germans out of the Baltic Provinces at the present stage would to a certain extent assist the Bolsheviks.[30]

The German military presence had been considered for some time, and it was generally assumed that it was preventing the Bolsheviks from entering the Baltic states. In a Cabinet meeting in March, Curzon noted reports of 12,000 German troops in Latvia who had apparently been sent there to oppose the Red Army.[31] The meeting on 12 November, however, highlights that there was a lot more complexity to this situation. As discussed below, there were some stark differences in opinion on the matter.

The Cabinet's initial concern over these Germans forces was reasonable. Over the course of 1919, a Freikorps led by General Rüdiger von der Goltz had been fighting to drive the Red Army out of Latvia and captured Riga in May, at the height of their campaign. In June they then turned their attentions to Estonia, but not before violent persecutions of Latvians. While anti-Bolshevism was von der Goltz's stated purpose, some in his army were motivated by the promise of eastward German settlement.[32] It was a complex situation, as the Political Intelligence Department later surmised. Some Russians in the Baltics supported German influence, while others like Iudenich threw their lot in with the Allies. Latvian and Estonian forces resisted the Germans, but von der Goltz's campaign was forcing their considerations of peace with the Bolsheviks.[33]

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[30] TNA, Conclusions of a Conference held at 10 Downing Street, 12 November 1919, CAB 23/18/9.
[31] TNA, War Cabinet 545A, 17 March 1919, CAB 23/44B/29.
[32] Annmarie Sammartino, *The Impossible Border: Germany and the East, 1918-1922* (New York: Cornell University Press, 2010), pp. 46-52, 55-59.
[33] TNA, The Baltic States, Germany and Russia, 01 October 1919, CAB 24/89/98.

The Admiralty were particularly concerned about the Freikorps, as it was the Royal Navy that formed the backbone of Britain's presence in the Baltic region. Again, the fear was that the movements of German forces were a precursor to domination of Russia. Wemyss told the Cabinet the end of June, therefore, that 'to force the Germans to evacuate the Baltic Provinces and let in Bolshevism is preferrable to allowing the Germans to remain in possession.' Furthermore, he concluded 'the Blockade of Petrograd should be maintained until it is in possession of our friends.'[34] This is a seemingly drastic proposal, and it is further evidence that the assumed link between Germany and Bolshevism had long been eroded. More importantly, Wemyss' proposals were roughly in line with the direction that British policy took throughout the rest of 1919. This is despite the Admiralty's reasoning – that the Baltic campaign could be an avenue for German influence into Soviet Russia – being undercut by the reports of the mission in Berlin.

Major-General Neil Malcolm, head of the British military mission in Berlin, made a similar assessment to Wemyss, although he seemed more inclined towards the other option: 'to me it seems we must make up our minds on some definite policy in the Baltic States. Either to fight Bolshevism or not. If the former, we are almost driven to co-operation with Germany – or rather German troops in that area.'[35] Malcolm's distinction between Germany and the force in the Baltics is important to note, as this was becoming evident to British observers that there was not an uncomplicated relationship. It is also unsurprising that Malcolm's letter on the subject appears to be more in favour of cooperation with Germans, given what he had seen of Germany.

Curzon, going against the general movement of opinion, believed the goal of German forces in the Baltic states was the 'Germanisation' of Soviet Russia. 'It is generally predicted that when the veil is eventually lifted from Soviet Russia the whole country will be found dotted with German farms and settlements and Germans well ahead in the race for trade.'[36] Not only was this an overestimation of Germany's reach at the time, but the assumption also that the Freikorps were inexorably tied with wider German political aims had already been substantially challenged.

A report to the Cabinet at the end of October detailed the complicated relationship between the German government and von der Goltz, whose army was practically its own entity: 'the forces under von der Goltz, the VI Army Reserve Corps, doubtless took advantage of the general confusion in Germany during the first months after the Revolution to establish for themselves a kind of independence, which it would have been very difficult for the German Government to restrict.' The

[34] TNA, Trend of Events in the Baltics, 27 June 1919, CAB 24/82/78.
[35] CA, Letter from Neil Malcom to Frederick Kisch, 12 September 1919, CHAR 16/25.
[36] TNA, The Baltic States and Germany, 21 November 1919, CAB 24/94/9.

Political Intelligence Department also reported that the Germans had been reluctant to rein in von der Goltz due to his popularity among other officers at home. Furthermore, it was speculated that Germany may have been looking to him for an advantage, 'to establish, if possible, a connection with the Russian forces engaged in overthrowing the Bolshevist regime.'[37] This final conclusion, however, was somewhat out of touch with the progress of events in Germany. The Allies, whose previous requests had gone unfulfilled, had issued an ultimatum at the beginning of October to Berlin to remove the Freikorps from the Baltic states. The German government complied and closed off the border to support for the Freikorps, essentially putting an end to their campaign in the Baltics.[38]

As 1920 approached, the conclusions of the War Office were ever less sensitive to Germany's intrigues in Eastern Europe. A memorandum to the Cabinet from the General Staff on 1 December 1919 made two notable conclusions. Firstly, 'although German Socialist Parties are known to have been in communication with Moscow, there is no evidence that the German Government is implicated, and the German Military Party would certainly prefer the victory of anti-Bolsheviks.' Secondly, 'the German Government in Berlin have shown themselves willing to co-operate with the Allied Commission.' [39] It was now evident to the British military that Germany was also concerned about a potential spread of Bolshevism. Furthermore, the General Staff's memorandum shows that Germany's action against the Freikorps had bought some goodwill in London. In the weeks and months leading to the relaxation of the blockade in January 1920, the animosities of the First World War were markedly dissipating.

Christine White writes that 'Germany was the hinge upon which Allied policy toward Russia turned.'[40] There is a lot of use in this interpretation, especially considering the origins of the military intervention and the blockade. Certainly, Lloyd George's push to relax the blockade began not long after the Berlin mission's economic assessment was submitted to the Cabinet. However, the above documents pertaining to German influence in Soviet Russia point to the need for a consideration of other factors that played a role in the end of the blockade. Indeed, Wise's memorandum on the matter advocated for its end on the basis of several other lines of reasoning. Ultimately, the risk of Germany expanding its sphere of influence eastwards had become a much less potent factor for British policy than it had been in 1918.

[37] TNA, The German Government and its Military Forces in the Baltic States, 30 October 1919, CAB 24/92/47.
[38] Sammartino, p. 67.
[39] TNA, Aims of the German Forces in the Baltic Provinces, 01 December 1919, CAB 24/94/34.
[40] Christine White, p. 65.

Financing Trade for White Russia

The commercial intervention that Britain undertook during the Russian Civil War was initially intended to be an extension of military intervention, a way to aid the anti-Bolshevik administrations which the British military was defending. Commercial intervention can be characterised as a series of schemes designed to establish Anglo-Russian trade and finance anti-Bolshevik governments. Much like military intervention, there were contradictions between priorities. For some, commercial intervention was about bolstering the economies of White Russia to facilitate the war against the Bolsheviks. For others, it was about establishing British dominance over Russian trade. Almost inevitably, the results were disappointing for both. Furthermore, these schemes had to justify their expense in a political environment which was often wary of involving the state in private commercial ventures. As a consequence of these issues, the British government largely avoided taking decisive action toward South Russian commerce. This situation is best demonstrated by abortive plans which emerged in the summer of 1919 for an Anglo-Russian commercial bank which was touted as a mechanism to promote trade and British interests.

At the beginning of February 1919, the British General Staff submitted a memorandum to the Allied Blockade Committee which argued that Bolshevism was fed by shortages of necessities and the 'discontent' that this bred. They had concluded that, in order to effectively fight the Bolsheviks, trade must continue: 'the view of the Director of Military Operations is decidedly that the most important part of the campaign for the pacification and regeneration of Russia … is thus allotted to the merchant and that the resumption of trade with both Finland and South Russia are of the most vital and immediate urgency.' As was typical of inter-Allied policy, the committee made no decision on the matter. This was to the frustration of British military delegates at Paris, and the Admiralty, who broadly concurred with the assessment of the General Staff.[41] Their strategic recommendations would not be easily realised, as enabling trade with the Whites faced significant hurdles. Over the course of 1919, while the Whites still controlled much of the South, there were various schemes and initiatives attempting to do so, but results were mixed. Impracticalities and disparate interests would curtail these efforts right up until the end of the year, and the beginning of relaxations of the blockade.

Among those working to establish commercial relations with the Whites was John Picton Bagge, a member of the Department of Overseas Trade (DOT) working as Britain's Commercial Secretary in Odessa. Bagge had been pushing for action since January 1919 as, like others, he was

[41] TNA, Economic Situation in Russia and Finland with regard to Bolshevism, 07 February 1919, FO 608/231.

concerned of a possible 're-subjection of Russia to German influence.' His recommendations at his time come under two broad directions: the need for an inter-Allied commission on trade, and the need for a new currency for South Russia.[42]

In March, Bagge informed the Interdepartmental Russia Committee of plans for the restoration of trade in South Russia and the Caucasus. Representatives of local industry and commerce, the Volunteer Army, and the French military, had drafted an agreement to establish a *Commission de Ravitaillement* that would 'control imports and exports, shipping and distribution of foreign goods and those produced in various Russian states.' Bagge's recommendation was that the British Government sign up to this arrangement 'in view of abnormal political and economical [sic] circumstances.'[43] The Russia Committee was highly sceptical of this planned commission for several reasons, but principally that the size and scope of the commission 'might very well in practice paralyze all private trade enterprise.' This would be entirely at odds with the DOT's previous responses to businesses enquiring about trade with South Russia: 'the Department of Overseas Trade had assured traders that the Department wished to leave private enterprise as free a field as possible and would do all it could to prevent the imposition of hampering trade restrictions.'[44] The decision made was to send the request to Paris for consideration. Initially, one response called it 'an excellent request' worth considering, but like the Russia Committee, some at Paris were not convinced. John Maynard Keynes' note on the matter is straightforward: 'We have enough countries on our hands without S. Russia and it would be unkind to give Mr Bagge any encouragement to think that his large schemes have the faintest chance of being taken up.'[45] However, other Allied representatives, particularly from the French government, were not so reluctant. The *Commission de Ravitaillement* and its Executive Bureau were established just two days later, with a British representative at Odessa signing the agreement 'under reserve' on Bagge's behalf.[46]

This disconnect between the needs of anti-Bolshevik Russia and the priorities of British trade was not confined to South Russia. In Siberia, Kolchak's need for commercial assistance from Britain only became greater as his military position deteriorated over the course of 1919. In June, the owner of the so-called Siberian Trading Company, Norwegian-born businessman Jonas Lied,

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[42] Local authorities in South Russia were issuing their own currencies, which Bagge pointed out would hamper any international trade: TNA, Decypher Mr Bagge (Odessa), 16 January 1919, FO 608/231. In regard to German influence, Bagge wrote to Churchill in August 1919 to describe Bolshevism as a German conspiracy to 'poison' British and French labour: CA, Letter from John Picton Bagge to Winston Churchill, 12 August 1919, CHAR 16/27.

[43] TNA, Decypher Mr Bagge (Odessa), 10 March 1919, FO 608/231.

[44] TNA, Extract of Minutes from Inter-Departmental Conference on Russian Affairs. Twenty-Seventh Meeting, 13 March 1919, FO 608/231.

[45] TNA, Trade with South Russia, 13 March 1919, FO 608/231.

[46] TNA, Telegram from Mr. Cooke – Odessa, 15 March 1919, FO 608/231.

petitioned the British government on Kolchak's behalf. His request was for a trade route between Siberia and England through the Kara Sea, an idea that Churchill thought had 'expediency from the military point of view.' The DOT, however, had other ideas according to Churchill's Personal Military Secretary Archibald Sinclair: 'the Department of Overseas Trade are helping the Merchant Trading Company to open up the Kara Sea route and that they do not wish to avail themselves of Mr Lied's services or to encourage competition between his Company and the Merchant Trading Company.'[47] Ultimately, the DOT would prioritise British companies and avoidance of 'restrictive oversight' over the commercial needs of areas under White control, regardless of military expediency.

The less than enthusiastic response from Paris and the DOT to the South Russia Commission prompted Bagge to redirect his efforts to the War Office, where schemes to aid the Whites were more likely to find favour. From the War Office's point of view this was a potential mechanism of British support for trade with anti-Bolshevik Russia that would not involve direct military intervention. They were however very limited in what action they would be able to take, and therefore much of the detail would be the responsibility of private interests.

These efforts would largely revolve around exiled Russian financiers who, in the summer of 1919, were producing a scheme intended to enable Anglo-Russian commerce to resume. Those who found themselves in Britain following the Revolution sought help in plans to finance trade with areas of Russia not under Soviet control. This group boasted bank owners and former government finance experts including Tsarist technocrat Vladimir Litvinov-Falinski, who led efforts to obtain assistance from the British government. In May, a memorandum written by Litvinov-Falinski laid out their intentions. His request relied heavily on the threat of Germany's influence in the absence of British support, and his summary of the requests being made were as follows:

> The most important thing which England can do in her own interest and the interests of Russia is –
>
> To assist in combining the majority of Russian banks into one powerful organisation.
> In order to combat German influence in Russia to afford to such an organisation her protection and influence.[48]

A meeting at the end of July at the Russian Embassy in London established the Russian Financial Committee to this end, electing Karol Yaroshinski as its president. This followed from an agreement earlier that month in Paris in which Yaroshinski was given controlling shares of six Russian banks. He was now effectively the figurehead for anti-Bolshevik financiers. It also meant he would be central to plans for commercial links to bypass the blockade as he now controlled two commercial banks, as

[47] Sinclair refers to attached correspondence relating to this claim as evidence, but this does not appear in the file: CA, Note on Interview with Mr Jonas Lied, 18 June 1919, CHAR 16/27.
[48] CA, Untitled memorandum, 19 May 1919, CHAR 16/27.

well as the Russian Bank for Foreign Trade. His first interjection in his new role was to extend one of the committee's aims of a loan for Iudenich to include Kolchak and Denikin.[49]

Yaroshinski soon petitioned the British Foreign Office for support, which he did not receive as his plans were deemed complex and risky. Nevertheless, interest in his scheme remained, particularly at the War Office. Bagge wrote to Churchill of the need for 'tactful British liaison' with the Russian Financial Committee as a way to indirectly influence Denikin's administration; to force out what he called 'grafters and profiteers.'[50] This reframes a potential partnership as being more than a purely commercial scheme, making it also about British soft power in a post-war Russia. It would also be valuable for Britain to have influence in the Committee as an advantage against potential competition for Russian trade. While the British Foreign Office seemed increasingly hesitant to take action to aid the Russian Financial Committee, it appeared from reports that Bagge was forwarding to Churchill that France and the United States were taking steps in such a direction. Early in October, Sydney Reilly – Russian-born British spy – had informed him of a banking combine formed in Paris – *Société Commercial, Industrielle et Financiere pour la Russie* – with direct support of the French Government, which was supposedly receiving capital of 400,000,000 francs. Meanwhile, in New York two companies, the People's Industrial Trading Company and the American-Russian Industrial Syndicate, had been formed each with the purpose of promoting the rebuilding of Russian industry.[51]

In contrast, Britain's commercial intervention appeared to be making much slower progress, although plans had been taking shape since August 1919. The framework that was emerging was summarised by the War Office as:

> (a) The Russian Financial Committee of which the President will be Mr. [Yaroshinski], and the Vice President Monsieur Bark. This is an organisation of Russian Financiers acting under the aegis of the Russian Government and attempting to raise loans "which are destined chiefly for rendering economical assistance to the population of Russia, and will be expended by the Russian Government in agreement with the Russian Financial Committee".
> (b) The South Russian Banking Agency which is an Organization of British Banks with the object of promoting British Trade with South Russia.
> (c) The [Yaroshinski] organisation which will form a bridge between (a) and (b) and will ensure the predominance of British interests and British capital in the political and economic life of regenerated Russia.[52]

Initially, this would appear to be an extremely attractive proposal for the British government; particularly the opportunity to cement Britain's 'predominance' in Russian commercial life. However,

[49] CA, Letter from John Picton Bagge to Archibald Sinclair + annexes, 28 July 1919, CHAR 16/27.
[50] CA, Russian Financial Committee, 30 September 1919, CHAR 16/28.
[51] CA, Letter from Sydney Reilly to John Picton Bagge, 10 October 1919, CHAR 16/28; CA, Letter from Reilly to Bagge, 08 October 1919, CHAR 16/28.
[52] CA, Russian Trade, 25 August 1919, CHAR 16/27.

it is important to note the ambiguity in these plans of what role the British government would be taking in this endeavour. This trading arrangement was intended to be a network of private interests but would undoubtedly require some level of government assistance, something that Bagge was keen to remind the War Office of. This would soon become a hurdle for Bagge and Yaroshinksi because, as shown below, the Foreign Office and War Office were averse to extensive involvement.

Nevertheless, some progress had been made. The South Russian Banking Agency had been formed in August by four British banks – The British Trade Corporation, Lloyds Bank, The London County Westminster and Parr's Bank, and The National Provincial Bank – at the behest of the DOT. The Agency intended to open branches in South Russia to further facilitate efforts to allow Denikin to trade with Britain, which so far had included direct financial aid. As a further incentive, the Board of Trade extended its War Risk Insurance Scheme to cover exports to South Russia.[53] While the DOT recorded some trade conducted before these measures – some £300,000 in June – it was noted that there were still major issues to overcome in South Russia, for both trade and general economic conditions.[54] There was some uplift in trade in response to these measures; in September the DOT reported monthly exports to South Russia amounting to over £400,000.[55]

This is not to say that trade with South Russia was becoming entirely unobstructed. While Denikin's administration approved the establishment of the South Russian Banking Agency in its territory in September, there were difficulties in the relations with British companies. South Russian government officials were seen to be creating obstacles for British trade, after pressure from Russian merchants. Meanwhile, British firms were reluctant to cooperate on the issues, preferring instead to pursue individual agreements with the authorities. This was labelled an 'extraordinary situation' by the chief of the British mission in a report to the War Office at the end of September.[56] Such obstruction was contributing toward the general sluggishness of the establishment of commercial links with anti-Bolshevik Russia. Although the figures above show movement in the right direction for trade, the numbers were still insignificant in comparison with trade conducted between British firms and Soviet Russia in later years.[57]

Meanwhile, Yaroshinski was attempting to raise capital in Britain. One possible backer was Alexander Henderson (Lord Faringdon), financier and former Liberal Unionist MP. In August he had sought advice from the Foreign Office regarding the formation of a British financial group to support

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[53] Christine White, p. 91.
[54] CA, Memorandum regarding economic assistance for General Denikin, 06 August 1919, CHAR 16/27.
[55] CA, Monthly Return of Goods Exported to South Russia, September 1919, CHAR 16/28.
[56] CA, Report by Major Pinder, Chief of the British Relief Mission in South Russia on the Commercial Situation in South Russia, 27 September 1919, CHAR 27/58.
[57] See Chapter 4.

the Russian banks. The reply he received from Curzon refused to make an assessment of Yaroshinski's financial merits, deferring this judgement to 'competent authorities in the City of London.' The letter is clear that such an assessment would not be made by the Foreign Office, however, Curzon was broadly supportive of a scheme that might secure British commercial dominance: 'If therefore you are satisfied that the scheme is financially sound, and that the formation of a British group is accordingly justified, I think I may say without hesitation that we shall be pleased to give the group such support as lies in our power.'[58]

Progress towards funding Yaroshinski's bank was slow, as Bagge had noted. Furthermore, the promise of support was beginning to diminish. Curzon was clear that any British financial group set up to support the Russian Financial Committee must be a private enterprise. The War Office too, while closely following the events, encouraged Yaroshinski and Bagge 'not always to come begging for Government assistance.'[59] Furthermore, Farringdon was reported to consider the Yaroshinski scheme 'mainly as an ordinary financial deal.'[60] By October, Yaroshinski was planning to return to Russia to continue his work, optimistic that the Bolsheviks were losing the Civil War. In a letter to Churchill, he asked for the 'decisive and irrevocable attitude of the British government' towards the financing of his schemes.[61] If such an attitude existed, it was unlikely to be in his favour given the predilection for allowing private enterprise to operate in Russia without interference.

A plan for Yaroshinski's bank would finally materialise in December in a memorandum that Edward Spears forwarded to Sinclair. These notes gave some shape to the so far 'vague' plans: the bank would be based in Britain, controlled by two English and two Russian directors (one of course would be Yaroshinski). The British government would need to grant the bank a large amount of credit – between 50 and 100 million pounds – which would be given to merchants and industrialists attempting to trade with White Russia. The memorandum was clear in its support for the scheme: 'it is hardly necessary to mention the tremendous political interest and the predominance England would get in reborn Russia.' It went on to say: 'the shares of the Company…will in all probability turn out to be of politic and economic value similar to the shares of the Suez Canal.'[62]

The support Bagge mustered for Yaroshinski was, by the end of 1919, only tacit approval. By the time a plan emerged for a British-based commercial bank, it was too late. Britain had evacuated its soldiers, and Kolchak was all but defeated. South Russia, where Bagge had anticipated the focus

[58] CA, Letter from Curzon to Faringdon, 14 August 1919, CHAR 16/27.
[59] CA, Russia, 15 September 1919, CHAR 16/27.
[60] CA, M. Yaroshinski, 29 September 1919, CHAR 16/27.
[61] CA Letter from Yaroshinski to Churchill, 17 October 1919, CHAR 16/28.
[62] CA, Letter from Edward Spears to Archibald Sinclair + Memorandum, 07 December 1919, CHAR 16/42A-B.

of trade to be, was steadily falling under Soviet control. Nevertheless, the discussions relating to the attempts to restart trade with the blockade still in effect do reveal something about the direction of commercial policy: that it was becoming disconnected from anti-Bolshevik military aims. More specifically, this was a process that had begun in the DOT before direct military and financial support for the Whites ended. Attempts to conduct trade during the Allied blockade were made primarily to improve Britain's position over Russian markets, rather than to aid the anti-Bolshevik war effort.

Christine White, in regards to the Yaroshinski scheme concludes 'that the government gave any credence to this scheme is remarkable.' She also notes that the Foreign Office were seemingly ready to support the plan for British control of Russian banking between May and July 1919.[63] Bagge's correspondence later in the year with the War Office makes the interest from the British government much more comprehensible, however. A British hand in Yaroshinski's banking intrigue and the Russian Financial Committee would ostensibly give a significant advantage to British companies in the race to access Russian markets. Furthermore, there was the potential for an exercise of soft power over the administration of South Russia – or the government of a reconstituted Russia – through control of commerce. The comparison with the Suez Canal made in reference to Yaroshinski's proposed banking liability is particularly relevant in this aspect. However, the failure of the schemes to receive any capital from the British government was not just down to the Whites running out of time. The stated priorities the DOT had for Russian trade early in 1919 – i.e., avoiding restrictive oversight of trade that could 'paralyze' private enterprise – were seemingly at odds with those of the War Office (and of Bagge, who worked for the department). This was largely the result of ideological underpinnings regarding wider concepts of free trade and state intervention, which will be discussed further below.

Britain and the Ruble

One of the most direct intersections of commercial and military policy came with Britain's involvement in Russian currency during intervention. Its success was very limited, but for the purposes of this chapter the monetary schemes are useful in demonstrating how support for anti-Bolshevik forces was being relegated as a priority – in this case by the Treasury – when confronted with White Russia's economic problems. This episode of commercial intervention was one of the

[63] Christine White, pp. 72-3.

costliest for the British government and highlighted the poor results that Britain was seeing from its investments, as well as the magnitude of the task of aiding the Whites in establishing trade.

While Allied troops occupied Arkhangelsk and Murmansk, Britain became heavily involved in the currency of North Russia as it backed an entirely new ruble for the region. Britain's involvement – more specifically that of John Maynard Keynes – in the North Russian Administration's monetary policy had been all but forgotten until relatively recently.[64] In 1918, Keynes, as a Treasury official, was tasked with creating a stable currency for North Russia in order to facilitate trade and finance the armed forces in the region. His plan first emerged in August, although it would not be implemented until November. Keynes's proposed model for North Russia was inspired by colonial currency boards; mechanisms by which the British Empire could circulate stable currencies in its colonies, backed by foreign reserves. The board for the North Russian currency – the *Caisse d'Emission* – would primarily be tasked with ensuring the conversion of the new money to and from sterling at a fixed rate of forty rubles to one pound.[65] The *Caisse* would initially be headed by the Chief Cashier of the Bank of England, Ernest Musgrave Harvey, and control of the entire system was very much in British hands.

The North Russian ruble – sometimes referred to as the 'English ruble' – entered circulation on 28 November 1918, printed in Britain and backed by Bank of England reserves. The *Caisse* would be moved to London and then liquidated just under a year later, after the withdrawal of Allied troops from the region. Keynes's design was successful in creating a stable currency but this came at a price for the North Russian Administration. The arrangement meant severe financial constraints for the Administration, as Keynes's plan had intended to avoid any foreign loans. Furthermore, the British government declared the currency's reserves to be property of the *Caisse*. This meant the government of North Russia, already struggling for revenue, having to effectively borrow money from the *Caisse*. Keynes had allowed for a mechanism by which the *Caisse* could issue notes to the government, so long as the amount did not exceed a third of the total number of notes in circulation. Consequently, the North Russian Administration had a strict limit on its budget deficit, as Keynes believed tight control of its spending was essential to the success of the new ruble. It took about a month for the ceiling to be reached, at which point the British government had no option but to issue 6 million rubles worth of bonds to the Administration. It would not be enough to avert a financial crisis however, as some workers were going unpaid in early 1919. Restrictions on spending

[64] Aside from one contemporary source, Keynes's role in the currency of North Russia does not feature in academic works until 1991; see Steve Hanke and Alan Walters (eds.), *Capital Markets and Development*, (San Francisco: ICS Press, 1991). More in-depth research would not be published until years later (see below).
[65] Jean-François Ponsot, 'Keynes and the "National Caisse d'Emission" of North Russia: 1918-1920', *History of Political Economy,* 34:1 (2002), 177-206, p. 187.

would have to be relaxed when a loan of a further 30 million rubles was agreed to at the end of March. Yet this was still not enough to cover the spending deficit, and the Russian government had requested much more. No further advances were given, as the decision to withdraw Allied forces was soon made.[66]

The financial positions of the other anti-Bolshevik governments were calamitous, in large part due to the lack of a centralised currency and markets being flooded by the almost worthless Soviet ruble, but they were not subject to the same degree of intervention from the Allies. For the Omsk government, the problems were acute. On 8 May 1919, Curzon wrote to Balfour with a report out of Vladivostok, from which he concluded that 'unless some assistance is afforded to Admiral Kolchak, there is a grave risk of the complete breakdown of his administration.'[67] The Omsk government had undergone a disastrous financial reform in 1919, exacerbating pre-existing currency shortages. In Siberia, it was the United States that provided most support with the National Bank Corporation of New York having printed nearly 4 billion rubles for the Provisional Government in 1917 (the so-called Kerenskii rubles) and it was agreed in late 1918 that about a third of the notes were to be sent to Russia. It was British representatives that later pressured the Americans, who initially attached conditions, to release these to Omsk, but they would never enter circulation as the denominations were too high. By the time an agreement was made to purchase the rest of the rubles, it was too late to alter the course of Kolchak's fortunes.[68]

A program for Siberia similar to that of North Russia was briefly considered in April after a proposal by the Japanese government. There were doubts from the outset, however, as the assessment of bankers was that a fixed rate of exchange would not be maintainable without major improvements to Siberia's exports, which would be requisite to reorganisation of the railways. Even Japanese representatives in Vladivostok were sceptical.[69] Faced with such impracticalities, the Allies had few options for improving Kolchak's monetary situation, and so agreed to the release of the 'Kerenskii rubles' held by the United States.

As noted above, the problems with currency in South Russia were particularly burdening for trade. Bagge had advised of the need for a new currency in South Russia in January 1919, but no action had been taken to address the issue. The Board of Trade was also aware that currency exchange in South Russia and Siberia 'presents great difficulty.'[70] Denikin's government was unable

[66] Ponsot, pp. 189, 201-3. See also: František Svoboda, 'Looking for Stability: Repercussions of the Russian Revolution in the work of John Maynard Keynes', *Panoeconomicus*, 64:4 (2017), 477-492.
[67] TNA, Financial Position of the Omsk Government, 08 May 1919, FO 608/247.
[68] Smele, *Civil War in Siberia*, pp. 411-5.
[69] TNA, Decypher. Mr Robertson (Vladivostok), 18 April 1919, FO 608/247.
[70] TNA, Resumption of Trade with Devastated Properties, 1919, BT 90/15/3.

to print its own money, and the Allies, as with Siberia, would not be in a position to affect any meaningful solution. Bagge would later alter his requests for South Russia as expectations had to be managed. He had written a memorandum in July on what he saw as the biggest challenge for the resumption of trade: 'The great obstacle now standing in the way of regeneration of economic life in Russia and the revival of Russian trade relations with Great Britain is the absence of a "medium of exchange." His proposed solution was for a 'powerful, financial organisation' to issue money tokens – 'warrants' – in lieu of a new currency, which was sure to require lengthy and complex negotiations to establish. Such a scheme would require co-ordination between Russian banks, peasants and co-operatives in order to facilitate trade with Britain.[71] The step from a new currency to trade warrants was undoubtedly the result of the North Russian ruble having been a complex undertaking that was much more expensive than hoped.

The DOT attempted to alleviate the situation working with the South Russian Banking Agency but was severely limited in the courses of action available to address such a critical problem. In a memorandum prepared for the War Office in August, the department placed blame for this with the Treasury: 'the Treasury attitude, except in the case of Archangel, has been one of inaction and refusal to even give advice lest they be drawn into possible commitments.'[72] Real investment in the currency of South Russia would require approval of the Treasury, which would prove to be unobtainable.

Further illustration of this came with the plan to move the *Caisse d'Emission* from Arkhangelsk to South Russia. Harvey had stepped down from the *Caisse* to be replaced by former diplomat G M Young, who in August was working towards an agreement with the South Russian Banking Agency to move operations in light of the impending withdrawal from the North. While progress was being made with the Agency it was reported that Young faced 'difficulty in dealing with the Treasury.'[73] Such a move would be difficult without the Treasury's involvement, which is why the proposals were justified as a money saving measure. The *Caisse*, facing liquidation, would have to pay its debts, both to holders of its notes and to the Treasury. If the Treasury demanded payment of its debt – some £700,000 – it would leave the *Caisse* unable to pay holders. Therefore, it was posited that moving to South Russia would be a preferable alternative to waiving the debt and losing money, or leaving the *Caisse* unable to pay holders and risking British credibility. Furthermore, moving to South Russia and lending rubles to Denikin would ostensibly improve his military prospects.[74] This

[71] CA, Foreign Trade Warrants, 24 July 1919, CHAR 16/27.
[72] CA, Untitled Memorandum, 06 August 1919, CHAR 16/27.
[73] CA, Note to the Secretary of State, 25 August 1919, CHAR 16/27.
[74] CA, Proposal to Transfer the *Caisse D'Emission* from Archangel to South Russia, 25 August 1919, CHAR 16/27.

scheme never came to fruition, and the end of the *Caisse* saw both predicted outcomes play out. Most notes went unredeemed, and the British government lost money overall; an estimated £300,000.[75]

While the North Russian ruble achieved the goal of a stable currency, and facilitated international trade, it also made palpable the near impossibility of Britain being able to aid anti-Bolshevik Russia in escaping its severe financial crises. Firstly, replicating such a scheme for Kolchak or Denikin would likely be too costly given the unforeseen expenses incurred in the North. Secondly, Keynes's model was too rigid to truly benefit the anti-Bolshevik war effort. Jean-François Ponsot concluded that 'inflexibility prevented the North Russian government from effectively meeting the requirements of the struggle against the Bolsheviks.'[76] Ultimately, building commercial links with White Russia was proving to come with a great cost, for little gain.

The Blockade in British Economic Policy

As noted above, the current historiography tends to downplay domestic factors in British decision making regarding the blockade, yet it is evident that the isolation of Soviet Russia was antithetical to how Britain's post-war economic policy was forming. Economic blockades, as a policy in general, were routinely the subject of political criticism from across parties, usually due to doubts over their effectiveness. The cordon of Soviet Russia specifically did not face the same scepticism as the blockade of Germany, for example, from some quarters due to the ongoing hostilities with the Bolsheviks. However, there were those – including the Prime Minister – who saw advantages in ending the *cordon sanitaire*. Ideological shifts taking place in British politics may go some way to explaining why the blockade – and commerce in general – became the focus of Lloyd George's attempts to steer foreign policy in a new direction by the beginning of 1920. At the centre of this was the role of the state in the national economy, and how far it was justified in policies that intervened in its workings. This aspect may also explain – in addition to the blockade's dubious legality – why the British government repeatedly denied that a blockade of Soviet Russia even existed.[77]

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[75] Ponsot, p. 198.
[76] Ibid, p. 203.
[77] Under-secretary of State for Foreign Affairs, Cecil Harmsworth, told the House of Commons in August 1919 that 'no blockade has been declared or is being exercised against any part of Russia': HoC Debate, 05 August 1919, vol 119 cc144. Lloyd George later that year answered a similar question by saying 'There has been, in the strict sense of the term, no blockade of Russian ports': HoC Debate, 20 November 1919, vol 121 cc1106.

The question that emerged at the end of the First World War – the one that had greatest bearing on policy toward Soviet Russia – was one of free trade versus protectionism, that extended into the broader debate around state intervention in the economy. Free trade policies had been scrapped during the war in favour of actions designed to hurt the economies of enemy nations. Furthermore, the scale of the conflict had forced the British state to take up a large role in the management of the economy. Although absolutist *laissez-faire* economics associated with pre-war Britain had been falling out of favour for some time, this was nevertheless a significant, albeit temporary, shift towards state control. Britain would return to something like its pre-war free trade policies under the Conservative government later in the 1920s, with the context of severe issues with exports, unemployment, and ultimately social unrest.[78] However, while Lloyd George's coalition was still in power there was some movement towards protection, most notably with the 1921 Safeguarding of Industries Act which targeted 'dumping', the practise of exporting goods at a lower than normal price to undercut competition in foreign markets.[79] Additionally, Germany had been a factor in planning for the post-war economy, but as it did with relation to the Bolshevik problem, it would quickly diminish in the face of other concerns. Scarcity, for example, was becoming a much more urgent priority in the immediate aftermath of the armistice.[80]

The underlying issues possibly faced by post-war trade had been raised well before the end of the fighting. A report by the government's Committee on Commercial and Industrial Policy submitted to Lloyd George in December 1916 – just days after entering the office of Prime Minister – had anticipated major issues for British trade after the war. The Committee had expressed sentiment that would later be echoed by the DOT in relation to trade with Russia:

> The Committee is unanimously desirous of doing everything practicable during the transitional period to prevent the enemy countries from obtaining and unfair advantage over the British Empire and over our Allies, whose industries have been severely damaged. We feel, on the other hand, that to take steps of an ineffective and merely vexatious character would be neither dignified nor useful. It is obvious that effective control can only be exercised over products in which Great Britain and the British Empire have a virtual monopoly. Any attempt to restrict the exportation of products in which this is not the case would merely tend to develop the supplies from other sources, and might have far reaching effects detrimental to British trade after the conclusion of the transitional period.

The Committee's report could be seen as strongly against practises that might be construed as protectionism; although it did recommend a regime of export control coordinated among the Allies

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[78] Boyce, p. 100.

[79] This piece of legislation was the result of pressure from protection advocates but was poorly written and would be difficult to enforce, see: Peter M Richards, 'Political Primacy in Economic Laws: A Comparison of British and American Anti-Dumping Legislation, 1921', London School of Economics & Political Science Working Papers in Economic History, 13/93, July 1993.

[80] Peter Cline, 'Winding Down the War Economy: British Plans for Peacetime Recovery, 1916-19', in Kathleen Burk (ed.), *War and the State: The Transformation of the British Government, 1914-1919*, (London: George Allen & Unwin, 1982), pp. 174-8.

nations for goods that were liable to shortages. Nevertheless, the above excerpt is far from an endorsement of the blockade of Soviet Russia, a policy that was not conducive to preventing rival powers – namely Germany – from gaining an advantage over Britain. Furthermore, their conclusion was candidly sceptical of the continuation of economic blockades once the war had concluded: 'Any general prohibition of exports to present enemy countries after the war and any continuance of the system of rationing neutral countries are impractical and inexpedient.' Their given reasoning was primarily that enemy countries would simply obtain their supplies from neutrals, rather than Allied nations.[81]

Another committee that would provide a space for shaping post-war economic policy, and opposition to blockades, was the Economic Defence and Development Committee (EDDC). Attended by ministers, including the Chancellor of the Exchequer, this would be a vehicle for debate over the future of the blockades that remained after the war. Over the course of 1918 the EDDC was dominated by issues of exports and foreign competition, with some discussions of general economic policy.[82] Attitudes towards blockade policy that were expressed in the committee were generally in line with the conclusions of the Committee on Commercial and Industrial Policy. At a meeting on 20 November 1918 the then Minister of Blockade, Laming Worthington Evans, submitted a memorandum to the EDDC on the future of the blockade advising that 'prohibitions of export should be re-examined, and the prohibitions should be removed except as regards articles which, for military reasons or because of shortage, it is undesirable to export.'[83]

Lloyd George was also directly advised on the matter of post-war trade policy by Hubert Llewelyn Smith, an experienced civil servant and Permanent Undersecretary to the Board of Trade. He would also be the head of the economic section of the British delegation at the Paris Peace Conference and was the architect of the Exports Credit Scheme. Furthermore, he had worked closely with Lloyd George before his premiership, particularly on industrial relations policy.[84] Llewellyn Smith represented a moderate economic view but was also part of movement away from pre-war economic policy. Weighing in on the 1919 labour disputes between coal miners and owners, he explained the need for 'very much stronger measures for the protection of the public' against high prices, but with the caveat that this could have consequences that would mean consideration of the

[81] TNA, Interim Report on the Treatment of Exports from the U.K. and British Overseas Possessions and the Conservation of the Resources of the Empire During the Transitional Period after the War, 14 December 1916, CAB 24/10/64.
[82] Parliamentary Archives (PA), Economic Defence and Development Committee, 16 July 1918, LG/F/194/5.
[83] PA, Blockade and Trading with the Enemy Policy as it Concerns Exports and Trading with Neutrals, 11 November 1918, LG/F/194/5.
[84] Chris Wrigley, *David Lloyd George and the British Labour Movement*, (Brighton: Harvester Press, 1976).

'drastic' step of state control.[85] This assessment appears to have had some bearing on policy. Later discussions among ministers of the mines policy in early 1920 show that while nationalisation was wholly undesirable, a '*via media*' was sought after, rather than a complete removal of controls.[86]

Llewellyn Smith made the connection between free trade and *laissez-faire* politics in an assessment of the consequences for free trade of the 1916 Paris Economic Resolutions, which began the Allies' policy of economic warfare against the Central Powers. He noted in his report to the Prime Minister that free trade advocates had generally shifted away from *laissez-faire* thinking in the preceding decades, and that the resolutions were 'consistent with a reasonable interpretation of Free Trade policy.' His analysis was not overtly in favour of any specific direction for policy, but he had concluded that the resolutions gave licence to government interference with trade and 'with the free development of transport in order to serve a national policy.'[87] Llewellyn Smith may have maintained a professional impartiality, but was still a trusted economic advisor for the Prime Minister. It is important to note, therefore, that in his capacity as Permanent Undersecretary to the Board of Trade he would often be present in the 1920 trade negotiations and relevant Cabinet discussions.[88]

There was no resounding consensus during this period on protection or state controls. Even John Maynard Keynes, whose later work would be the blueprint for macroeconomics, was an ardent supporter of free trade until the mid to late-1920s.[89] While still a relatively junior figure at the Treasury, his involvement in North Russia makes his views on the Russia policy worth examining. Keynes would be outspoken in his disdain for the politics and economics of Soviet Russia, being so at odds with his own views. In a 1925 essay, for example, he branded Leninism as a 'religion' that could not make 'any contribution to our economic problems of intellectual interest or scientific value.'[90] Nevertheless, his interjections during the Russian Civil War were mainly attempts at economic pragmatism. For example, his proposal in March 1919 to cancel all inter-Allied debt, including that owed by Soviet Russia, stated:

> This consideration is of special importance in relation to the settlement of the Russian question. While the Bolsheviks have made some offer, the good faith of which I doubt, to recognise the war debts of the Czar, it is hard to believe, if the recognition of any future Russian government by the allies is to be made

[85] TNA, Future of Coal Mining, 05 August 1919, CAB 24/85/83. The government had even promised nationalisation to striking coal miners, but did not keep to this, see: Pollard, p. 53.
[86] TNA, Conclusions of a Conference of Ministers held at 10 Downing Street, 27 January 1920, CAB 23/37/20.
[87] PA, The Paris Economic Resolutions in Relation to Free Trade, 06 November 1919, LG/F/2/6/1(a).
[88] See Chapter 5.
[89] Barry Eichengreen, 'Keynes and Protection', *The Journal of Economic History*, 44:2 (1984), 363-373, p. 364.
[90] John Maynard Keynes, 'A Short View of Russia', 1925, *The Economics Network*, <https://www.economicsnetwork.ac.uk/archive/keynes_persuasion/A_Short_View_of_Russia.htm> [accessed 17 November 2021].

> dependent on the assumption by that government of the foreign debts of Russia, that any government really fulfilling this condition could possibly establish itself. To get immediate supplies, Russia might promise anything, but there would be no performance. A general settlement of the kind now proposed would enable the allies to write off the Russian debt (which they will have to do anyhow) without making any exception in favour of Russia, or appearing to countenance or yield to Bolshevik doctrine.[91]

The Soviet government did not intend to honour these debts, as Keynes anticipated. This proposal was intending to maintain credibility than contribute either to anti-Bolshevik policy or a *rapprochement* with the Bolsheviks. Nevertheless, the British government would ultimately agree to a trade deal with the Soviet government which did not press their debt obligations beyond vague declarations. [92]

Keynes would lay out his broader vision for Britain's future Russia policy in a memorandum received by the British delegation at Paris in May 1919 which repeats many assertions that have been discussed above: that there was an acute risk of a Russia being reunited under German influence, and that to combat this the British government would have to encourage commercial links with areas not under Soviet control. This would seem paradoxical, given his criticism of Bagge's earlier plan to involve Britain in the South Russian *Commission de Ravitaillement*. However, the difference in Keynes's proposal was that he was advocating for propaganda and education to encourage commerce, and not schemes that might amount to significant state involvement in exports.[93] Yet, it is more evidence that free trade as an ideal was discouraging the government from direct participation in schemes to bolster commerce for the Whites.

Keynes had written his proposal while the future of his Russian currency board was still undecided. Only three months later a markedly different proposal was sent to London from G M Young of the *Caisse d'Emission*, whose experiences led him to conclude in August 1919 that Britain should make formal peace with Soviet Russia. In memoranda to the War Office and Foreign Office, he had stated that 'no British interest is at stake in our dispute with the Soviet.' In his view, Britain's primary interest was 'to reopen Russian markets.'[94] Young, on behalf of a number of civil servants and Army officers, prepared a similar memorandum in February 1920 for the Prime Minister, who circulated it to the Cabinet. While Young's initial advice had recognised the need for Kolchak's and Denikin's governments to continue administering their respective areas, the February memorandum took a different tone: '[the signatories] do not believe that the non-Bolshevik governments of Siberia and the South have shown themselves superior to their enemies in humanity, while in energy, union

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[91] Elizabeth Johnson (ed.), *The Collected Writings of John Maynard Keynes*, volume XVI (Cambridge: Cambridge University Press, 2013), p. 423.
[92] See Chapter 5.
[93] Cumbria Archive, Memorandum from JM Keynes, 17 May 1919, DHW/9/30.
[94] CA, Notes on Politics, 15 August 1919, CHAR 16/27.

and resource they have shown themselves inferior.' Moreover, commerce was still the primary justification for peace with Soviet Russia. There was also reasoning in relation to Europe's food supply: 'As the Russian grain moves westward, the danger of famine and its consequences will disappear.'[95] Food supply was becoming one of the major justifications for the forces pushing to end the blockade thanks to work of the Ministry of Food.

Among the civil servants who were directly involved in the process of shaping policy towards Soviet Russia, none were more controversial than Edward Frank Wise (E F Wise), head of the Meat and Fats Division at the Ministry of Food and later, Britain's representative to the Inter-Allied Food Council. He had been described to the Prime Minister in July 1919, when being considered for the Ministry of Food role, as possessing 'considerable ability', and furthermore that '[he] is very progressive and has the confidence of Labour.'[96] While on the other hand, Curzon some months later in a letter to Austin Chamberlain would refer to him as 'that arch-Bolshevik, Wise.'[97] He had a reputation of being a risk taker and a man of action, contrary to the general perceptions of civil servants (including those of the Prime Minister). However, his experience of wartime government had made him a socialist, and after the First World War he became an advocate of collectivist policy; specifically, he argued in favour of the state retaining control of the food supply.[98] While it is entirely possible that Wise – who would later work for ARCOS (the Soviet co-operative trading body in Britain) and become chairman of the Socialist League – had ideological sympathies towards the Bolsheviks, his work in relation to the blockade was important for expounding arguments in favour of trade with Soviet Russia from a British economic perspective. Wise would also be part of the committee appointed by the Allies to consider 'certain trading relations' with Soviet Russia through the proposed relaxation of restrictions on co-operatives, while avoiding dealing directly with the Bolsheviks. The committee concluded unequivocally that the Allies should permit the co-operatives to trade goods, particularly to export food.[99]

As mentioned previously, it was Wise who provided the memorandum that Lloyd George used to justify allowing trade with the Russian co-operatives to the Allies. Wise had actually gone further and argued for the blockade – which he describes as 'a clumsy weapon' – to be lifted entirely. His primary justification – although not his only one – was the situation concerning the food supply to Europe. Pre-war, Russia had been an important food exporter; Wise cited figures from 1912

[95] TNA, Peace with Russia, 21 February 1920, CAB 24/99/68.
[96] PA, Letter from Waldorf Astor to Lloyd George, 11 July 1919, LG/F/2/7/5.
[97] Ullman, vol II, p. 327.
[98] José Harris, 'Bureaucrats and Businessmen in British Food Control, 1916-19', in Burk (ed.) p. 151.
[99] TNA, Report of Committee Appointed to Consider the Reopening of Certain Trading Relations with Russian People, 15 January 1919, FO 418/54.

showing almost 9 million tons of grain and flour had left the country that year. The majority of this went to Europe, which after the war was now relying on food exports from the United States at a much greater, and rising, price. He stated that there would not be a solution to food shortages in Germany and Austria without Russian grain, but if the supply could be obtained 'the whole situation would be transformed.'[100] Wise had made the case for tangible economic benefits to ending the isolation of Soviet Russia, not only for Britain but for the rest of Europe. He was also at the centre of the diplomatic efforts led by Lloyd George to bring about the end of the cordon of Soviet Russia. It was Wise that the Prime Minister sent to Copenhagen in April 1920 for preliminary trade talks with Maxim Litvinov.[101]

Food supplies would therefore be the primary public justification for the relaxation of the blockade in January 1920. Reporting in the *Times*, for example, was focused on Russia's importance to the 'world's economic welfare', as the government's Food Controller defended the move. The defence went even further, again linking Russian resources to alleviations of Britain's economic problems:

> Which was the wiser policy – to endeavour to tap these sources, or to risk the possibility of prices soaring higher, with all the attendant dangers of disorders? High prices and continually rising prices were the mother of Bolshevism. Bolshevism in Russia was hateful enough; here it would be absolutely intolerable.[102]

Wise's assessment of Soviet trade had been pushed into the mainstream, which is certainly what Lloyd George would have wanted. While his new policy was met with some scepticism – hence the need of a 'defence' from officials – it is notable that reasoning was based around ostensible benefits to the British economy, rather than any hastening of the collapse of the Soviet regime.

Richard Ullman concluded that Wise's influence was 'central' to Lloyd George's change in direction of policy towards Soviet Russia at the end of 1919.[103] However, the Prime Minister had been advised against the continuation of economic blockades since before the war had ended. His calculations were also subject to Britain's domestic economic issues. As seen in Chapter 2, Lloyd George had significant anxieties over the state of labour in Britain, and employment levels were one of the main causes of concern in this area. A letter written in September 1921 confirms that he indeed drew links between employment and trade:

> We were all agreed that the most effective way of dealing with unemployment was by quickening up our foreign trade, if that could be done. Before the war we traded on our own credit, that is, we advanced money to customers to pay for goods we sold them. The bankers now refuse to make

[100] 06 January 1920, FO 418/54.
[101] See: Chapter 5; Ullman, vol III, p. 42.
[102] 'Trade with Soviet Russia: Food Controller's Defence', *The Times*, 20 January 1920, p. 11.
[103] Ullman, vol III, p. 11.

> advances, the State must therefore take the risk. It is much less risk than the peril of civil tumult, which is inevitable if there is unemployment on a large scale.[104]

Thus, not only did Lloyd George see a solution to domestic problems through trade, but he saw state intervention as necessary to bringing stability to labour in Britain. The fact that he continued to see potential for civil unrest in the country is an indication of the significance of domestic considerations in relation to his foreign policy. While the letter was written some months after the Anglo-Soviet Trade Agreement, his direction on Soviet Russia from January 1920 can certainly be understood as a 'quickening up' of trade.

In British economic policy, the question of the blockade had been subject to an ideological alignment that created an environment which allowed for the justification of its lifting. On one hand, the state playing a larger role in the economy becoming an ever more accepted reality; while on the other, the desire to allow trade to be conducted without impediment. Within this framework, Lloyd George looked to move the government's Russia policy away from a military one, towards being chiefly economic. While Norbert Gaworek's conclusion that there is no evidence to directly prove that the Allies' decision in January 1920 was influenced by domestic economic considerations still holds some weight, the role this played specifically in British policy has been underestimated. There is, however, evidence that the Prime Minister linked trade policies in general to domestic affairs. Lloyd George, and others, saw the end of restrictions on Soviet Russia as a way to bring some security to Europe's food supply, and stability to Britain's post-war economy. It would also fit the pattern seen in trading with the Whites: that Britain would always put its own commercial and economic needs first. Furthermore, there is already evidence that Lloyd George considered heavily domestic impacts of policy in Soviet Russia, for example, in his rebuke of Churchill in February 1919.[105]

The End of the Blockade

Although the lifting of restrictions on co-operatives had been justified as action to restore trade without dealing directly with the Bolsheviks, it was in reality the first step in ending the blockade of Soviet Russia. Lloyd George had opportunity and justification to push for much less ambiguous changes to Allied policy in 1920 which would finally pave the way for direct negotiation with the

[104] PA, Letter from Lloyd George to Lloyd Greame, 26 September 1921, LG/F/46/3/5.
[105] See Chapter 2.

Bolsheviks. Opposition to such a move remained, particularly within the British military, but war between Reds and Whites in Russia was nearing conclusion.

The Allies' decision in January 1920 to allow trade with Russian co-operatives was the first significant relaxation of the blockade; however, there was some confusion in London over its future following the Supreme Economic Council's ruling. The Admiralty continued under the assumption that the blockade was still in effect, but that it was nearing its end. As the First Sea Lord's Cabinet memorandum stated: 'Although this decision does not necessarily imply the raising of the blockade, Bolshevik W/T messages indicate that the Soviet Government intend to take advantage of the situation to press for this.' In some ways this was a relief, as it meant that the Royal Navy would no longer have to maintain its presence in the Baltic Sea. Nonetheless, the Soviet naval force in the region was still seen as a threat: 'the Admiralty are strongly of opinion that the blockade should not be raised unless the Bolshevik Government agree to the complete destruction of all their naval forces under the supervision of a British Naval Mission.'[106] The proposal was rejected by the Cabinet as it would have to involve direct negotiation with the Soviet government, which it was still policy to avoid.[107]

The Cabinet had already decided in November 1919 that the Navy would be issued orders that the Baltic ports would no longer be closed to shipping.[108] By the end of the following March it appeared that this new arrangement was holding up. While Soviet ships were still treated as hostile, trade was now being conducted through the Baltic Sea, with the Navy only stopping ships suspected of carrying arms or munitions.[109] Meanwhile, in the Black Sea, the Royal Navy was operating under the assumption that the blockade was still in effect. Cabinet secretary Maurice Hankey on 4 February enquired as to whether there would be any modification to the instructions to the Admiralty. This had been prompted by an observation of the First Sea Lord, that with a peace deal between Soviet Russia and Estonia trade was becoming easier over land.[110] There would not be any modifications to orders until May however, when the Navy was informed that ships would now have free access to Soviet Russia through the Black Sea, except in cases where they were suspected of carrying arms.[111]

The Admiralty's conclusion that the Bolsheviks would be pushing for the end of the cordon following the co-operatives decision was correct. The Soviet government had indicated its

[106] TNA, The Blockade of Soviet Russia, 23 January 1920, CAB 24/96/99.
[107] TNA, Cabinet 7 (20), 29 January 1920, CAB 23/20/7.
[108] CAB 23/18/9.
[109] TNA, Cabinet 17 (20), 31 March 1920, CAB 23/20/17.
[110] TNA, The Question of the Blockade, 04 February 1920, CAB 24/97/52.
[111] TNA, Trade in the Black Sea, 13 November 1920, CAB 24/114/94.

willingness to discuss trade with European nations with the arrival of its trade delegation – headed by Commissar of Foreign Trade, Leonid Krasin – at Copenhagen at the beginning of April. Meanwhile, Allied representatives meeting in Italy were persuaded by Lloyd George to reopen discussions on Soviet Russia. The Prime Minister had initiated this under the pretence of a declaration banning Litvinov from entry into Allied nations. It soon became a discussion of whether to allow entry to other Soviet trade delegates, excluding Litvinov. Richard Ullman attributes this to Lloyd George's skill as a diplomat – a 'master practitioner.'[112]

As noted above, Lloyd George had already attempted to begin discussion on trade with the Soviet representatives through Wise. It was also in some ways a repeat of the meeting in January regarding Russian co-operatives, the outcome of which Lloyd George was crucial to.[113] Wise had also been present at the conference in Italy, producing a memorandum on 21 April that set out three courses of action for the Allies: continue to isolate Soviet Russia, lift the blockade without any agreement with the Bolsheviks, or enter into negotiations that would inevitably give *de facto* recognition. He had concluded that without some form of arrangement with the Soviets, 'The Allied Governments would have to reckon with the serious economic results of a prolonged continuance of the absence of Russian food and raw materials from the resources available for Europe.'[114]

Lloyd George's intervention was ultimately successful. On 25 April, the Allied Supreme Economic Council informed Krasin that nations would be permitted to meet with his delegation and enter negotiations to begin trading 'through the intermediary of the co-operative organisations and otherwise.'[115] In practical terms, however, the blockade was not entirely ended by this declaration. The Royal Navy still maintained a presence in the Black Sea, and it is apparent that this was still instituting a *de facto* blockade. Even as late as November 1920 there was still confusion over the role of the Navy in the Black Sea. A question put to the government in Parliament sought to clarify whether Odessa, captured by the Red Army in February, was now under Allied blockade. The answer from Andrew Bonar-Law – then Lord Privy Seal – was that there was 'no interference with peaceful commerce.'[116] However, minutes of a Cabinet meeting from that day are less cogent about the answer:

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[112] Ullman, vol III, p. 44.
[113] Gaworek, pp. 64-6.
[114] TNA, Memorandum by Mr E F Wise Respecting Negotiations for Reopening Trade with Soviet Russia, 21 April 1920, FO 418/54.
[115] TNA, Telegram from M. Nitti to M. Krassin, 25 April 1920, FO 418/54.
[116] HoC Debate, 03 November 1920, vol 134 cc361-2.

> An answer prepared by the Foreign Office, which seemed to support the view that there was a definite limitation of commercial traffic and not simply a limitation of arms destined for our enemies – a policy which went beyond that approved by the Cabinet.[117]

The Navy had apparently been overstepping its bounds in the Black Sea, continuing to police commercial shipping even after having been informed of changes to policy. Curzon had informed the Admiralty in September that an agreement with the Soviets was inevitable, and that restrictions would no longer be possible. The response was not entirely compliant: 'Their Lordships have never concurred in the resumption of trade relations with Soviet Russia.' In a further complication, General Wrangel – now leading the anti-Bolshevik forces in South Russia – had reportedly declared a blockade of Odessa. The Admiralty was clear in their opinion that free trade in the Black Sea should not yet resume.[118]

The government had to correct the situation and ordered the Admiralty to clarify to the Commander-in-Chief of the Mediterranean fleet on 11 November: 'With regard to commercial trade in the Black Sea, the policy of His Majesty's Government is that no restrictions be placed upon it.'[119] While exceptions for arms remained, this was the end of the blockade of Soviet Russia in the Black Sea. This final episode reveals a clear rift between the military and government policy, but the change in direction towards an agreement with the Bolsheviks had already been cemented.

Conclusion

Despite Lloyd George's insistences that lifting the blockade of Soviet Russia was simply a new form of attack against Bolshevism, there is much evidence that suggests this was secondary to Britain's own commercial and economic interests. When their representatives departed from Moscow, Soviet Russia's co-operative societies were expected – at least behind closed doors – to be a vehicle for the regime to begin trade negotiations with Western nations, rather than excluding it from commerce.[120] The next chapter will explore the commercial pressures in Britain in more detail, but the above examination shows how the alternative to trading with Soviet Russia became unfeasible, regardless of the White's military position.

Neither was Lloyd George's move to begin dismantling the blockade primarily a result of pressure to counter perceived German expansion in Eastern Europe. By January 1920, the view of

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[117] TNA, Cabinet Minutes, 03 November 1920, CAB 23/23/1.
[118] CAB 24/114/94.
[119] TNA, Commercial Trade in the Black Sea, 12 November 1920, CAB 24/114/89.
[120] See Chapter 4.

Germany in the British government was largely one of weakness. Germany, the military mission in Berlin had assessed, did not have the capacity to begin immediate domination of Soviet Russia, and the eventual co-operation with the Allies over von der Goltz was further reason to consider the threat reduced. Moreover, by the end of 1919, the Whites were seen to be just as – if not more – likely to engage in friendly relations with Germany as the Bolsheviks were. Germany would continue to be a source of commercial competition in the East, but as a geopolitical rival its potential was temporarily diminished.

Without a solid direction, Anglo-Russian trade that had attempted to circumvent the Bolsheviks produced disappointing results, and there was no clear path to improvement. While there was a recorded increase in trade with South Russia in 1919, levels were negligible overall for British exports. This was despite the formation of a British banking agency designed specifically to foster this trade, and an international agreement for a *Commission de Ravitaillement*. Commerce had been heavily impeded by conditions in South Russia and disparate interests attempting to use trade for conflicting purposes. It was a problem very similar to that which had afflicted military intervention: advancing the anti-Bolshevik cause was often not conducive to British interests.

It was Britain's explicitly stated goal of securing a dominant position over Russian markets which clashed with attempts to provide the Whites with financial and economic support. Commercial intervention had initially attempted to achieve both, but favourable conditions for British merchants were seen to be ones with minimal government involvement. Meanwhile, it became increasingly clear over the course of 1919 that robust commercial support for the Whites would require significant investment from the Treasury, and commitment of British officials. These issues were exemplified by the Yaroshinski scheme, which ultimately failed to procure any capital from the British government. Although it had been lauded as a vehicle for British soft power in Russian commercial life, there was little enthusiasm in London for becoming entangled in the Russian Financial Committee. The DOT made its contribution by prompting the formation of the South Russian Banking Agency, but appears to have been uninvolved beyond this point. Even the War Office, where more aid for the Whites was always welcome, wanted the scheme to remain an essentially private one.

However, commercial intervention was not just a policy of detached encouragement. In the North, the creation and management of a new currency was a cornerstone of the policy, built by British money and officials. The new ruble could solve the problem of the absence of a reliable means of exchange in Russia but proved to be far more expensive than the British government had initially planned for. It also proved unable to fundamentally address the financial crises faced by anti-

Bolshevik governments, as the North Russian Administration became reliant on money lent by Britain. Ultimately, commercial intervention pointed British officials towards the conclusion that peaceful relations with the Soviet government would be necessary for improving trade. If the Whites had failed to provide for Britain's commercial needs, then perhaps the Bolsheviks could. Whereas White Russia's financial and monetary problems seemed insurmountable, the Soviet government promised payment in gold.

The reluctance in London to involve the government in private commerce was a reasonably common attitude towards trade. Some who held these views were also fairly consistent in applying them, which meant economic blockades – the most extreme state interference in trade – were unpopular in certain quarters by way of principle. However, the blockade of Soviet Russia also stood in the way of policy that aimed to boost employment and improve industrial relations. Unlike free trade, this was reflective of movement in economic thought towards greater state intervention. This paradoxical political context handed an opportunity to Lloyd George for a distinct change in direction in the Russia policy, one that might better serve Britain's economic needs, but which could also be justified to a wide constituency of interests.

IV. British Industry and Soviet Russia

Three months after the Allied Powers had agreed to relax the blockade of Soviet Russia to allow co-operatives to exchange goods, British and Soviet officials were engaged in preliminary trade discussions in Copenhagen. There was no pretence in these meetings; the Soviet delegates were encouraged to make contact with British companies.[1] These talks were laying groundwork for the 1921 Anglo-Soviet Trade Agreement, which remains the most important and obvious milestone during early relations between the two nations. There are broadly three ways offered by the historiography to interpret the agreement. Firstly, as an accord motivated primarily by economic forces, as in Christine White's analysis. Secondly, in political terms as a preliminary agreement to future Anglo-Soviet relations, such as Evgeny Sergeev's 'protocol of good intentions.'[2] Ullman's description of the trade agreement as a form of 'appeasement' could also be placed in this category. Thirdly, that it was part of a wider change in anti-Bolshevik strategy by the British government in an attempt to destroy communism through trade; an analysis offered by Stephen White.[3]

This chapter will focus on the economic drives in Britain behind the Anglo-Soviet Trade Agreement. Rather than government policy, as in Chapter 3, this analysis will primarily examine private enterprises and their relationships with the Soviet and British governments in the years between the Revolution and the signing of the agreement in London. This focus on industry will also include British labour, specifically the Labour Party and trade unions, which also desired the commencement of trade with Soviet Russia. Also included in this analysis are British and Russian co-operative societies, which had some adjacency to the labour movement but also had their own stresses of wartime economic disruption to deal with. Further to the purposes of this thesis, the examination of co-operative societies will also explain the obfuscation that was undertaken by David Lloyd George in January 1920 when restrictions on their exchanges were lifted.

While private companies with direct interests were not particularly numerous in relative terms, those that did attempt to operate in or trade with Soviet Russia were large enough to make their impact on relations worth examining. This chapter will pay particular attention to three companies: The British Engineering Company of Russia and Siberia (BECORS), Horrockses Crewsdon & Co and Vickers Limited. The first example is a company that existed precisely because of British investment in Russia. The last two, however, were large, older companies that would do significant

[1] This will be examined further in Chapter 5.
[2] Sergeev, p. 107.
[3] See also: Williams, p. 88.

amounts of business with the USSR in the mid-1920s. This is demonstrated by a document in records from the Trades Union Congress which provides Soviet and British compiled trade statistics for a period between October 1924 and September 1925. Importantly, it lists British firms that had made agreements to supply the Soviet Union with goods on credit systems. Under the heading of 'Textile Goods' are two companies that formed part of the Amalgamated Cotton Mills Trust: Eckersleys Limited and Horrockses Crewsdon & Co. The latter, as shown below, had begun conducting business with Soviet Russia several years prior. The TUC report also singles out British engineering: 'The Soviet Organisations dealing with this branch of industry established friendly relations with a large number of British firms.' Among these was Vickers Limited and its subsidiary Metropolitan-Vickers. It also listed the English Electric Company and British Thomson-Houston, both firms that would later merge with Vickers.[4]

The relationship between the responses to Soviet Russia by industry and government was often an obscure one. Calls for recompense for nationalised property and broken contracts were all left unfulfilled, even though this had been the key priority for some industry representatives in dealing with the aftermath of the Russian Revolution. However, activity in response to the trade agreement by businesses with interests in Soviet Russia was generally positive. The 1921 Trade Agreement, while not guaranteeing any compensation, did provide these companies with a usable framework for commercial relations with Soviet Russia. However, early private trade did have a part to play in the negotiation of the agreement, albeit indirectly. Both Soviet and British negotiators would argue that emerging commercial relations were justification for the British government to compromise and reach a deal. More broadly, economic and commercial factors were the key to overcoming the inescapable divide between the two governments.[5] Thus, these early commercial relations require deeper examination due to their impact on the nature of *rapprochement*.

Another consequence of these early commercial relations with Soviet Russia was the creation of an alignment of interests in Britain from groups that would otherwise not be inclined to agree with each other on political matters. External pressures on the government to conclude an agreement with the Bolsheviks came from labour and business representatives, both extolling the virtues of access to Russian markets. While the labour movement's position on the Russian situation was partly ideologically inspired, both groups saw material benefits in coming to terms with the

[4] University of Warwick - Modern Records Centre (MRC), The Credits Granted to Soviet Organisations in England, 1926, 292/520.3/2/25.
[5] See Chapter 5.

Bolsheviks. Desire for *rapprochement* therefore came from various quarters of British society, in conjunction with the political pressures described in Chapter 3.

British Capitalism and Tsarist Russia

Pre-revolutionary years provided the foundation for the period in relations between the Revolution and the 1921 agreement. Russia was becoming an attractive market for British companies but dealing with the Imperial state could be a strenuous process. Consequently, the overthrow of the Tsar was seen by some as a benefit for foreign capital in Russia. More importantly for this chapter, it is important to note that commercial integration between Britain and Soviet Russia was not an entirely new process following the Revolution.

Since 1892, attracting foreign capital had been an integral part of the Russian reforms that became known as the Witte System. Named after the Minister of Finance, and later Prime Minister, Sergei Witte, this was a collection of policies intended to modernise the Russian economy and Witte believed that foreign capital was essential to this end.[6] Two key characteristics of the Witte system were, therefore, extensive railway building and large foreign borrowing. Witte's reforms would have some impact on British investments in Russia, although profitability was ultimately the deciding factor. In the years following the 1905 revolution and the economic downturn that had preceded it, formations of British companies in Russia saw a marked increase, peaking in 1910.[7] These companies were primarily extractive and light industries; oil, mining and textiles being among the most common.

There were objections in Russia to this reliance on foreign money, however. Even Witte agreed that Russia's relationship with European powers looked more like that of a colony than a trading partner in economic terms.[8] British companies, therefore, faced significant hurdles in Russia, although there was some effort to rectify this situation. Following the turn of the century economic downturn and the 1905 revolution, policy moved away from the heavy importance on foreign capital, but legal frameworks for foreign companies became more consistent.[9] Illustrative of this was the Chengelek Proprietary Company; registered in England but owning property in the Crimea. The company did succeed in gaining legal recognition from the Russian government and the right to

[6] Peter Waldron, *The End of Imperial Russia, 1855-1917* (New York: Palgrave MacMillan, 1997), p. 65.
[7] Thomas Jones, pp. 111-2.
[8] Hans Rogger, *Russia in the Age of Modernisation and Revolution, 1881 – 1917* (London: Longman, 1983), pp. 103-4.
[9] Jones, pp. 219-220.

debentures usually reserved for Russian companies, something that their representative in St Petersburg believed to be unprecedented. This was only achieved after 'much trouble' and debenture rights were said to be 'rather difficult to obtain.'[10]

There would still be complications to Anglo-Russian commercial relations in the years leading up to the Revolution. A significant part of the Russia's relationship with British companies post-1905 was military contracts, particularly in naval construction. This saw British arms company Vickers fulfil an order for a cruiser – the *Ryurik* – for the Russian government in 1909. It had been two years late due to technical flaws, leading to the imposition of a penalty on Vickers which was later reduced significantly in 1912, drawing criticism of the government in Russia.[11]

The Russian government was also looking to increase domestic arms production, again with the help of private capital. Vickers would continue to be part of this process. In 1911, the company signed an agreement with Russian shipbuilding company Nikolayev to provide technical support to their St Petersburg works, although not to actually build any ships.[12] Then, in 1912 Vickers won a joint bid with two Russian commercial banks for a contract to construct an artillery factory in Tsaritsyn. The deal that was reached with the partners and government was to divide shares of a new limited company – the Russian Artillery Works Company – three ways between Vickers and the banks, with Vickers providing the technical oversight at the works for fifteen years. It was a particularly beneficial arrangement for Vickers, as well as receiving a share of profits they would also be given all overseas orders made by the Tsaritsyn factory. Construction did not begin until after the outbreak of war and was dogged by technical issues and breakdowns in communication. The factory, therefore, did not reach the level of operations intended. Consequently, in 1915 the Russian government began negotiations for the nationalisation of the Russian Artillery Works Company, but this did not yield any results.[13] Despite these difficulties, this was not the end of Vickers' involvement with the Tsaritsyn works, or its pursuit of investment in the country. The continued presence of Vickers in Russia was, as Edward Goldstein concludes, a 'clear desire to penetrate a profitable market.'[14]

By the time of the 1917 Revolution and the abdication of the Tsar, interest from foreign investors was growing over perceived social changes taking place in Russia. Hassan Malik concludes

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[10] Leeds Russian Archive (LRA), Tchengelek Recognition, 30 June 1913, MS 812/197/34.
[11] Edward Goldstein, 'Vickers Limited and the Tsarist Regime', *The Slavonic and East European Review*, 58:4 (1980), 561-571, pp. 562-3.
[12] Cambridge University Library – Business Archives (CUL), Agreement between Vickers and Nicolaieff, March 1911, Vickers Document no. 735.
[13] Goldstein, pp. 566-8.
[14] Ibid, p. 570.

that investors initially welcomed revolution, thinking it preceded a sort of liberalisation of the country that would make it a friendlier environment for foreign capital with more stable markets.[15] Certainly, prior to 1917 foreign investment faced hurdles in Russia. But this change in mood fits the conclusions in the historiography, as discussed above, that Russia presented profitable opportunities, and this was ultimately the reason for British companies pursuing business there. The outbreak of revolution in 1917 appeared initially to be favourable to their situation, removing the hurdle of an archaic government. Malik cites commentary published by the *Economist* in the weeks after the Tsar's abdication that spoke of 'liberal reforms', and 'progressive and stable Government.' Additionally, the *Wall Street Journal*, while very critical of Prime Minister Aleksander Kerenski, was generally optimistic regarding Russia, even up until November.[16]

As shall be shown below, the Bolsheviks' ascent to power did not mean an end to the desirability of Russian markets. Some British companies would not be easily dissuaded from seeing the country as a place for investment. To some extent the move towards reopening trade with Soviet Russia could be seen as a continuation of the process that had begun years before. Certainly, there are examples of companies attempting to make arrangements with the Soviet government that were almost identical to those they had with the Imperial government. This formed some of the basis for Anglo-Soviet commercial relations, although there are also post-war factors to consider.

Textiles

To ascribe commercial aspects of Anglo-Soviet relations entirely to the continuation of a pre-war process would be an oversimplification. There were also post-war economic pressures compounding an apparent need for Britain to have access to Russian markets. This section will explore one area of the British economy that felt such pressures acutely, and how trading with Soviet Russia could become a prospect for companies that had not previously had dealings in the Russian Empire.

The textiles industry was important for the future of Anglo-Soviet commercial relations due to mutual interest. Before the First World War, textiles accounted for almost a third of Russian manufacturing output.[17] During the Civil War there were, as with many commodities, severe shortages of textile goods. Meanwhile, the industry in Britain had been hit hard by manpower

[15] Malik, pp. 153-5.
[16] Ibid, p. 155.
[17] Waldron, p. 66.

shortages.[18] Following the conclusion of the war with Germany, the industry became affected by new problems, principally a lack of buyers. Soviet Russia, therefore, provided an opportunity for relief from post-war difficulties.

Textiles were a significant part of British investments in Russia, even before the Witte reforms.[19] Following the Bolshevik's ascension, some of this business, in the form of the Anglo-Russian Cotton Factories, even escaped expropriation for a time.[20] However, this sector of industry provides this chapter's analysis with an example of a company that was not pursuing 'business as usual' in Soviet Russia, but rather start a new commercial relationship. Horrockses Crewsdon & Co was one of Britain's largest textiles manufacturers at the time and would be a prominent exporter to Soviet Russia and the USSR in the years following the Anglo-Soviet Trade Agreement.

Even before the worst economic consequences of the First World War were felt, the industry sought to bolster exports. Cotton goods were one of the few commodities that prompted lobbying from private interests against economic blockades that attracted attention in government. In March 1919 the President of the Manchester Chamber of Commerce wrote to the President of the Board of Trade to call for the end of trading restrictions on countries adjacent to blockaded enemies. Citing yarn and cloth exports to the Netherlands and Scandinavia as their priority, the Chamber was unequivocal:

> We consider the time has arrived when every restriction which can possibly be removed from the trade on manufactured goods, exported from this country to the neutral countries adjacent to the enemy territories should be removed. No good purpose appears now to be served by the continuance of these restrictions. Of course there is a risk, perhaps a probability that a certain small proportion of such goods may find their way to Germany and other enemy countries.

The Chamber had calculated that goods reaching enemy countries was an acceptable risk, if it meant reopening foreign markets to commerce. Furthermore, with relevance to Lloyd George's economic priorities the letter also conveyed a more general assessment:

> Both manufacturers and merchants here are impressed by the question of unemployment. Half the looms in Blackburn and Burnley are standing idle. Very little trade is coming forward from any part of the world.[21]

This was the heart of the issues for British textiles manufacturers; exports had not returned to pre-war levels. This would later be confirmed by figures published by the Board of Trade (see below). If exports could not improve then, ostensibly, there would be no improvement to the labour situation.

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[18] Textiles workers were not exempt from military recruitment. It wasn't until August 1918 that the War Office agreed to an exemption for the industry; see NA, Man-Power in the Wool Textile Trade, 03 August 1918, CAB 24/60/49; NA, Man-Power in the Wool Textile Trade, 08 August 1918, CAB 24/60/83.
[19] By one tally, textiles formed 25% of British companies established in Russia before 1892; Jones pp. 256-7.
[20] Christine White, p. 41.
[21] PA, Letter to Albert Stanley, 04 March 1919, LG/F/2/6/26.

While the economic context would still be developing over the course of 1919 and 1920, these were the conditions companies like Horrockses Crewsdon and Co were working in, towards a post-war recovery.

Towards its end, 1919 was dubbed 'Cotton's Great Year' by the *Manchester Guardian*. The paper reported in December that Britain's mills were returning to their pre-war conditions and that their 'boom' was the result of the First World War having greatly reduced manufacturing capacity in the rest of Europe. 'For the time being, therefore, the Lancashire cotton trade has something approaching a monopoly in the great markets of the world, and there are no means by which the monopoly can be quickly destroyed.'[22] Regardless of whether the world's textiles markets were about to be dominated by Lancashire cotton mills, this assessment appears to be lacking important context regarding the state of exports.

Compare the end of year optimism to the same newspaper's March 1920 quarterly review of the industry, and in particular, its assessment of exports:

> The Board of Trade returns now compare the exports with those of 1913, and if we are inclined to flatter ourselves that the cotton trade is large and prosperous we get a useful corrective by having it brought to our notice that it is not doing anything like the amount of foreign trade and colonial business that it did before the war.

The reported evidence was the comparative figures for January 1913 and January 1920 for exports of yarn and cotton piece-goods: 19,093,000lbs down to 16,458,000lbs and 648,912,000 yards down to 414,757,000 – year-on-year drops of 13.8% and 36%, respectively.[23] Although figures for a single month are not exhaustive proof, it fits with a view within the industry that had existed at least since March 1919 – in the case of the lobbying by the Manchester Chamber of Commerce – that exports were a long way from recovering from the war. Horrockses' accounts indicate they were caught up in the general movement of the industry, although the company's records do not provide comparable pre-war figures. Nevertheless, their accountants reported half-year up to 31 October 1918 net profits of £1,070,962, while the half-year up to 30 April 1919 net profits were £319,454.[24]

In December 1919 Horrockses, touted as being 'world-famed', had been bought by the Amalgamated Cotton Mills Trust to become its largest component.[25] The reporting of the Trust's second annual general meeting in December 1920 lays out more detail of the problems that the

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[22] 'Cotton's Great Year: Demand in Excess of Production', *The Manchester Guardian*, 31 December 1919, p. 10.
[23] 'Cotton Quarterly Review', *The Manchester Guardian*, 23 March 1920, p. 14.
[24] Lancashire Archives (LA), Accounts to 31st October 1918, 08 January 1919, DDVC/acc 7340/box 19/7/5. LA, Accounts to 30th April 1919, 16 June 1919, DDVC/acc 7340/box 19/7/5.
[25] 'Company Meetings. The Amalgamated Cotton Mills Trust, Limited', *The Times*, 31 March 1920, p. 22.

textiles industry was facing at the end of the year. Mills had been operating at full capacity for the first eight months of the year but demand had dropped off in the final four. The Trust blamed several factors in the post-war economy, but the falling price of raw cotton was seen as the principal reason for the reluctance of buyers at that time. The Trust was consequently accumulating stocks, causing 'a certain amount of anxiety.' Their analysis tried to be optimistic about the future of trade, noting that many countries were in need of cotton goods, but that the next year would be 'difficult to forecast.' Therefore, they were having to wait for more favourable financial conditions and stability in foreign exchanges [26] There had been no solution in sight to the export problems by the end of 1920. Other large potential export markets – namely India and China – were not buying enough cotton goods to inspire much confidence.[27] So, with the blockade coming to an end, Soviet Russia provided a means to begin selling overseas in larger volumes.

The seeds of Horrockses' relations with Soviet Russia were planted months before the formal agreement was completed. In August 1920, sometime after the Allies' decision regarding the blockade at San Remo, Horrockses began negotiation with Bernard Koplewitch, a Polish-born export and import commission agent operating in London. Koplewitch's company promised connections to buyers in the former empire; a market in which Horrockses had yet to make serious inroads. Correspondence between the two companies makes little mention of any political situations in Soviet Russia, and letters do not specify exactly where or to whom Koplewitch intended to sell goods. Initially, their correspondence talked about representing the company in Russia's border states, in this case Poland and Finland. Koplewitch also mentions having previously worked with Russian textile manufacturers – now living as refugees in Britain – who had been exporting goods to South Russia, and that he would endeavour to secure this business for Horrockses. However, Koplewitch & Co. still advertised offices across the former empire, including in Petrograd and Moscow. Moreover, they boasted of an intact network: 'In states which formerly were included in the Russian Empire and in Russia itself, we have an organisation, and have a good staff of well-qualified sub-agents, who know the commercial life over there, and the textiles trade thoroughly.'[28] The conclusion to be drawn from this letter is that Koplewitch was offering – albeit coyly – to supply goods in not just the border states, but Soviet Russia as well. The timeline of events in the Civil War makes it unlikely that any other buyers would have been possible by August 1920. Kolchak was long

[26] 'Company Meetings. The Amalgamated Cotton Mills Trust, Limited', *The Times*, 15 December 1920, p. 19.
[27] 'Cotton and Textiles Quarterly Review', *The Manchester Guardian*, 13 August 1920, p. 11.
[28] LA, Letter from Koplewitch & Co to Horrockses Crewsdon & Co, 20 August 1920, DDVC/acc/7340/box 23/2/2.

dead, and Denikin had resigned his position to begin his exile. The remaining Whites, now under the command of Pyotr Wrangel, were confined to Ukraine.

While Horrockses did not agree to make Koplewitch their export agent, they did agree to sell goods directly to the agency with the understanding they would be supplied to clients in the aforementioned countries. The reason given was their lack of existing clientele: 'we have very few connections in these countries, so that you would have exceptional freedom in offering our goods to your clients.'[29] Like with the earlier lobbying by the Manchester Chamber of Commerce, goods being sold possibly to Soviet Russia would not be a concern for Horrockses. Due to their grappling with post-war economic issues such business would not be unwelcome, and the industry's problems showed no sign of immediate improvement.

Nineteen twenty-one brought opportunity for Horrockses Crewsdon to cement a more direct commercial relationship with Soviet Russia. Very shortly after the signing of the Anglo-Soviet Trade Agreement, Horrockses – through Koplewitch acting as intermediary – began the work to sell goods to Krasin's All-Russian Co-operative Society.[30] Horrockses were expecting this deal to result in business 'on a large scale', but little trust was given in the early stages of this relationship. ARCOS agreed to pay orders in cash sterling with terms attached: 'payment to be made against Proforma Invoice in sterling, 25% deposit of the amount of the Proforma Invoice to be sent with order, the balance, 75%, when goods are ready for shipment.'[31] The promise of payment in sterling is also a notable aspect of this arrangement, considering how one of the major barriers to trade with anti-Bolshevik Russia had been the absence of a stable currency or means of exchange.

Horrockses' early relationship with Soviet Russia was one of the most informal arrangements. It also serves as an example of a relationship that was not just a continuation of pre-revolutionary trade or contracts, but rather the beginning of a commercial avenue that had not existed previously for the company. Furthermore, they were willing to commence this business indirectly, without any framework or concrete policy from the government. For the wider context of Anglo-Soviet relations, Horrockses Crewsdon is an illustration of a return to commercial development after the interruption caused by military intervention. In this case, something that was indirectly encouraged by the actions of the British government in 1920, and was ultimately driven by commercial necessity, namely the fall in exports after the war. However, the 1921 trade agreement

[29] LA, Letter from Horrockses to Koplewitch & Co, 27 August 1920, DDVC/acc/7340/box 23/2/2.
[30] LA, Letter from Koplewitch & Co to Horrockses, 08 April 1921, DDVC/acc/7340/box 23/2/2.
[31] LA, Letter from Horrockses to Koplewitch & Co, 18 April 1921, DDVC/acc/7340/box 23/2/2.

had signalled to the company that it was time to start a direct relationship with the Soviets and is therefore evidence towards there being actual commercial significance to the document.

Heavy Industry

A number of important tracts in the early stages of Anglo-Soviet commercial relations can be placed under the umbrella of heavy industry. As well as engineering firms like Vickers, extractive industries – chiefly mining and oil – accounted for a great number of British businesses in pre-revolutionary Russia, particularly after Witte's reforms.[32] Timber exports were also a prominent feature of pre-Revolutionary commercial relations, with over half of Britain's pre-war supply coming from North Russia.[33] Unlike Horrockses Crewsdon, the cases examined below had strong roots in Russia before the Revolution. This section, therefore, is more representative of a 'business as usual' approach to Soviet Russia, however, this would be subject to the disruptive force of nationalisation. British heavy industry had some close ties with government in this period, but this did not necessarily translate to a discernible influence over policy. Nevertheless, some prominent figures from Britain's heavy industry in Soviet Russia, while failing to achieve their goal of securing compensation for the money and property lost to the Bolsheviks, looked to continue with their investment in the country.

Revolution was far from marking the end of Vickers' interests in the former Russian Empire. Firstly, the matter of the Tsaritsyn Ordnance Works remained unresolved following the collapse of the Provisional Government. Vickers' initial relationship with the Soviet government – which appeared to start early, shortly after the Brest-Litovsk Treaty – has received relatively little attention in the historiography. The exception is Christine White, who presents a 'remarkable' memorandum in the company's archives regarding the fate of the Tsaritsyn factory.[34] The implication of this document is that Vickers, a British company, assisted the Bolsheviks in the manufacture of artillery and munitions while British soldiers were fighting against the Red Army. It had been written by the Petrograd International Bank in 1924 – well after the described events – at the request of Vickers, later pursuing claims against the Soviet government. The most intriguing part concerns the sale of the factory to the Soviets on 22 March 1918:

[32] Using Jones' tally, mining companies accounted for 24% of British companies established in Russia between 1892 and 1914, while oil companies made up 38%, see: Jones, pp. 257-270.
[33] Christine White, pp. 48-9.
[34] Ibid, pp. 42-4.

> Simultaneously, Vickers Limited of London, entered, through the Tzaritsyn Ordnance Works Company, into an agreement with the Soviet Government similar to the special one entered into by Vickers Limited, with the Tzaritsyn Ordnance Works.
>
> By this agreement, which was to act for fifteen years, Vickers Limited agreed to carry out the supreme technical control over the manufacturing of heavy ordnance (16' guns) and of armour-piercing shells, and to apply their methods of moulding, forging, tempering, mechanical finishing and of testing and correcting gun shells.
>
> In return for their works and for the sole use of their methods and secrets of production, Vickers Limited were to receive a fixed commission, and in case of it being impossible for some order to be executed at the Tzaritsyn works because of their temporary lack of equipment, the order was to be executed at the English Works of Vickers Limited.[35]

This seemingly confirms that Vickers began working with Soviet authorities before the question of intervention and the Eastern Front had been settled, but after Brest-Litovsk. Furthermore, the agreement was almost identical to the pre-revolutionary arrangement of Vickers' involvement with the Tsaritsyn works; fifteen years of technical oversight, plus the guarantee of overseas orders. The company's initial approach to the Soviets, therefore, had been an attempt at continuity.

The agreement itself does not appear in the Vickers archives, and the 1924 memorandum is the only source to mention any specifics of the arrangement. It appears that the company, unsurprisingly, did not want details of this relationship being recorded. A letter from Vincent Caillard in response to the Tsaritsyn Memorandum stated: 'while we would welcome the opportunity to get back some of our own in Russia, there are certain complications about the whole position…These complications I do not wish to put in writing.'[36] Caillard was the financial director of Vickers, and in 1919 was also the President of the Federation of British Industries. His reaction, as a company director, is notable for its lack of denial or any question as to the veracity of the claims.

Discussions relating to Russian claims began again in 1931, but the company's memorandum on the situation from that year seems sceptical as to whether the agreement ever existed: 'Mr Norman Robinson, who was conversant with our Russian affairs was sent to Paris at the time to interview Sir Basil Zaharoff and an endeavour was made to buy and obtain a copy of the alleged contract without success.'[37] The context around the Tsaritsyn Memorandum, therefore, does cast some doubt on the nature of the company's earliest interactions with the Soviet authorities. There is no evidence of the agreement actually resulting in any work being done by Vickers for the Soviets in 1918. Furthermore, Tsaritsyn was captured by the Whites in the summer of 1919, making the contract unfulfillable. However, Vincent Caillard's reaction is an indication that there was at least

[35] CUL, Letter and memorandum from Basil Zaharoff to Vincent Caillard, 10 February 1924, Vickers Document 1947.
[36] CUL, Letter from Vincent Caillard to Basil Zaharoff, 16 February 1924, Vickers Document 1947.
[37] CUL, Russian Artillery Works memorandum, 04 March 1931, Vickers Document 1947.

some truth to the content, or of a genuine appetite to continue business in Russia regardless of who governed it. The course of events in the years following confirm that the company did not have reservations about doing business in Soviet Russia, or at least none that prevented them pursuing contracts there. The Tsaritsyn Memorandum, therefore, while not providing concrete evidence as to the details of Vickers' relationship with the Bolsheviks, is illustrative of the early reaction to their seizure of power. Even if it had been unsuccessful in beginning any real business in 1918 (this is almost certainly the case), the example of Tsaritsyn is an indication of a proclivity that existed in the company that led towards establishing – or re-establishing – a presence in Soviet Russia.

Looking at the post-intervention direction of the company seems to confirm this. Vickers and its subsidiaries would, in the mid-1920s, have one of the most productive relationships with the USSR out of any British company.[38] In the years following the Revolution, Vickers soon looked to expand its investments in the former Russian Empire. Beyond Tsaritsyn, the company was also looking to enter a technical supervision agreement for the Russo-Baltic Engineering Works at the Estonian capital of Reval (now Tallin). The initial discussions of this by company directors on 21 March 1921 – only days after the signing of the Anglo-Soviet Trade Agreement – were tepid, not wanting to clash with the previous technical advisors.[39] In August, however, there emerged an agreement between Vickers, the Russo-Baltic Shipbuilding and Engineering Company and the Anglo-Russian Shipbuilding and Engineering Company in which Vickers were to act as 'sole technical and practical advisors' at the Reval shipyards. Much like the Tsaritsyn agreements, Vickers were to provide experts and technical drawings in exchange for commission and guarantees of overseas orders for procurement of materials.[40] It is worth noting that while Estonia would not be under Soviet rule for some years, Reval was seen to be an important land route for commerce into Soviet Russia, and the main hub for traders bypassing the Allied blockade.[41]

The minutes from 21 March had been the first recorded meeting in which directors discussed opportunities in the former Russian Empire after the Revolution. The trade agreement, therefore, had been a signal to Vickers that Eastern Europe was open for business again. From that point onwards, the company continued down the route it had begun in pre-Revolutionary Russia, with the events of the past few years becoming seemingly irrelevant. In May 1922, the Vickers board of directors approved the collaboration of their representative in Moscow with representatives of a German steel producer in exploring joint ventures in Soviet Russia.[42] A British

[38] 292/520.3/2/25
[39] CUL, Minute Book No. 8, 21 March 1921, Vickers Document 1366.
[40] CUL, Minute Book No. 9, 18 August 1921, Vickers Document 1367.
[41] TNA, Cabinet 81 (20), 17 November 1920, CAB 23/23/4.
[42] CUL, Minute Book No. 9, 25 May 1922, Vickers Document 1367.

company engaging in business in Soviet Russia with German partners would have seemed unthinkable during the period of military intervention but had become a reality in the space of just a few years.

Vickers Limited also provides a starting point for examining the relationship between heavy industry and government in the context of the question of Soviet Russia. This was a relationship of connections of individuals, industrialists with links to people in places of power. The two individuals who appear to be at the centre of Vickers' business in Soviet Russia in this period are Vincent Caillard and Basil Zaharoff. Zaharoff was a notorious Turkish-born arms dealer, often branded a 'merchant of death', who had lived in Russia and worked for Vickers for several years. He had a reputation for exercising undue influence over politicians during the First World War, including Asquith and Lloyd George while both men were Prime Minister. More recently, historians have concluded however that this relationship was in reality the exact opposite, with Zaharoff, through Caillard, being used by the British government for its own purposes. Under Lloyd George's premiership he was used to explore the possibility of a separate peace with the Ottoman Empire by pursuing meetings with Enver Pasha as an unofficial representative of the British government. Even if the scheme made little progress, Lloyd George saw Zaharoff's meetings with Turkish representatives as good sources of intelligence.[43]

Zaharoff's exact role in the relationship between Vickers and the Bolsheviks is unclear. As mentioned above, he had been unable – or possibly unwilling – to provide Vickers with a copy of the 1918 Tsaritsyn agreement. He claimed to be in possession, but no copy ever emerged. A 1934 biography of Zaharoff claims – although without referencing any evidence – that he was ultimately responsible for the original Tsaritsyn contract. However, there was no mention of him returning to Tsaritsyn, or Soviet Russia at all, in 1918.[44] Zaharoff's involvement, therefore, is not conclusive to the nature of the relationships between industrialists and the Bolsheviks in the early days of Soviet Russia. However, the idea that such men could actually be tools of British government policy (as in Maiolo and Insall's conclusion) is something that should remain in consideration when examining relationships between industrialists and statesmen.

Vincent Caillard was also no stranger to the marriage of commercial and governmental interests; for example, being one of the original directors of the British Trade Corporation. The Corporation had been set up towards the end of the First World War with the aim of, in the words of

[43] Joseph Maiolo & Tony Insall, 'Sir Basil Zaharoff and Sir Vincent Caillard as Instruments of British Policy Towards Greece and the Ottoman Empire During the Asquith and Lloyd George Administrations, 1915-8', *The International History Review,* 34:4 (2012), 819-839, p. 835.
[44] Guiles Davenport, *Zaharoff: High Priest of War*, (Boston: Lothrop Lee and Shepard Company, 1934), p. 139.

an advertisement in the *Times*, 'developing the Trade of the British Empire in every part of the world.' Alongside Caillard in its list of directors were two familiar names: Arthur Balfour and James Simpson.[45] In the year after, one of Caillard's political interventions as President of the Federation of British Industries was regarding contracts made unfulfillable by the war. Writing to Lloyd George in February 1919 on behalf of the Federation's Executive Council he lobbied for assistance 'in regard to Pre-War or Early-War Contracts where owing to war conditions and consequent Government action it has not been possible for contractors to fulfil their obligations.' Most relevant to Vickers' business in Soviet Russia was the Federation's first recommendation from their adopted position: 'In cases where it can be shown that no understanding or compromise can be arrived at as between the contractor and the purchaser as regards oversea contracts…compensation for such loss shall be made by the government.'[46] Compensation for failed contracts was evidently a priority for Vickers in the wake of the Revolution; this was ultimately the reason for the Tsaritsyn Memorandum being drawn up. However, the fact that the company was still discussing payment for Tsaritsyn in the 1930s is indication that Caillard's intervention was entirely unsuccessful. That is not to say the British government entirely ignored these claims in its negotiations with Soviet delegates in 1920, but the ultimate outcome was not what Vickers had hoped for.[47]

Direct lobbying by Vickers, or individuals on its behalf, regarding Soviet Russia was minimal in the years preceding the Anglo-Soviet Trade Agreement. The available evidence points to a continued inclination toward Soviet Russia – and more generally, Eastern Europe – as a profitable market, but action taken toward investments or contracts was largely put on hold until a formal trade pact had materialised.

Mining baron Leslie Urquhart had a far more public and controversial involvement in the development of Anglo-Soviet relations in the early 1920s – 'a critical, if quixotic, role' in the words of historian Thomas Martin.[48] Urquhart was the chairman of the Russo-Asiatic Consolidated Corporation, one of the biggest – if not the biggest – British mining and metallurgical ventures in Russia. The corporation was formed in 1919 from five Russia-based mining companies, including the Irtysh Corporation, of which Urquhart had previously been chairman. The new corporation boasted a capital of £12 million.[49]

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[45] *The Times*, 22 January 1918, p. 9.
[46] TNA, Pre-War Contracts, 12 February 1919, CAB 24/75/47.
[47] See Chapter 5.
[48] Thomas S Martin, 'The Urquhart Concession and Anglo-Soviet Relations, 1921-1922', *Jahrbücher für Geschichte Osteuropas*, 20:4 (1972), 551-570, p. 551.
[49] 'Russian Mining Fusion', *The Times*, 26 November 1919, p. 22.

As noted above, the extractive section of heavy industry was a key part of British investments in Tsarist Russia. While such companies would later be subject to Bolshevik nationalisation, some – oil companies in particular – benefitted from circumstance. In the Caucasus, the British and Soviet governments had a common goal; preventing the region's oil from falling into Turkish hands.[50] To this end, British troops occupied the Caspian oil fields from October 1918.[51] For the Chengelek Proprietary Company, – whose land was drilled for oil – the beginning of Soviet rule looked like a mixed blessing. While they believed that the Bolsheviks, Cossacks and the Ukrainian government at the time were all set on expropriation of land titles, it appeared that there were no longer mechanisms to pursue the company's debts: 'it seems that the Law Courts have been abolished so that legal proceedings to enforce the mortgage are probably impossible.'[52]

Even before the founding of Russo-Asiatic Consolidated, Urquhart had taken upon himself to become involved in the political response to the Bolsheviks' seizure of power. In January 1918 he approached the government's Russia Committee only days after it had been formed. The Committee even offered Urquhart a place on a planned mission to the Caucasus, but he declined the offer.[53] He would, however, travel to Soviet Russia later that year. In July 1918 a British economic mission – which included William Clarke (Comptroller-General of the DOT) and Urquhart – arrived in Moscow for two days in which it would not be able to achieve anything of note. Richard Ullman concluded that this mission was a relic of the period in that year in which an agreement between the Soviet government and the Allies was still a possibility, but that its circumstances were not entirely discernible.[54] A Cabinet memorandum from June 1918 can provide some more context for the mission, however. The final recommendation came from an interdepartmental conference, 'informal in nature', comprising of members of the Board of Trade, Foreign Office, Treasury and DOT. The justification for the mission reveals two objectives: 'it would be indefensible to omit any action which presented any reasonable possibility of increasing our very scanty knowledge of the real economic situation and prospects in Russia and of assisting in countering the schemes of enemy commercial penetration which the Germans are evidently pushing.' Urquhart was included for his 'practical knowledge' of Russian mineral wealth.[55]

One of the group's tasks on its way to Moscow had been to explore an opportunity for British control of Russian banks. It had transpired that in December 1917 Colonel Keyes of the

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[50] Ullman, vol I, p. 306.
[51] Sergeev, p. 72.
[52] LRA, Letter to John Smith-Winby, 14 January 1918, MS 812/203.
[53] K H Kennedy, *Mining Tsar: The Life and Times of Leslie Urquhart* (Sydney: Allen & Unwin, 1986), pp. 124-5.
[54] Ullman, vol I, pp. 232-3.
[55] TNA, British Economic Relations with Russia, 11 June 1918, CAB 24/54/12.

British military mission had concluded contracts with Karol Yaroshinski (see chapter 3) to give Britain control of a number of Russian banks in the face of possible German penetration. A similar scheme proposed by the British government to establish a single Petrograd-based bank controlled by Britain was criticised by Urquhart. Such a scheme, it was posited, would not be able to provide enough financial help to British companies and would therefore stifle their growth. Urquhart and Clarke interviewed Keyes and Vladimir Poliakov (Yaroshinski's agent) in Petrograd, but the outcome of this is unclear. The British government had the option to repudiate the Yaroshinski-Keyes contracts and accept the losses for money already paid, or to proceed with the scheme.[56] Given the later course of relations between Yaroshinski and the British government, the decision was almost certainly the former.[57]

Aside from private commerce, the British government had very tangible interest in Russian mineral wealth. In October 1918, Russian platinum became a point of discussion for the Economic Defence and Development Committee. It had been estimated that between 1 July 1918 and 30 June 1919, Britain – and the Ministry of Munitions in particular – would require 35,000 ounces (almost one metric tonne) of platinum. Stocks had been at 47,000 ounces, but 20,000 of this was a 'special reserve' for emergencies. It was clear that Britain needed a more secure supply of the metal, and Russia would be the source. The EDDC decided that the Ministry of Munitions would have to seek Treasury approval for the negotiation of purchases of platinum from Russia; although the minutes of their meeting do not go into detail as to who they would be negotiating with.[58] There does not appear to ultimately have been any action taken because of this, but platinum would re-emerge as an issue in October 1920 while trade talks in London were stalled. Lloyd George had received news from merchant company Donald Campbell & Co – through their legal advocates Bull & Bull, who had also represented the Soviet trade delegation for a time – that Krasin's delegation had proposed a transaction by which the company would sell platinum on their behalf. The Cabinet agreed the company should receive the metal to store in their bank, but that selling it should be postponed until Chicherin had replied to an important communication from the Foreign Office. Given the weight of the metal being discussed (50lbs), this was almost certainly about the diplomatic implications of such an arrangement rather than actually securing a source of platinum. Furthermore, it was not known from where the Soviet delegation had acquired the metal, which prompted some concern.[59]

[56] Kennedy, pp. 132-3.
[57] For more on Yaroshinski and the British government, see Chapter 3.
[58] PA, Economic Defence and Development Committee, 08 October 1918, LG/F/194/5.
[59] TNA, Cabinet 54 (20), 12 October 1920, CAB 23/22/16.

Meanwhile, Urquhart's experience and political connections saw his continued involvement in British commercial policy in Russia, but this also made him the subject of controversy. In September 1918, in an attempt to address the Omsk government's crippling economic issues, the British government set up the Siberian Supply Company with Urquhart as its administrator.[60] He was subsequently appointed the 'Commercial Commissioner' to Siberia in a move that would result in some scrutiny in the press for him. Two days after Kolchak's coup, the general manager of the Irtysh Corporation, Serge Feodossiev, agreed to become an interim finance minister for the Supreme Ruler. This led to accusations against Urquhart that he was directly advising Kolchak himself; the *Daily Herald* went as far as to suggest the Admiral was a 'puppet.'[61]

The real goal of Urquhart's lobbying and use of connections was, again, compensation for losses incurred as a consequence of the Russian Revolution. Russo-Asiatic Consolidated had by far the largest claims to compensation for expropriated properties in Soviet Russia. These included stocks of metals, twelve mines, several refineries, 250 miles of railway and four entire towns.[62] As with Vincent Caillard and Vickers, these claims went unresolved. In 1920, there had been hope that negotiations with Leonid Krasin's delegation in London would result in some movement towards a settlement for Urquhart's claims. The first draft of the Trade Agreement was met with objection from Russo-Asiatic Consolidated, who wanted return of their property, stocks and money that had been confiscated, which it did not appear they would get from the proposal. The result was another controversy for Urquhart. In December 1920 the *Times* would go as far as to accuse the Foreign Office of delaying an agreement at the behest of Urquhart and other directors of Russo-Asiatic, although as there was no evidence for this claim, this was likely a matter of coincidence.[63]

Despite the lack of evidence, these accusations against Urquhart had some impact on his reputation. Nearly two years later, another British capitalist – Frederick Cripps, who had entered into a contract with the Soviets earlier that year – complained to Churchill's secretary that Urquhart had received preferential treatment from the Board of Trade and the Prime Minister in regard to his ventures in Soviet Russia, to the point of hindering other companies.[64] In reality, Urquhart's connections had not been enough to secure any recompense. Russo-Asiatic Consolidated, like

[60] Arno W F Kolz, 'British Economic Interests in Siberia During the Russian Civil War, 1918-1920', *The Journal of Modern History*, 48:3 (1976), 483-491, p. 484.
[61] Kennedy, pp. 135, 140.
[62] Kennedy's biography provides a more detailed list of properties that Urquhart outlined in a letter to Curzon in March 1920, see: Kennedy, p. 143.
[63] Martin, p. 555.
[64] CA, Letter from Archibald Sinclair to Winston Churchill, 13 September 1922, CHAR 2/124B/155-159.

Vickers, would still be pursuing government assistance with compensation for nationalised property into the 1930s.[65]

In further similarity to Vickers, Urquhart's failure to secure compensation would ultimately not stop him from continuing to pursue further business in Soviet Russia. This was in great contrast to his public remarks on the Bolsheviks. In his biography of Urquhart, Kett Kennedy notes that he had initially – around December 1917 and early 1918 – been fiercely critical of the Bolsheviks and outwardly confident that their administration would be a short one. However, when he received news of the nationalisation of Kyshtim (a company that would form part of Russo-Asiatic Consolidated) properties in January 1918, Urquhart refused a request to send funds to Russia to facilitate the restarting of mining operations once 'normal conditions' were restored. Kennedy concludes that this refusal was because he was much less confident than he had outwardly expressed about the collapse of the Soviet regime being imminent.[66] Urquhart was not alone in hesitancy towards sending money to companies in Russia in early 1918. The Chengelek Proprietary Company were advised in April by William Watson Rutherford – Conservative MP and solicitor – to withhold similar actions: 'it would be utterly unreasonable to send any monies to Russia just now', he advised them.[67]

However, when Urquhart spoke at the Royal Geographical Society on the future of Siberia in March, he reiterated the view that the Soviet government was 'artificial' and that 'before this winter is past Russia will be herself again.'[68] His private views, therefore, may have been very different from his public anti-Bolshevism. Urquhart appears to have maintained a pragmatic attitude throughout the early years of Soviet rule; his anti-Bolshevism not being motivation for business-related decisions. This is confirmed by the route he took towards Soviet Russia following the end of military intervention.

Urquhart had been an avid interventionist but knew this was a lost cause by the end of 1919. At a general meeting of the Irtysh Corporation, he blamed failure of military intervention on 'the influence of Socialism' in Allied nations, in particular that of the British Labour Party: 'There is no doubt to my mind that fear of the Labour Party and its extremist leaders is the direct cause of the vacillating policy of the Peace Conference.'[69] He undoubtedly would have preferred a military

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[65] HoC Debate, 12 November 1930, vol 244 cc1647.
[66] Kennedy, p. 126.
[67] LRA, Letter from W Watson Rutherford to John Smith-Winby, 25 April 1918, MS 812/203.
[68] Maria Czaplicka and Leslie Urquhart, 'The Future of Siberia: Discussion', *The Geographical Journal*, 51:3 (1918), 159-164, p. 164.
[69] 'Irtysh, Kyshtim and Tanalyk Corporations. Russian Mining Amalgamation. Mr Urquhart on the Bolshevist Dictatorship', *The Times*, 16 December 1919, p. 23.

victory for anti-Bolshevik forces, but this did not mean Urquhart ruling out doing business with the Soviets. After the final trade agreement had been signed, he entered into negotiations with Leonid Krasin, attempting to secure a concession involving the Soviet government leasing back mines to Russo-Asiatic that they had previously nationalised. Ultimately, Lenin refused to support the deal which went unratified, in a blow to both men's prestige. However, Urquhart continued to negotiate with Soviet representatives throughout the 1920s.[70] He would also still be a notable fixture of Anglo-Soviet diplomacy, attending both the Genoa and Hague Conferences in 1922 as part of Britain's delegation.[71] For all his anti-Bolshevik rhetoric, Urquhart proved to be a strong proponent of the normalisation of Anglo-Soviet relations in the years following the 1921 agreement.

In both examples given above of representatives of British heavy industry in Soviet Russia attempting to win concessions or compensation from either the British or Soviet governments, there was little success. British heavy industry saw the closest relationships between business and government in regards to Soviet Russia, yet there is no evidence of these industry representatives being able to influence policy towards one of their most pressing issues. Accusations of Urquhart politically manipulating Kolchak or the trade negotiations were mostly born out of coincidence but it is clear that he was heavily involved in the British government's early commercial policy in Soviet Russia. Ultimately, there is no evidence of this being anything other than a one-sided relationship. The British government was happy to use Urquhart for his expertise, but Russo-Asiatic Consolidated did not receive tangible returns. Overall, this speaks to an oblique relationship between industry and government regarding the issue of Soviet Russia.

Meanwhile, these companies were ready to restart their business – albeit begrudgingly in Urquhart's example – in Soviet Russia once the two governments had come to an agreement on trade. Vickers had likely been ready to begin such a relationship in 1918 but were forced to wait by circumstance. For obvious reasons, they were not able to assist the Soviets in manufacturing artillery and munitions at that time. It was this proclivity, however, that would align the interests of these companies with Lloyd George's manoeuvres towards diplomacy with the Bolsheviks from late 1919, and with arguments against recognition of claims as presented by Leonid Krasin during negotiations. Such proclivities – as demonstrated by another company in Britain's heavy industry sector; Armstrong Whitworth – would also encourage the British government to overlook Bolshevik transgressions in the pursuit of a final agreement.[72]

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[70] Martin, pp. 566, 569.
[71] Stephen White, p. 238. For more on Genoa and Hague, see Chapter 5.
[72] See Chapter 5.

BECORS

BECORS, as a case study, is both uniquely placed in its relation to Anglo-Soviet commerce, and also illustrative of broader experiences. It was a company whose existence relied solely on Anglo-Russian commercial relations, unlike Vickers or Horrockses Crewsdon, for example. However, the company had similar experiences to others in Soviet Russia – Vickers in particular – following the Bolsheviks' ascent to power. BECORS – later known as Becos Traders or Becos Group– had been founded in 1913 in Vladivostok – although incorporated in London – by British electrical engineer Arthur Grotjan Marshall, at the suggestion of the Board of Trade as a vehicle for encouraging Anglo-Russian commerce. It was a 'co-operative agency' company whose shareholders were engineering or manufacturing firms, 'or persons largely interested in such industries.'[73] Marshall himself would go on to be a strong proponent for the inception of Anglo-Soviet trade; he was a founding member and chairman of the Russo-British Chamber of Commerce.[74] The company was, therefore, a symbol of the integration of Russia into the global economy by British commercial forces.

Soon after its inception, BECORS embarked on a partnership with the Russian state. A contract was signed on 25 August 1914 for the company to supply Russia with 422 automobiles, delivered midway in 1915.[75] This would be the first of several government contracts signed by BECORS before the Bolsheviks came to power. The most significant came about a year later, with an agreement that appears to be similar to Vickers' involvement in Tsaritsyn. BECORS had entered into a contract with the Russian government in 1916 to construct a car factory in Mytishchi, outside Moscow, with the approval of the British Ministry of Munitions. The company would also supply the new works with machinery, and then build 3,000 cars.[76] This arrangement survived the outbreak of revolution, and even the Bolsheviks' seizure of power. However, in January 1918, the Ministry of Munitions wrote to BECORS, as well as other companies operating in Russia, instructing them to cease all work on Russian car contracts.[77] As shown below, this was not complied with.

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[73] LRA, Russian Government Automobile Works Contract, undated, MS 1424/258.
[74] 'Arthur Grotjan Marshall', *Journal of the Institution of Electrical Engineers*, 45:4 (1958), p. 510.
[75] LRA, Claim Against Russian Government for £13,518.9.1, 05 November 1919, MS 1424/254.
[76] MS 1424/258.
[77] The letter from the Ministry does not appear in the company's records, however there is reference to it in both Marshall's letter to Lloyd George (discussed below) and a letter to the Ministry in November 1918; LRA, Letter to the Ministry of Munitions, 14 November 1918, MS 1424/254.

The Mytishchi Car Works, having escaped expropriation in 1918, soon began work on orders for the Soviet government, although economic conditions made production increasingly difficult. The company reported at the end of the year:

> In addition to the original contract we were granted a large motor car repair contract on similar terms and did repair a number of cars before shortage of raw materials made the continuance of work impossible.
>
> At the present time the works are practically closed down and the Bolshevik Government have a commission sitting at the works to decide the amount to be paid [to] us in the event of nationalisation. Our engineers still remain in charge.[78]

Evidently, BECORS began a relationship with the Soviet government that was intended to be an extension of their work with the Imperial government. Also noteworthy is the fact that BECORS engineers were still in charge of the factory at the end of 1918.

Another report confirmed that work did begin at the Mytishchi factory in 1918: 'labour conditions and lack of materials made it almost impossible to do anything serious but we actually repaired and delivered sixty lorries, finished a further eleven and did a great deal of work to some two hundred more.' This report also found it necessary to single-out one of these jobs: 'As an individual example of what has been done during 1918 we fitted a plain upholstered body finished in leatherette to a Fiat chassis for Troitski [sic].' For this, BECORS billed 24,988.32rbs.[79] This is perhaps more remarkable than the situation between Vickers and the Soviet authorities. A British venture, established at the request of the Board of Trade, was fulfilling orders for the Bolsheviks in 1918. Unlike the situation in Tsaritsyn, there is evidence here that work was carried out for the Soviets. These documents also imply that more work would have been carried out, had it not been for the 'labour conditions and lack of materials.' The former point is vague, but likely refers to the early months of Bolshevik rule in which many factories were run by workers' committees. This would cause serious problems for the company's operations.

For several months, work at the factory had been severely interrupted, and its workers reportedly 'out of control'.[80] At the beginning of 1918, the factory had been placed under a Soviet Control Committee; the mechanism by which the Bolsheviks intended to transfer management of factories to workers, before the economic policy of War Communism was adopted. Marshall had to send a representative to investigate, who reported back to London in April 1918. The Russian workers seemed intent on continuing without British overseers or technical advisors. At least one of the company's engineers had wanted to remain at the works but had been told to leave by the

[78] LRA, Explanatory Notes Regarding Financial Statement, 31 December 1918, MS 1424/254.
[79] LRA, Negotiations with Government, undated, MS 1424/279.
[80] Ibid.

factory committee, 'stating that they could get along quite well without him.' Others left of their own volition, taking company property with them. A further implication of the report was that the factory had not been operating efficiently for some months. One of the company's men at the factory had, according to the report, 'consistently neglected the works' since October of the previous year, 'and he frequently stayed in bed all day on the slightest excuse.'[81]

The situation in Mytishchi is remarkable, in that the partnership there between BECORS and the Soviet seemed to counter political pressures from both the Bolsheviks and the British government. BECORS engineers retaining control of the factory had allowed some work to continue despite adverse conditions. This was not permanent however as the works were closed for liquidation by the VSNKh (Supreme Council of the People's Economy) on 16 July 1918.[82] The situation at the factory, nevertheless, does lend some additional credence to the Tsaritsyn Memorandum as the arrangements have certain similarities. They were both supposedly extensions of previous contracts with the Imperial government, which began in March 1918 and the main intention of which was to provide technical oversight of the factories in question.

As with Urquhart and Vickers, BECORS sought compensation for the consequences of the Revolution. Although work had continued in Mytishchi, the company had lost out from other contracts being cancelled, and from seizure of property in Soviet Russia. By October 1920, claims submitted to the government by BECORS totalled £824,149.[83] Unlike previous example, however, BECORS would actively pursue recompense from various sources including the British government.

Arthur Marshall initially looked to place much of the responsibility on the Ministry of Munitions. He would argue that had it not been for the Ministry's policy, the company's contracts would not have gone unfulfilled. In correspondence with Downing Street in late 1919, he decried that 'had we been allowed to proceed with our contracts we should have undoubtedly been able to obtain payment under the terms of the credit… We have, therefore, a considerable ground for feeling aggrieved at the Ministry.'[84] Of course, he is declining to mention the work that continued in Soviet Russia in 1918, but the overall tone of Marshall's letter is annoyance at the fact that they were not permitted to continue with their contracts.

[81] LRA, Letter to Arthur Marshall Re. Mitishti Staff, 09 April 1918, MS 1424/258.
[82] MS 1424/279.
[83] LRA, Summary of Becos Traders' Claims, 21 October 1920, MS 1424/256
[84] LRA, Letter from Arthur Marshall to J T Davey, 22 December 1919, MS 1424/254.

Marshall would later rescind some of the blame he placed on the British government. In February 1920, when negotiations with the Bolsheviks were becoming an ever more realistic prospect, he admits this fact in a letter to the Foreign Office clarifying his company's position:

> The work was proceeded with and a certain amount of equipment was shipped to Russia, and the contract that was continued until the Ministry of Munitions, as a result we believe of the Soviet Government having made peace with Germany, stopped us from doing any further work on this contract and asked us to submit to them our claims in respect of this matter. This we did and after spending a very long time in considering the matter they finally decided, on the advice of the Treasury, that the British Government was not responsible for any loss or damage resulting from the action taken by the Ministry of Munitions.

This would appear to be absolving the government from culpability, but Marshall goes on to say:

> It is quite clear that we are not responsible, inasmuch as our actions were dictated to us by the Ministry of Munitions and further as the Ministry of Munition action was the result of the political situation in Russia it is apparently clear that the Russian Government, the only other possible party, are the party liable, if the British Government are not liable.
>
> Our loss results from the fact that we were prevented from completing our contract.
>
> With regard to the third point in your letter, we quite understand that the actual settlement of claims against Russia must necessarily await the establishment of a stable Government in that country able and willing to assume the liabilities of its predecessors but we are anxious that the British Government when recognising any Government in Russia should be in a position to put the amount of the claims involved to such Government and obtain their consent to the assumption of liability.[85]

Thus, the principal interest for BECORS in any future negotiations was for the British government to secure assumption of liability from Soviet Russia for business lost in the wake of the Revolution. In other words, while the British government was not technically liable, Marshall nonetheless believed they were responsible for aiding companies in achieving compensation. Another notable aspect of his letter is the continued absence of any mention of BECORS continuing work at the Petrograd car factory. It was a detail that would be consistently omitted from correspondence with the British government, as it would surely hinder their claims.

Therefore, as with Urquhart, Marshall was expecting a major part of trade negotiations with the Bolsheviks to involve compensation for British companies. In relation to Vickers and Vincent Caillard too, Marshall's pursuit of claims was partly aided by the Federation of British Industries.[86] However, with no assurances from the government, the company would endeavour to secure what they believed was owed through legal action. Although Marshall had expressed his view to the Foreign Office – that the Soviet government was ultimately liable for their losses – BECORS would still attempt litigation of the British government, as well as representatives of the former Russian

[85] LRA, Letter from Arthur Marshall to Foreign Office, 11 February 1920, MS 1424/254.
[86] LRA, Letter from Arthur Marshall to Philip Kerr, 16 December 1919, MS 1424/254.

Imperial government, and other companies who had been involved with contracts relating to work in Russia.

The company's solicitors were never optimistic about chances of success. They had advised in December 1918 that 'there is clearly no legal claim against the Ministry of Munitions or the Treasury.'[87] A year later, the advice was still pessimistic: 'We must assume I think that your various claims are going to be fought hard whether by the Government or private concerns.'[88] The apparent difficulty in legal action prompted the company to seek compensation through established government channels. The British government, however, quite consistently denied these claims. These appeals were received by the Russian Liquidation Committee at the Treasury – later moved the Ministry of Munitions as the Russian Accounts Committee – where BECORS had 'persistently endeavoured to obtain payment' without success. Marshall, therefore, refocused the efforts on the Foreign Claims Office at the Foreign Office in November 1919.[89] There is no indication that the Foreign Claims Office was any more receptive to BECORS, who would continue down the route of legal action.

The change in direction of policy towards Soviet Russia in early 1920 did not have any impact on the company's approach. At the beginning of the year, BECORS still did not have reassurance from the government. Marshall wrote again to the Foreign Claims Office on 13 February 1920 'to ascertain from you what steps, if any, the British Government have taken or are taking' in regard to the company's claims. 'We have not up to the present received any notice from the Government as to the action which they propose to take.'[90] The reply he received declined to provide an answer: 'The Director regrets that it is not possible for him to give you any indication of the nature of the steps which the British Government will take in the matter of protection of British subjects in Russia.'[91]

Without any committed answer from the various government departments they had petitioned, BECORS returned to the route of litigation. By 1921, court proceedings had begun against the British government, various individuals who had previously represented the old Russian regime as the so-called 'Russian Government Committee', and the Baring Brothers & Company bank. The bank had been responsible for providing credit to the Russian government to pay for car contracts.[92] The named individuals, in their submitted defence, said that allegations were

[87] LRA, Letter from Mawby Mawby and Morris to BECORS, 05 December 1918, MS 1424/260.
[88] LRA, Letter to Arthur Marshall, 18 December 1919, MS 1424/274.
[89] 05 November 1919, MS 1424/254.
[90] LRA, Letter from Arthur Marshall to Director of the Foreign Claims Office, 13 February 1920, MS 1424/254.
[91] LRA, Letter to Arthur Marshall, 16 February 1920, MS 1424/254.
[92] LRA, Statement of Claims, 20 March 1918, MS 1424/258.

'substantially correct', but that they were not liable for any claims due to the Imperial governments' agency no longer existing, and that they were in no way involved in the Russian Liquidation Committee or Russian Accounts Committee.[93] The Baring Brothers, meanwhile, denied any knowledge of claims brought against them in their defence in court.[94] Legal action had, therefore, been met with obstacles, as the company had been previously warned of. It makes the decision to carry out litigation seemingly an act of desperation by BECORS. Their solicitors had warned since 1918 that the Defence of the Realm Act made the actions of the Ministry of Munitions and the Treasury legal.[95] Yet, the British Attorney-General was still included in the case at the High Court, in which there was little progress for BECORS. It wasn't until November 1921 that the company's solicitor gave written legal opinion expressing that 'the Plaintiff's action will fail, and I advise them not to prosecute any further.'[96]

Despite the absence of any reassurance from the government on the issue of unfulfilled contracts, the company remained committed to building British commerce in Soviet Russia. Much like the companies discussed above, BECORS saw commercial potential despite the Bolsheviks' economics and the authoritarianism of their government. As evidenced by the Petrograd car works, the company had no qualms in working with Soviet authorities. Consequently, BECORS currently provides the best example of private interests lobbying government to open trade with Soviet Russia.

The significance of BECORS in their interaction with the British government is in their continued perception of the company being the flagship British venture in Russia. In March 1918, the company had sought advice from various government departments – including the Foreign Office, Treasury and Board of Trade – on the future of Britain in Soviet Russia. Assistant managing director Leonard Redmayne, in a letter to the Foreign Office, emphasised the purpose on which the company was founded:

> In spite of the difficulties which have ensued and which are disclosed in the letter and memorandum, the Company has unquestionably achieved much useful work towards its original purpose.
>
> If it can successfully extricate its finances, it will be able to build in Russia on the firm foundation which results from its past four years work… It would be of great advantage to the directors of the Company to have behind them the views of British Government Departments interested in foreign trade as to the political factors that are likely to govern the possibility and advisability of future British trade in Russia.
>
> Should it be impractical to express such views under present conditions, the directorate of the Company would nevertheless greatly appreciate the interest of Departments of Government and would

[93] LRA, Defence of the Defendants Peter Porokoshikoff, Michael Kedroff, Alexander Ostrogradsky, Nicholas Belaiew, Nicholas Raush, Nicholas Kemmer and Boris Posadsky, 27 January 1921, MS 1424/263.
[94] LRA, Defence of the Defendants Baring Brothers & Company Limited, 28 January 1921, MS 1424/263.
[95] LRA, Russian Contracts. Opinion, 29 November 1918, MS 1424/261.
[96] LRA, Becos Trading Ltd. v Baring Brothers & Co. Ltd. Opinion, 11 November 1921, MS 1424/263.

> much value any advice that could be given from time to time, feeling, as they do, that the Company's organisation is framed on lines advantageous to the healthy growth of British commercial influence in Russia.[97]

BECORS still saw itself as an engine of British commerce after the Bolsheviks seized power, and Redmayne's letter makes clear that they intended to continue with their mission. While he acknowledged the difficulty of political conditions at the time, he was unambiguous in support of continued British commercial ventures following the deposition of the Provisional Government. Nevertheless, how ever ready BECORS might have been to restart their work, the British government was not yet prioritising commerce as it scrambled to limit German gains in the East. Consequently, in response Balfour declined to offer advice.[98]

In November 1919, at a pivotal moment for British policy, Marshall took his company's grievances directly to the Prime Minister. His letter addressed several issues including the ongoing compensation disputes. On more general matters concerning Anglo-Soviet commerce, Marshall tells Lloyd George:

> In the opinion of the writer, greatly extended trading relationships, as a result of His Majesty's Government's policy in connection with Russia, are likely to be resumed in the early future and it is the expressed wish of the Overseas Trade Department that this Company should do its utmost to facilitate their resumption and development.
>
> This company is at once [sic] with the Overseas Trade Department in their desire to increase trade between this country and Russia but finds itself, owing especially to the action of the Ministry of Munitions in the matter of these contracts, in a position of inability to carry out the Ministry's programme.

Marshall was also keen to stress the link between BECORS and British commerce as a whole:

> The principles on which the Company has worked have been to a large extent national rather than individual and it has been the Company's aim to carry out in their entirety the objects which the Board of Trade had in view when they suggested its formation and in doing so it has influenced a very considerable volume of business in favour of Great Britain.[99]

Clearly, Marshall saw commercial relations with Soviet Russia as an inevitability after the evacuation of Allied forces. Sensing that policy was becoming more favourable, he took the opportunity to inform the Prime Minister of his attitude towards peace and commerce with the Bolsheviks. The cover letter, addressed to Philip Kerr, is also worth noting for its endorsement of Lloyd George's Guildhall speech earlier that month: 'we are naturally anxious to get a decision without delay, more especially so having regard to the prospect of the reopening of trading relationships with Russia,

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[97] LRA, Letter from Leonard Redmayne to the Undersecretary of State, Foreign Office, 20 March 1918, MS 1424/258.
[98] LRA, Letter to the Undersecretary of State, Foreign Office, 03 April 1918, MS 1424/258.
[99] LRA, Letter from Arthur Marshall to David Lloyd George, 24 November 1919, MS 1424/254.

which I personally consider very much brighter as a result of the pronouncements which the Prime Minister has made with regard to the Russian position.'[100]

The reply Marshall received from Downing Street refused to involve Lloyd George in details of the case. Nevertheless, the letter ends by stating: '[The Prime Minister] has, however, passed the correspondence to the Board of Trade to be considered by the Department which deals with the re-opening of trade relations with Russia,'[101] Thus, while BECORS was unsuccessful in courting any sympathy for its financial losses, Marshall's views on relations with Soviet Russia did not go unheard. The British government certainly still saw BECORS as a vehicle for trade, at least in relation to its commercial intervention in the Russian Civil War. The DOT, as Marshall reveals in a letter, had been 'pressing us to expedite the reopening of trading relationships with Russia and Siberia' in 1919.[102]

Marshall was therefore becoming one of the most important voices of business favouring *rapprochement* with Soviet Russia. After the publication of a draft trading agreement in October 1920, *The Observer* used his comments to gauge the reaction of business; 'trade with Russia is not only possible: it is imperative', he told them. He also called for the official recognition of the Bolsheviks as the government of Russia, believing it to be 'absolutely necessary' to any future commercial relations.[103] This is entirely expected from the managing director of a company built on Russian business, but his opinion clearly held some weight at this time. Exactly how much influence his views had on the Prime Minister is impossible to ascertain with the available evidence. However, his letter came in a decisive period for Britain's policy, and aligned with the advice of those like E F Wise who wanted the blockade lifted and trade to be resumed.[104]

BECORS had a similar experience to Vickers and Russo-Asiatic Consolidated, in that the company went uncompensated for losses after the Revolution but continued to seek business in Soviet Russia. There are, however, notable differences with BECORS. Firstly, the company had early experience of conducting business in Soviet Russia, albeit with limited success. Secondly, Arthur Marshall's appeal to the Prime Minister in November 1919 was as close as any private interest came to lobbying for peace with the Bolsheviks. It is also confirmation that Lloyd George, before the end of 1919, was aware of the section of British industry that was ready to begin trading with Soviet Russia. The flagship enterprise of British engineering in Russia, no less, had signalled its readiness to

[100] LRA, Letter from Arthur Marshall to Philip Kerr, 26 November 1919, MS 1424/254.
[101] LRA, Letter from J T Davey to Arthur Marshall, undated, MS 1424/254.
[102] LRA, Letter from Arthur Marshall to Herbert Guedalla, 22 May 1919, MS 1424/254.
[103] 'Russian Trade: Business Men Demand Immediate Resumption', *The Observer*, 10 October 1920, p. 19.
[104] See Chapter 3.

do business with the Bolsheviks. Undoubtedly, the company's early experiences in Soviet Russia in 1918 had enabled the view that such a thing would be possible.

Co-operatives

As shown in chapter 3, co-operative societies came to the forefront of the Allied response to Soviet Russia in January 1920, when Lloyd George pushed for their utilisation as a vehicle for trade that would not require having to deal directly with the Bolsheviks. This assertion should not be taken at face value, as shall be shown below. For the Prime Minister, co-operative societies would be a tool for shifting the direction of policy towards diplomacy with the Soviet government. Meanwhile, the societies themselves, in both Britain and Soviet Russia, were seeking closer international ties.

To understand why Co-operatives became a vehicle for trade between Britain and Soviet Russia it is necessary to examine the position of the respective movements prior to, and during the Russian Civil War and Britain's intervention. Britain had been the centre of internationalism in the co-operative movement, with the International Co-operative Alliance having been founded in London in 1895. The ICA was, around the period of the First World War, ideologically a socialist organisation and outlasted the other major internationalist movements of the time, such as the Third Communist International and the International Federation of Trade Unions.[105]

Internationalist ideology was a significant motivation for those seeking closer ties between British and Russian co-operatives. Prior to the First World War, 'internationalism was conceived not as an alternative to nationalism but as an extension of it', writes Mary Hilson. However, their conference in 1921 at Basle – the first since the outbreak of the War – saw the ICA become entrenched as an organisation fitting a more literal definition of 'internationalist'. The Executive Committee was reshuffled so that it was no longer entirely British, and the conference rejected a proposal to allow only national organisations membership, meaning local co-operatives from any country would remain members. This was also the conference at which the All-Russian Central Union of Consumer Co-operatives – *Tsentrosoyuz* – was admitted, a move supported only by British members, effectively making the RSFSR the largest contingent in the ICA.[106]

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[105] Rita Rhodes, 'The Internationalism of the Co-operative Movement' in *Towards the Co-operative Commonwealth: Essays in the History of Co-operation* by Bill Lancaster and Paddy Maguire (eds.), (Manchester: The Co-operative College, 1996), pp. 105-8.

[106] Mary Hilson, *The International Co-operative Alliance and the Consumer Co-operative Movement in Northern Europe, c. 1860 – 1939* (Manchester: Manchester University Press, 2018), pp. 58-61.

A pre-revolutionary project of the Russian co-operatives and internationalists was a publication launched in November 1916: *The Russian Co-operator: A Journal of Co-operative Unity*. With contributors from both British and Russian co-operatives, and members of the ICA, the journal was intended to promote closer links between the respective groups. Articles in *The Russian Co-Operator* made mostly ideological arguments to this end. For example, the November 1917 edition carried an article titled *The Welfare of the Group*; highly critical of economic studies that ignored co-operatives and supportive of the movement on socialist principles: 'In a State or Community organised in accordance with the principles of co-operation and the welfare of the group, we should expect the production and distribution of wealth to be organised on an economical, just, and moral basis for the good of all.' This is not to say the co-operators were promoting Anglo-Russian relations from an entirely dogmatic position. Another article by Edward Owen Greening – a founding member of the ICA – painted the British Co-operative movement as success regardless of the adverse conditions of the First World War, citing an increase in profits and dividends despite a fall in trade and the number of societies operating. Meanwhile, the Russian contributors wrote of their societies' challenges in growth and co-ordination, as well as some discussion of issues with food supply; a problem that would become far more severe during the blockade.[107]

During the Russian Civil War, relations between British and Russian co-operatives continued to provide an opportunity to realise internationalist aspirations. One co-operator – Frederick Rockell – in 1919 even titled a pamphlet: 'The Russian and British Co-operative Movements: An Experiment in International Co-operation.' Rockell, while deriding a lack of progress in co-operative internationalism, saw 'infinite possibilities' in the integration of the societies in Britain and Russia. He argued that British co-operatives were needed by their Russian counterparts to plug shortages by purchasing from international markets on their behalf:

> International co-operation is not necessarily confined to exchange of co-operative products…In order to meet all the requirements of its members, it has to buy on the open market, both at home and abroad…Here it seems the co-operative movements of Russia and the British Isles can be useful to one another. They can exchange services as well as goods. Russia, for example, is greatly in need of vegetable seeds, chemical manures, fertilisers, agricultural implements, machinery, binder-twine, insecticides and so forth. It is possible, and that possibility has still to be fully explored, that the British co-operative movements may render service to the Russian in arranging for the purchase and export of such commodities.[108]

The symbiosis between British and Russian societies was, therefore, very apparent to British co-operators. Russian co-operative leaders saw similar potential in relations and would take this case to the British government (see below). Thus, while there was a clear ideological motivation for co-

[107] MRC, The Russian Co-operator: A Journal of Co-operative Unity, November 1917, 36/R30/11.
[108] MRC, The Russian and British Co-operative Movements: An Experiment in International Co-operation, 1919, JD 10.P6 PPC 312.

operators, there were also tangible benefits seen in closer ties between British and Russian co-operative societies. Russian co-operatives had already been conducting some significant transactions with Britain. One of the most reliant societies, the All-Russian Co-Operative Union of Flax Growers, had sold half of its produce collected in the 1917/18 season to the British government.[109]

As with other areas of commerce, there would be competition from the United States. Sidney Reilly reported in September 1919 that the US had provided an advance of $25 million to Russian co-operatives, with a further $100 million being considered. Meanwhile, Pierre Rutenberg, the man representing Russian co-operatives in Paris, had his first request for a visa to Britain denied. This was apparently due to anti-Semitism on the part of British military officials; 'it was all a Zionist dodge to get him to Palestine' was the reason given by Military Intelligence.[110] This rebuke was indicative of the British government's general attitude towards co-operatives. British societies had felt neglected during the First World War, to the extent that they formed a political party in 1917 after previously avoiding politicising the movement in such a way.[111]

Russian co-operative societies would face similar apathy from the British government, although they would become a useful tool for Lloyd George's attempts to steer policy towards diplomacy with the Soviets. Russian co-operative representatives had been lobbying the British government directly for assistance in establishing trade routes since as early as December 1918. This had been directed by two key figures in the Russian co-operative movement: Aleksander Berkenheim, the pre-Soviet Vice-President of *Tsentrosoyuz*; and K I Morosov, a board member of the Union of Siberian Co-operative Unions (*Zakupsbyt*).

In his entreaties, Berkenheim was keen to stay as politically neutral as possible: 'I therefore wish this memorandum to be regarded not as an expression of the desires of an absolute opponent to the Soviet authority…but as an exposition of the needs and strivings of the organised Russian consumer.' It is quite clear, however, that Berkenheim was not a supporter of the Bolsheviks. He even claimed to have been arrested by the authorities several times, and in one instance 'nearly sentenced to death.' His arguments, however, largely attempted to appeal to commercial sensibilities. He strongly condemned the Allies' blockade, which he described as 'assuming the nature of physical punishment' on the Russian people and called for its immediate end. Berkenheim also tried to reinforce the idea that Britain needed to act swiftly in the face of competition: 'the

[109] JD 10.P6 PPC 312.
[110] CA, Russian Financial Committee, 11 September 1919, CHAR 16/27.
[111] See section below on labour.

Russia market will go to that country which will establish now, immediately, firm and durable commercial relations in Russia.'[112]

Morosov, meanwhile, proposed that co-operatives were vital to Russian trade as they possessed 'a ready apparatus existing throughout the country' needed for distribution of goods. The 'administrative breakdown and anarchy' in Revolutionary Russia, he argued, made the co-operative societies the best method available. Perhaps more importantly, Britain could export commodities of which Soviet Russia faced shortages, and *vice versa*. Britain and its colonies, according to Morosov, could provide, among other things, tools, chemicals, clothing and other textile goods. In return, Russian co-operatives could provide dairy products, leather, wool and timber.[113] Thus, the two main practical arguments for allowing trade with the co-operative societies were the provision of an intact distribution network in Soviet Russia, and a mutual exchange of goods between the two nations' societies. The latter point is pertinent when considered in relation to the difficulties British commerce experienced with currency and means of exchange, as outlined in Chapter 3. Co-operatives would bypass these problems through bartering.

Morosov had written another report intended for the British government which again aimed to highlight an interdependence. 'The guiding principle in organising foreign exchange of goods should be the idea of aiding the development of productive forces of each country, alike in the sphere of agriculture and of manufacturing industries.' He also criticised Britain's policy of commercial intervention for ignoring co-operatives and conducting trade entirely through private enterprises. 'Casual and irresponsible parties operating on the market', as he described them, were 'unable to rise to the understanding of national and international interests.' He argued that allowing companies to extract whatever they could from Soviet Russia, as he saw it, might breed 'an atmosphere of mistrust.' The conclusion Morosov came to, therefore, was that the British government should see to co-operative organisations being 'officially recognised as the organs of supply working on behalf of Siberia' and that preference be given to them in conducting trade.[114]

Both Berkenheim and Morosov insisted that the Russian co-operative movement was non-political, but in reality, there was a creeping Bolshevik influence. Furthermore, this was a process that the British government was aware of. An economic assessment from January 1919, published later that year, concluded that:

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[112] PA, The Economic Blockade of Russia, undated, LG/F/194/6/3.
[113] PA, Establishment of Trade Intercourse Between Great Britain and Siberia, undated, LG/F/194/6/2.
[114] PA, Report to the Meeting of the Russo-British Information Bureau on Trade Intercourse Between Great Britain and Siberia, undated, LG/F/194/6/7.

> A very large percentage of Russian raw material passes through the hands of the Co-operatives, and the Bolsheviks realise the resumption of trade relationship with other countries is in no small way dependent on this functioning of the Co-operatives. These latter have stoutly defended their rights, and many collisions have occurred in the attempts of the Bolsheviks to sequestrate money and goods belonging to them.
>
> Should the Bolsheviks succeed in the domination of the Co-operatives it will be another blow to the possibilities of reconstruction of Russian economic life.[115]

This is essentially the same point that Morosov tried to press; that co-operative societies provided a functioning distribution network in a country undergoing severe economic turmoil. However, the issue of Bolshevik control over co-operatives, if the report was accurate in its assessment that they were aware of their importance for foreign trade, would have much greater implications.

The political significance of the independence of the Russian co-operatives comes from Lloyd George's previous public stance on diplomacy with the Bolsheviks. The Prime Minister had given assurances to the House of Commons that Britain would have no dealings with the Soviet regime. This is what the Allies were told too; that the co-operatives were not arms of the Soviet government and so could be dealt with independently. The evidence shows, however, that the British premier was aware of *Tsentrosoyuz*'s precarious position as an independent organisation.

The report from January 1919 was essentially correct in its assessment of the relationship between the co-operatives and the Soviets. The Bolsheviks would seek to put their people in charge of co-operative societies across Soviet Russia, especially once the Allies began relaxing the blockade. In a matter of days after trade with co-operatives was approved by the Allied Supreme Economic Council in January 1920, Lenin began drafting the decrees that would ensure Bolshevik control of *Tsentrosoyuz*.[116] It came as no surprise to E F Wise, who wrote on 19 February in a note to the Prime Minister that 'the Soviet Government is undoubtedly endeavouring to use the Co-operative Organisation both for internal and external purposes. This of course is what might have been expected.'[117] Therefore, when asked by George Riddell – a close friend and political ally – on 6 March whether Bolshevik trade delegates bound for Britain were representing co-operatives or the Soviet government, Lloyd George's reply was 'the Soviets, undoubtedly.'[118]

The matter of control over the co-operatives was not entirely settled by the time the Allies agreed, but the outcome seemed certain. Wise's memorandum from 29 April on early trade

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[115] MRC, Appreciation of the Economic Situation, Compiled from Statistics in the Possession of His Majesty's Government, January 1919, 36/R30/16.
[116] M V Glenny, 'The Anglo-Soviet Trade Agreement, March 1921', *Journal of Contemporary History*, 5:2 (1970), 63-82, p. 65.
[117] PA, Note on the Russian Position, 19 February 1920, LG/F/202/3/2.
[118] George Riddell, *Lord Riddell's Intimate Diary of the Peace Conference and After 1918-1923* (London: Victor Gollancz Ltd, 1933), p. 175.

negotiations stated that Bolshevik takeovers of co-operatives were still being resisted through 'widespread passive hostility', with local board elections 'producing only well-known Co-operators and not Communist partisans.' At the national level, however, the situation appeared to be very different:

> The central board will be elected by open ballot under the eyes of the Bolsheviks. It is probable therefore that the central board will be Bolshevik. The combination of open elections and an efficient terrorist force is being found sufficient in the Soviets and in other organisations to render certain the return of Communists.[119]

As the trade delegation's arrival in England approached, there was little room for doubt that *Tsentrosoyuz* members would effectively be representatives of the Soviet government. Lloyd George's claims in January 1920 that co-operatives could conduct trade between Soviet Russia and the West without dealing with the Bolsheviks were, therefore, obfuscations. Diplomacy was a route that had already been decided upon, as shall be shown in Chapter 5.

Co-operative societies were another tool for the British government in relations with Soviet Russia, a distribution network for British goods. The move by Horrockses Crewsdon, shortly after the Trade Agreement, to conduct business with ARCOS is an example of how this would happen. Earlier assessments that espoused the importance of co-operatives for Soviet Russia in re-establishing foreign trade had, therefore, largely been correct. It is also evident that those in the British government working towards opening trade with Soviet Russia – namely Wise and Lloyd George – were under no illusions as to the Bolsheviks' takeover of co-operative societies, after they had been lauded as a method of trade which would circumvent the Soviet government. This was not exactly what British or Russian co-operative leaders had wanted, but it is nevertheless an illustration of the alignment of interests taking place in Britain over trade with Soviet Russia.

British Labour

The final group in Britain that was concerned with the initiation of trade with Soviet Russia was organised labour. As discussed in Chapter 2, the state of industrial relations in the year following the end of the First World War was something that Lloyd George took meaningful consideration in when deciding the future of military intervention in Soviet Russia. This section will examine the broader reaction to the Bolsheviks' ascent to power and the events that followed.

[119] TNA, Negotiations for Reopening Trade with Soviet Russia, 29 April 1920, FO 418/54.

Beyond the opposition to military intervention, the left of British politics had a noticeable role to play in the development of Anglo-Soviet relations. Chiefly, the delegation of Labour and Trades Union Congress representatives who would travel to Moscow in April 1920. The report they published on their return was the most extensive account so far of life in Soviet Russia available in Britain. Later, formal diplomatic recognition was granted to the Soviets under Ramsay MacDonald's government. There were also pressures applied to the government by Labour during the process of *rapprochement* with Soviet Russia.[120]

While at the time, some people – e.g., Leslie Urquhart – linked the labour movement in Britain to the Bolsheviks, some historians have dismissed the idea of any identification or sympathy with their regime. Stephen White, for example, concluded that labour opposition, except for on the fringes of the movement, was motivated entirely by a desire to ensure that Britain was not being dragged into another war.[121] However, as this section will show, there was also an ideological, largely internationalist, response from the British labour movement to the Russian Revolution. There were divisions in opinion, even in the mainstream, over what the Bolsheviks represented and what kind of attention should be paid to their regime. Yet, many argued that organised labour in Britain had a duty to defend the Soviet state from outside forces, i.e., the British Empire. Furthermore, the Labour Party and other groups were vigorously opposed to the Allies' blockade, believing it to be doing harm to the economies of both Soviet Russia and Britain. In this respect, the British labour movement had a common purpose with large companies like Vickers and Horrockses Crewsdon. In summary, the labour movement had three demands regarding Soviet Russia: an end to military intervention, the diplomatic recognition of the Soviet government, and the reopening of trade.

Prior to the Bolsheviks seizing power, the Russian Revolution had already been a point of contention for the Labour Party. More specifically, it was the gap between pro and anti-war sections of the party that came into focus as Russia's future in the war with Germany became increasingly less certain. The attention for historians has been party leader Arthur Henderson and his visit to Russia in the summer of 1917 while serving as a member of Lloyd George's War Cabinet. In his history of the rise of the Labour Party, Paul Adelman writes that Henderson was a key part of the phase in which pro-war moderates within the Labour Party began to move to the left. It was Henderson's support after his trip to an international socialist conference in Stockholm to discuss a possible peace that leads to this conclusion.[122] In a more recent assessment however, Paul Bridgen

[120] See chapter 5.
[121] Stephen White, p. 28.
[122] Paul Adelman, *The Rise of the Labour Party 1880-1945,* 3rd ed. (New York: Routledge, 2014), pp. 48-9.

concludes that Henderson's support of the Stockholm conference was not due to an ideological shift to the left. Rather, it was the beleaguered state of Russia's war effort and the divisive effect the war was having on socialist movements in Europe that prompted a new direction. Henderson had actually concluded that Russia's exit from the war was inevitable, but the real threat to the Allies' war effort was the possibility of a more radical government encouraging anti-war tendencies in other Allied nations.[123]

Events in Russia were therefore under scrutiny in the Labour Party even before the Bolsheviks seized power. The beginning of intervention however put the party in an awkward position. Labour remained in the wartime coalition government up until the armistice, but intervention was not a policy that it was comfortable with. Although its 1918 conference featured Aleksander Kerenski as a speaker, its election manifesto from that year contained a demand for the withdrawal of all Allied troops from Soviet Russia.[124]

Following the establishment of the Soviet government, leaders of the Labour Party were never enthused by or generally even remotely supportive of the Bolsheviks, but this was sometimes at odds with the membership. Philip Snowden – who would later become Labour's first Chancellor of the Exchequer – attributed the adoption of an anti-interventionist resolution at their 1919 conference to 'rank-and-file' members. Snowden's article on the subject in the *Labour Leader* publication was certainly not pro-communist, but neither was it espousing anti-Bolshevism. It began:

> The action of the British Trade Union Movement towards the Allied War upon the Russian Revolution is the "acid test" of its belief in democracy and internationalism.
>
> The full story of apathy and weakness of British Labour towards the policy of the Allied Governments in their determined efforts to overthrow the Socialist Revolution and to re-establish the monarchical and capitalist regime is one which should make every democrat hot with shame and humiliation.[125]

Snowden, therefore, believed the Labour Party had a duty to defend the Soviet government from foreign intervention, and that the Bolsheviks did represent socialism in some form. This, as his article stated, was enough for the Labour Party to be obligated to defend them, especially as the possible alternative Russian governments were seen to be far worse.

Some trade unionists also offered similar views on intervention in Soviet Russia. *The Railway Review* – the publication of the National Union of Railwaymen – for example, carried an

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[123] Paul Bridgen, *The Labour Party and the Politics of War and Peace, 1900 – 1924* (Woodbridge: Royal Historical Society, 2009), pp. 95-96.
[124] Stephen White, pp. 28-30.
[125] Philip Snowden, 'British Labour and the Russian Revolution', *Labour Leader*, 13 November 1919, p.1.

article in June 1919 that unambiguously framed intervention as a conflict of 'Allied capitalism versus Russian Socialism.' Much like Snowden, the article concluded that intervention 'can only succeed with the consent and support of the proletariat of Britain, France and Italy.' Furthermore, the war was presented as a fight against the wider socialist cause: 'The Government's policy against the Soviet Government is a policy which, if it is succeeded, would certainly weaken the workers of this country in their fight against capitalism at home.'[126] This was not, however, an unchallenged consensus. A month later, the paper also carried a letter from a Russian Marxist who condemned 'the triumph of the autocracy of Lenin.' [127] This is a useful summary of the dilemma for the Labour Party: the Bolsheviks represented socialist ideals in some form but were also undeniably authoritarian, which was an uncomfortable position for a democratic movement.

The somewhat disparate perceptions of the Bolsheviks within Labour were unified by economic factors and anti-interventionist views. Even before Wise's damning assessment of the blockade in January 1920, there was opposition from the British left. Labour Party literature from 1919, for example, linked economic blockades to an impending famine in Europe. Although making little reference to the Russian Civil War, a pamphlet entitled *Labour Policy and the Famine* outlined the party's policy to demand 'a complete raising of the blockade everywhere, in practice as well as in name.'[128] While briefly alluding to British commercial policy in Soviet Russia, it made no mention of the Bolsheviks, but did refer to Kolchak simply as 'a Siberian dictator.' Even if there was no real support for the Bolsheviks from the mainstream of the British labour movement, there was certainly no identification with the White's cause. Kolchak, in particular, was seen as an anti-socialist and autocratic leader. As an Independent Labour Party leaflet – publishing the account of an American official in Siberia – put it in 1919:

> Kolchak broke up a democratic government in Siberia with the ruthlessness of a Tartar conqueror. He suppressed free speech and free press. He jailed, exiled or murdered every member of the Russian Constituent Assembly upon whom he could lay his hands. He caused the opponents of his rule of the fist to be tortured or killed. And now the Council of Four has decided to supply Kolchak with money, provisions and ammunition![129]

There was, therefore, plenty to unite factions within the labour movement on the issue of Soviet Russia, but no apparent reasons to support the Bolsheviks' opponents or the intervention seemingly on their behalf. Much like perspectives discussed in Chapter 2, the British labour movement largely saw the Whites as right-wing reactionaries.

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[126] W W Craik, 'The Russian Question: The Meaning of Invasion: The Soviet Government', *The Railway Review*, 27 June 1919, p. 9.
[127] Gregor Aleksinski, 'State v Soviet: The Russian Collapse', *The Railway Review*, 01 August 1919, p. 2.
[128] MRC, Labour Policy and the Famine, 1919, 78/5/3/13.
[129] MRC, The Rise of a New Russian Autocracy, 1919, 15X/2/209/27.

Interestingly, a footnote to *Labour Policy and the Famine* offered this appraisal of commercial relations:

> While for some months past the Government has given every opportunity for trade with South Russia and Siberia, private industry and commerce have proved unable, largely owing to the difficulties of the exchange, to take advantage of the opening. Meanwhile the Co-operative Wholesale Society has come to an agreement with the corresponding productive and trading organisation of Russian Co-operative Societies, under which the British movement will ship manufactured goods to the Rostov district, and will receive in exchange raw materials and food.[130]

Here, the Labour Party is presenting co-operative societies as a working alternative to the ineffective commercial intervention by Britain. As seen in the above section, the British government also saw value in exchanging goods, rather than selling to a country that did not currently have a stable central currency. Labour, however, also had its own political interests in promoting co-operative societies. Although the British co-operative movement and the Labour Party were distinct entities, this period saw the start of their political alignment. The Co-operative Party – which would go on to make an electoral pact with Labour in 1927 – had been founded in 1917 as a response to what was seen as neglectful government policy towards the movement during the First World War. By 1918 the two parties were already in talks to discuss, as the Labour Conference report of that year put it, 'the promoting of a unified and co-ordinated policy both nationally and locally.'[131]

Despite other factors behind pressure on the government's Russia policy, the strength of anti-war feelings of the Labour Party should not be understated. Highlighting this was the reaction to the events of the Polish-Soviet War in 1920, and Britain's involvement in the conflict. The first interjection by the labour movement was in May 1920. The spring of that year had seen the Polish army advance into Soviet territory using British weapons and munitions. This led to the most successful direct action by trade unionists against British intervention. In May, dock workers at the East India dock in London, with support of their union, refused to load crates marked as 'Munitions for Poland' and the intended ship had to leave without the cargo.[132]

However, the consensus of historians like Stephen White is that this was not done out of any solidarity with the Soviet government, as the available evidence does not show any desire on the part of the Dockers' Union to support communism. Ernest Bevin – union leader and later Foreign Secretary in Clement Attlee's government – a few days after the incident made this clear at a Dockers' Union conference:

> Whatever may be the merits or demerits of the theory of government of Russia, that is a matter for Russia, and we have no right to determine their form of government, any more than we would tolerate

[130] 78/5/3/13.
[131] Labour Party, Report of the Annual Conference, 1918, p. 23.
[132] Stephen White, p. 41.

> Russia determining our form of government. My sympathy goes out to the Poles and Ukrainians. Here are a people who have been promised their freedom, promised their liberty, now being conscripted by the thousand to start another war against Russia.[133]

Bevin's motivation in supporting the dockers' action was not concerned with the Bolsheviks, but rather with British foreign policy in Eastern Europe. The war, which he claimed was being stoked by Western powers, was an unnecessary blow to peace in the region and the self-determination of the nations involved. Notably, he also used his conference speech to decry Lloyd George's government for not opening trade up with Soviet Russia after the Bolsheviks had seized power.[134]

Elsewhere in organised labour, the industrial general secretary of the National Union of Railwaymen, Charlie Cramp, was perhaps more enthusiastic about defending socialism in Russia; 'international capitalism would crush this young Republic', he told the annual general meeting. Nevertheless, his opposition to intervention was primarily about addressing Britain's inflation and rising cost of living: 'it is obvious that any efforts in this direction must be greatly hampered, if not frustrated, by the absence of the opportunity to draw upon the materials that Russia possesses to a remarkable degree.'[135] Thus, like Bevin, Cramp was denouncing the war for its apparent impediment to reopening trade.

The Polish-Soviet War had largely been a background event for British politics, until early August 1920 when negotiations between the two sides broke down and the Red Army resumed its advance into Poland. Consequently, the possibility emerged of British troops being used to defend Poland's independence. Labour saw this as the beginning of a new war with Soviet Russia. MPs and the party executive quickly met to form the Council of Action, a body to co-ordinate opposition to Britain becoming directly involved in the conflict.[136] This was the most prominent public campaign in Anglo-Soviet relations, perhaps more so than the 'Hand off Russia' Committee, which had been founded by British socialists in 1919 with the purview of supporting recognition of the Soviet government.[137]

The Council of Action was primarily concerned with anti-war goals, yet it also disseminated internationalist arguments against intervention and publicly presented its opposition from both angles. In leaflets published in 1920, high prices and unemployment in Britain were attributed to the

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[133] MRC, Minutes of the Triennial Delegate Meeting of the Dock, Wharf, Riverside and General Workers' Union of Great Britain and Ireland, May 1920, 126/DWR/4/3/2.
[134] Ibid.
[135] 'Munitions for Poland: Statement by Mr Cramp', *The Railway Review*, 04 June 1920, p. 9.
[136] Stephen White, p. 43.
[137] For more on 'Hands off Russia' see: Macfarlane; Stephen White, pp. 36-38, 42.

blockade while in Soviet Russia, it was claimed, it was the driving force behind the civil conflict. In addition, the Council had also printed this assessment:

> But in their fear and hatred of Socialism in power and in practice, the interests pulling the strings to which our Ministers respond, think of the Blockade only as a military weapon – albeit against a nation on whom no war has been declared – and so are cynically indifferent to the damage, inconvenience, scarcity, and unemployment caused thereby to forty-five millions of their fellow-countrymen.[138]

Grievances against the British governments' Russia policy were therefore becoming amalgamated. Thus, economic arguments against intervention were hard to separate from the ideological motivations. Another Council of Action leaflet, in answer to the question 'Why are the Russian markets closed?', stated: 'Because the Allied capitalistic governments are making every effort to destroy the anti-capitalist government of Russia.'[139] A further example of more tangible arguments comes from a 1920 pamphlet – *Peace with Russia and the Housing Market* – which claimed the import of Russian timber would bring down rents and unemployment through new house building.[140] Likewise, other literature promised cheaper food and more jobs through making peace with the Soviets.[141]

Opposition to interference in Poland, therefore, tried to represent the spectrum of reaction within Labour to the Bolsheviks. In fact, the Council of Action's manifesto included a useful summary:

> The refusal of the workers to make war on the Soviet government does not imply that they necessarily approve the principles upon which that government is based, still less everything which it is reported to have done… Yet the British government has not only refused to recognise the first workers' republic established in the world, but for two years have maintained a virtual blockade which in its effects is ferociously cruel.[142]

The fact that the Council's manifesto would refer to Soviet Russia as the first 'workers' republic' is yet more evidence of a significant element of the British labour movement that regarded the Bolsheviks' regime as a legitimate experiment in socialism. This was a significant contributing factor to Labour's opposition to intervention in Poland, albeit intertwined with economic arguments. There was even one pamphlet that praised the Bolsheviks for bringing self-determination to the border states, going so far as to call Soviet Russia a 'peacemaker.'[143]

Judging the impact of the Council of Action or 'Hands Off Russia' on British policy is a difficult task. Historians have been dismissive of the latter as having tangible influence, but the public

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[138] MRC, The Blockade of Russia, 1920, 292C/946/4/1.
[139] MRC, Peace With Russia, 1920, MSS.292/947/1/31.
[140] MRC, Peace With Russia and the Housing Problem, 1920, 292/947/1/32.
[141] MRC, Unemployment and the War with Russia, 1920, 292/947/1/33.
[142] MRC, Manifesto, 1920, 21/558/i-iii.
[143] MRC, What Soviet Russia Has Done, 1920, 292/947/1/30.

opposition to intervention in Poland did have a noticeable bearing on the Prime Minister and the Cabinet's decision-making in August 1920.[144] The other major influence on Britain's Russia policy in 1920 from the labour movement came in the form of the delegation of Labour Party and TUC representatives who visited Soviet Russia between April and August. The delegation was the first major acculturation of Soviet Russia in Britain, and their final report was notable for challenging the pictures of Soviet Russia presented by the press.[145]

For the purposes of this thesis, the 1920 delegation is useful in continuing the examination of the labour movement's support for friendly relations with the Bolsheviks. Stephen White's analysis is that the reaction of the labour movement to the Soviet government was one of necessity, rather than ideology. He points out that there was very little interest in Bolshevik dogma in the Labour Party, or wider British society. The visit to Soviet Russia in 1920 merely cemented the ideas in the labour movement that the Bolsheviks were the established authority that should be given diplomatic recognition, and that access to Russian markets would be an important part of dealing with Britain's high unemployment.[146] More recently, a quite different interpretation has been offered by Jonathan Davis. He posits that the views of Soviet Russia, particularly within the Labour Party, were largely dictated by pre-existing views on socialism. The most moderate of socialists, or social democrats – Ramsay MacDonald being the prime example – saw nothing for British workers in Soviet Russia. However, the overall findings of the delegation were not quite so dismissive. Delegates largely blamed the problems they witnessed in Soviet Russia on circumstances inherited from the Imperial government, in addition to problems caused by the Civil War and Allied intervention. Despite the Bolsheviks' authoritarianism, it was perceived to better to have a socialist government in power, rather than a capitalist or autocratic one.[147]

Ethel Snowden, member of the Independent Labour Party (ILP), was one of the delegates most critical of the Bolsheviks. Yet, she did not oppose them because of their ideology, rather because of their authoritarianism and policy of terror. Even before she had seen Soviet Russia first hand, she endorsed very cautious, but not fundamentally anti-Bolshevik views. This is demonstrated by her foreword to an ILP-published manuscript, *The New Russia*, by Leo Tolstoy's biographer, Pavel Birukov. Snowden was enthusiastic about his perspective: 'his conversation about the present state

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[144] See Chapter 5.
[145] For more on the delegation see: Stephen White, p. 14; David Ayers, *Modernism, Internationalism and the Russian Revolution* (Edinburgh: Edinburgh University Press, 2018), p. 107.
[146] Stephen White, 'British Labour in Soviet Russia, 1920', *English Historical Review*, 109 (1994), 621-640, p. 622.
[147] Jonathan Davis, 'Left out in the Cold: British Labour Witnesses the Russian Revolution', *Revolutionary Russia*, 18:1 (2005), 71-87, pp. 84-85.

of Russia was so interesting that it occurred to me that it would be very useful if his experience and knowledge of Russia could be made known in Great Britain. The fact that Mr. Birukoff is not a Bolshevist makes his impressions and statements all the more valuable.' Indeed, Birukov was not a Bolshevik, and his assessment derided their violent methods. However, he was not critical of their goals: 'we fully approve their plans of construction, we admire the beauty of their architecture, but we fear that the whole building will come to destruction if a more solid foundation does not replace that which has been used in the passion to build quickly.' Perhaps more pertinently, he concludes: 'there is one other aspect of the present system which wins our sympathy, and that is the recognition of the workers' rights, which formally did not exist at all.'[148] This is a useful summary of perceptions of Soviet Russia at the time from democratic socialists; that the Bolsheviks' regime, while having very objectionable characteristics, was preferable to the Tsar or to Kolchak.

The delegation, as a whole, leaned towards such perceptions of Soviet Russia as a genuine, if imperfect, realisation of socialist ideals that was preferable to the alternatives. Take the final summary of their report, for example:

> Whether, under such conditions, Russia could be governed in a different way – whether, in particular, the ordinary processes of democracy could be expected to work – is a question on which we do not feel ourselves competent to pronounce. All we know is that no practical alternative, except a virtual return to autocracy, has been suggested to us.[149]

As shown in Chapter 2, the British government largely agreed with the assessment that alternatives to the Soviet government that presented themselves were almost certain to result in autocracy in some form. Yet, by the time this report was published in July 1920, the government had abandoned support for the remnants of the White armies, making the delegation's protest redundant. However, the final report also provided an assessment of the Bolsheviks' time in power:

> The Russian Revolution has not had a fair chance. We cannot say whether, in normal conditions, this particular Socialist experiment would have been a success or a failure. The conditions have been as would have rendered the task of social transformation extraordinarily difficult, whoever had attempted it and whatever had been the means adopted. We cannot forget that the responsibility for these conditions resulting from foreign interference rests not upon the revolutionaries of Russia, but upon the Capitalist Governments of other countries, including our own.[150]

Thus, the delegates were inclined to give the Soviet government the benefit of the doubt over the conditions they had witnessed. Some people were willing to believe that the Allied intervention and blockade were partly, if not chiefly responsible for Soviet Russia's economic woes. For the British

[148] MRC, The New Russia, 1919, 15X/2/209/26.
[149] MRC, British Labour Delegation to Russia 1920 Report, July 1920, 292/947/60/18.
[150] Ibid.

labour movement, therefore, trading with Soviet Russia was a remedy to both Britain's domestic economy and the problems faced by the Bolsheviks' socialist experiment.

Nevertheless, there was still scepticism from the British left towards the Bolsheviks and their policies. Ramsay MacDonald chose to visit Georgia under its Menshevik government, rather than Soviet Russia, in a strong indication that the first Labour Prime Minister thoroughly rejected communism in favour of democratic models of socialism.[151] However, as above evidence has shown, such wariness did not discount the perceived value of trade to the British economy. Even if Labour leaders were repulsed by aspects of the regime in Moscow, there were still issues that could ostensibly be resolved through trading with them. This is yet another contributing factor to the strength of commerce as a vehicle for *rapprochement*.

There was certainly little enthusiasm for communism in the British labour movement, and while the desire to see action on unemployment and widespread anti-war sentiment made ideological sympathies with the Bolsheviks unnecessary for support for diplomatic relations, there was still a sense of Soviet Russia being a genuine experiment in socialism. One that organised labour in Britain had an interest in defending from outside interference. The combination of these material and ideological factors made the Labour Party – and the wider labour movement – a relatively united force in favour of formal relations with the Soviet government, despite some disagreements about ideology.

Labour's response to the Russian Revolution was, to an extent, mirrored by the policy of the British government as it moved towards diplomacy with the Bolsheviks. As discussed in Chapter 2, Lloyd George was acutely aware of the possible domestic reaction to any major expansion of military intervention, and consequently did not give consideration to arguments from Churchill, for example, which favoured sending more British forces to Soviet Russia. Trade, of course, was formally reopened in 1921. While official recognition was not afforded to the Soviet government until Labour was in power, British policy had already largely taken the route that the labour movement had wanted. This was partly down to Labour's parliamentary pressure but also the alignment with other interests which demanded commerce with Soviet Russia.

Conclusion

[151] Davis, p. 83.

Trade became the key vehicle for Anglo-Soviet *rapprochement* in 1920 and 1921, not just because of the disappointing outcomes of commercial intervention, but also a range of proclivities in a cross-section of British society. Chapter 5 will examine the intersection with politics more closely, but this chapter has detailed some of the interests from Britain in Soviet Russia before the 1921 trade agreement had been signed. These were often based in perceptions of Russia being an important emerging market, access to which would ostensibly help the post-war recovery of British exports. The agreement itself, therefore, can be interpreted as having practical commercial significance, rather than simply being a preliminary diplomatic accord. In one sense, it was a continuation of a process which had been happening for some time before the Russian Revolution: the integration of British companies into Russian markets. Nevertheless, there are also impacts of the aftermath of the First World War to consider.

In 1920, the need for bolstering exports was gathering pace as the realities of diminished trade were setting in. This was particularly true for textiles companies like Horrockses Crewsdon whose sector of industry had been heavily reliant on overseas markets. It is no surprise, therefore, that many of the earliest contracts made with Leonid Krasin's trade delegation were by textiles companies.[152] Horrockses itself waited until an agreement had been finalised to sell directly to ARCOS, but its interest in Soviet trade was representative of a broader trend. The Bolsheviks' zealous anti-capitalism had not been enough to dissuade every British capitalist from doing business with them. Perhaps the best example of this interaction was BECORS, who maintained some production at the Mytishchi Car Works for the new Soviet government in 1918. Vickers may have attempted a similar arrangement in Tsaritsyn, but the evidence for this is not entirely conclusive.

The often-intangible relationship between British industry and government regarding the consequences of the Russian Revolution means private business interests are not, on their own, a complete answer to the question of why Britain reached an agreement with the Bolsheviks in 1921. Business representatives – Urquhart, most notably – unsuccessfully pursued compensation for losses in Soviet Russia but did ultimately get proper access to its markets. Arthur Marshall's petition to the Prime Minister came at an opportune moment in British policy, and it must be considered that Lloyd George moved to have the blockade lifted with the needs of British industry in mind. Furthermore, Chapter 5 will show how calls for recompense were not entirely ignored, rather they were deprioritised over the course of negotiations as a way of making concessions to the Soviet government in pursuit of a trade deal. Although compensation had been a priority for some businesses, reopening trade was a more widespread proclivity.

[152] See Chapter 5.

Here, the role of the British labour movement in Anglo-Soviet relations converged with that of capitalists. Like some sections of industry, labour representatives saw Soviet markets as a much-needed boon to the domestic British economy, one which would lower prices and unemployment. Of course, there were also ideological motivations for the left of British politics in their approach to the Russian situation. There was a sense of the Bolsheviks engaging in a genuine attempt to establish a socialist state, even if most of the Labour Party and trade unions were concerned by their violent methods or disagreed with certain aspects of their ideology. Internationalism was also a reason to oppose policies of blockade and intervention, as it was too for the co-operative movement. The result of these factors was quite consistent support for peaceful relations with the Soviet government. In 1919, it was opposition to intervention and backing for prisoner exchanges with Moscow, in a prelude to further diplomacy. In 1920, it was opposition to the blockade and to further military intervention, this time in Poland.

Herein lies the significance of commercial and economic facets of early Anglo-Soviet relations. The ostensible need to reopen trade had bridged traditional divides to present the British government with a practical solution to the Russian situation. While these proclivities were certainly not universal, they were prevalent enough to apply pressure to a government which had never unanimously agreed upon the new direction of the Russia policy in 1920. As the final chapter will show, economic and commercial imperative was key to overcoming the internal disputes and fundamental distrust between the two governments which stood in the way of achieving results through the diplomatic process.

V. Anglo-Soviet Diplomacy and the Trade Agreement

This final chapter will examine the diplomatic processes between 1918 and 1921 and its denouement in the Anglo-Soviet Trade Agreement. Direct negotiations between the British and Soviet governments in this period were sometimes turbulent but ultimately successful for those who sought to reopen trade. What this chapter will demonstrate is how Britain's entry into formal diplomacy with the Soviet government – and the signing of the 1921 Trade Agreement – required the underlying economic and commercial pressures previously discussed to overcome the obstacles that remained after the end of their military conflict. These pressures also led the British government to make some key concessions to the Bolsheviks in the hope that this would later be reciprocated in matters of commerce.

The first attempt at dialogue with the Bolsheviks was Robert Lockhart's mission to Russia in early 1918 which achieved very little in the way of diplomacy. Co-operation with the new regime was extremely limited and once Britain's presence in the North was established, little was done to avoid the rupture that occurred in the summer of 1918. The AVPRF show that the Soviet government maintained communication with London throughout intervention, although this did not mean they necessarily received replies. Britain, meanwhile, did engage in diplomacy with the Soviets during its involvement in the Civil War, albeit to a very limited extent in pursuit of prisoner releases. Once the Allies had begun their withdrawal from Russia and it became ever clearer that the Whites were losing, diplomacy with the Soviet government quickly expanded in scope as economic concerns steadily climbed in priority.

The People's Commissar for Foreign Affairs, Georgii Chicherin, of course had a key role to play in diplomacy with Britain. A history graduate from a Russian noble family, Chicherin was living as an émigré in London in 1917 where he was arrested and then deported for propagandist activities. Having worked as an archivist for the imperial foreign ministry before then, he likely took inspiration in his work from Alexander Gorchakov, a foreign minister of Tsar Alexander II.[1] The Soviet delegation, however, would be led by Leonid Krasin, who was undeniably the Bolshevik most suited to the job of negotiating a trade agreement with Britain. He had been an engineer by training, working for a German firm some years before the Revolution. His experience would secure him the role of Commissar of Trade and Industry, and later Commissar of Foreign Trade. As the former he had proven himself to be hard-working and, more importantly, pragmatic. He had, for example, seen the need for the old technical specialists to be employed in order to keep industry and infrastructure

[1] Ullman, vol I, pp. 33-35; Debo, *Survival and Consolidation*, p. xi.

moving.[2] His understanding of finance in the capitalist world would be of great use when it came to arguing against the Soviet government taking on the old Russian debts.[3] Neither of these men were what might be considered 'typical' Bolsheviks, but their perspectives were instrumental in negotiating a trade deal with Britain. Krasin in particular earned much respect from his counterparts in London, which worked in his favour when the Soviet delegation faced calls for their expulsion.

Meanwhile, in October 1919, Balfour resigned his position as Secretary of State for Foreign Affairs to be replaced by George Curzon. This could have been a significant shift for the Foreign Office – Curzon being firmly anti-Bolshevik, whereas Balfour had tried to steer British policy down a 'middle-course' – but its influence on Britain's Russia policy was diminished as economic concerns took precedent. As will be discussed, the Foreign Office was not given charge of negotiations in 1920, which fell instead to E F Wise and the Board of Trade. Sources from the Foreign Office, however, will still be purposive to this chapter. While Soviet delegates were present in Britain, their telegraphic communications with Moscow were intercepted by British Military Intelligence and some translations of these messages appear in Foreign Office records alongside other related documents. The Foreign Office was not excluded entirely from the processes leading up to the 1921 agreement, but it was not responsible for any of the specifics, and the final signature from the British government was provided by the President of the Board of Trade, Robert Horne.

This chapter will cover the key facets of Anglo-Soviet diplomacy between 1918 and 1921: the Allies' attempt at peaceful resolution to conflict in the former Russian Empire, prisoner exchange negotiations, and trade negotiations. Chronologically, these overlap with events covered in previous chapters and will tie together the established themes by examining their interaction with the diplomatic processes. The impact of the loose coalition of interests in Britain can be observed at various points throughout the period in question. Pressure from Labour encouraged engagement in prisoner exchange negotiations, which facilitated preliminary explorations of trade, and strongly opposed further military intervention in 1920. Meanwhile, businesses were divided in their opinions on diplomacy with the Bolsheviks, but some were already drawing up contracts with Krasin, validating the pursuit of a trade deal and further promoting the idea that Soviet Russia would be a source of abatement for Britain's economic troubles.

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[2] Timothy Edward O'Conner, *The Engineer of Revolution: L B Krasin and the Bolsheviks 1870-1926*, (Boulder: Westview Press, 1992), p. 160.
[3] Glenny, p. 68, n. 17.

The Prinkipo Proposal

In the first months of the Paris Peace Conference, the Allies – principally Britain and the United States – initiated an attempt to find a diplomatic solution to the Russian Civil War. Crucially, this involved inviting the Soviet government to talks with their opponents, which would ultimately fail as anti-Bolshevik representatives refused to attend. The historiography of Prinkipo generally understands it as a poorly executed attempt at diplomacy by the Allies. John Thompson's assessment, for example, concludes that they fundamentally misunderstood the Russian Civil War, believing the various factions would cease hostilities and be willing to negotiate after a single interjection by the Paris Peace Conference.[4] For the purposes of this chapter, the Prinkipo Proposal is useful in examining the general mood towards diplomacy with the Bolsheviks shortly after the armistice with Germany. Namely, it demonstrates how, at this point, Lloyd George was quite isolated within the British government in trying to pursue negotiation in both principle and method. However, this episode in diplomacy was also an indication to the Prime Minister that negotiation with the Bolsheviks was not an impossible goal.

On 2 January 1919, British embassies received instruction from the Foreign Office to propose to Allied nations a communication to the various competing Russian governments. They were to be invited to discuss a peace settlement with Allied representatives providing that warring parties ceased hostilities. The invitation would be sent to Admiral Kolchak, General Denikin, Nikolai Chaikovskii – head of the Allied-backed Supreme Administration of North Russia – and the Soviet government.[5] This became known as the Prinkipo proposal; after the Greek name for the Turkish island of Büyükada where talks were to be held. The proposal was controversial for its invitation to the Bolsheviks, and there were doubts within the British government over the consequences. Concerns were raised in the Cabinet over how involvement of the Soviets in diplomacy would be received by the forces they were meant to be backing. Curzon, believing the Reds currently had the upper hand in the war – and that the Allies may bear some responsibility for that – saw the invitation to Prinkipo as a message to anti-Bolshevik governments that the Soviet government was being afforded the same recognition as they were.[6] Arthur Balfour, although not entirely opposed to the idea, did not put much faith in it. Explaining to Churchill in a letter he says: 'I see great merits in the Prinkipo Scheme from the point of view of English and American Public Opinion, but I am not the

[4] Thompson, p. 129.
[5] TNA, Telegram to Paris, Rome, Washington and Tokyo, 02 January 1919, FO 371/3954.
[6] TNA, War Cabinet 531, 12 February 1919, CAB 23/9/18.

inventor of it, and never felt as enthusiastic about it as the Prime Minister, who was its author and to whom all the credit of initiating it is due.'[7]

The 'great merits' in the proposal were the chance it provided to assure the public that Britain was not entering into a new war in the East. Having previously spoken for Britain's 'obligations' in Russia, however, it is clear why Balfour would want to distance himself. It had the potential to make relations with other Russian authorities much more fractious and leaned too far towards recognition of the Soviets. Furthermore, the Prinkipo Proposal had become a point of contention with the French government. In a large difference in opinion with Lloyd George, French Prime Minister Georges Clemenceau strongly objected to negotiations involving Soviet representatives.[8]

A lot of the objections to the proposal had been motivated by opposition to diplomacy with the Bolsheviks, however, there were also reservations from those who wanted to pursue peace with the Soviet government. In February 1919, while Churchill made the case for war at Paris, the Prime Minister's personal secretary, Philip Kerr, wrote to Balfour to advocate a very different policy:

> Won't it be a great mistake to break off relations with the Bolsheviks altogether? Once we have done that we only have three alternatives: war on Soviet Russia; evacuation – both equally bad – or to go on with that most difficult and dangerous course which we are now pursuing, backing our friends just enough to keep them alive and no more.
>
> The defect of the Prinkipo proposal was that it assumed an attitude of neutrality, whereas the facts were that we were fighting with Koltchak and so against the Bolsheviks. Let us now abandon the pose of neutrality and deal with the Bolsheviks as one belligerent to another. Let us say to them; We have no intention or desire to attack or conquer Soviet Russia unless you force us to do so; on the other hand we mean to stand by our friends and not allow you to eat them up …
>
> … This seems to me an honourable and clear-cut proposal. We are bound to defend Koltchak & Co. We are surely not bound to conquer Soviet Russia for them.[9]

Kerr's letter also argued that an armistice in Russia would hasten end of the Soviet government, or possibly push the Bolsheviks towards more moderate policy. His observation about the assumption of a position of neutrality was a fairly astute one. It was surely a mistake of the Allies to try to broker a peace between two sides when they outwardly supported one, who now felt alienated by the equal treatment given to the Bolsheviks. Meanwhile, they were asking the Soviets – their opposition in the conflict – to cease hostilities with no guarantees. Kerr's suggested approach was also, at that

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[7] TNA, Copy of a letter from Mr. Balfour to Mr. Winston Churchill, 16 February 1919, FO 800/215.
[8] Lloyd George was said to be furious with Clemenceau for prompting Balfour to suggest cutting the Bolsheviks out of future talks the day before he secured consent for Prinkipo from the British Empire Delegation at Paris, see: Ullman, vol II, pp. 105-106.
[9] TNA, Note to Balfour, 16 February 1919, FO 800/215.

time, unrealistic. Approaching the Bolsheviks as enemies seeking peace would be difficult when the British government would not even acknowledge their involvement in Soviet Russia as a war.

Ultimately, what gave the Prinkipo Proposal any momentum was support from the United States. On 1 February, when the time came to make a decision on whether to send the proposed communication to the Soviets and their opposition, Clemenceau's objection was overruled. It was Lloyd George and Woodrow Wilson who 'insisted' – in the words of the President's aide, Cary Grayson – that the offer was sent.[10] Wilson had been reluctant to intervene in Russia in 1918, and his position was unchanged. It was a largely ideological stance; an attempt to uphold the principle of self-determination after the First World War. The sixth of his 'Fourteen Points' – from his speech in January 1918 setting out his objectives for peace – was specifically concerning Russia's future:

> The evacuation of all Russian territory and such a settlement of all questions affecting Russia as will secure the best and freest cooperation of the other nations of the world in obtaining for her an unhampered and unembarrassed opportunity for the independent determination of her own political development and national policy.[11]

After the Revolution of 1917, Wilson believed it necessary to allow Russia to decide by popular consent what sort of state should replace the Tsarist regime. Although conditions had changed between this speech and the start of the Paris Peace Conference, Wilson was still backing self-determination for Russia, much to the advantage of the Prinkipo Proposal.

The US military too was home to significant doubts about intervention in Soviet Russia. The commander of American troops in Siberia, General William Graves, had been arguing against intervention since before they landed. After the armistice with Germany, Graves was keen to evacuate as early as possible, as he explained to the US War Department:

> I think some blood will be shed when troops move out but the longer we stay the greater will be the bloodshed when allied troops do go, as in effect each day we remain here, now that the war with Germany is over, we are by our mere presence helping establish a form of autocratic government which the people of Siberia will not stand for and our stay is creating some feeling against the allied governments because of the effect it has.[12]

Graves' position was not far from Wilson's. He did not regard Kolchak's government as legitimate, and again objecting to interference in Russian domestic affairs contrary to the principle of self-determination. This is where British and US military attitudes to the Russian problem diverge. The

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[10] The Woodrow Wilson Presidential Library & Museum (WWPL), Cary T Grayson Diary, 01 February 1919, WWP17054, <http://presidentwilson.org/items/show/18774> [accessed November 2019].
[11] 'President Wilson's "Fourteen Points", January 8, 1918', in *The Diplomacy of World Power: The United States, 1889 – 1920*, ed. by Arthur S Link & William M Leary Jr., (Edinburgh: Edward Arnold, 1970), pp. 148-153 (p. 151).
[12] WWPL, Full copy of Cablegram received at the War Department, 21 November 1918, WWP25521, <http://presidentwilson.org/items/show/27656> [accessed November 2019].

British commanders in Russia were set on aiding anti-Bolshevik forces before their inevitable withdrawal whereas the priority for the US was to avoid becoming entangled in another conflict. The American military representative at the Paris Peace Conference, Tasker Bliss, explained to the British government that this was the reason for their supposed 'indifference' to Soviet Russia. In a memorandum for Balfour, he wrote: '[the US] Government and people will not engage in a new war of unknown extent and duration until the present war is ended by a declared and settled peace.'[13]

The Prinkipo Proposal therefore received Allied consent because it was a possible path out of intervention and might assuage fears of a protracted conflict. For most of the belligerents of the war, however, it did not provide any real solutions. The Soviets were the only Russian recipient – the governments of Ukraine, Latvia and Estonia accepted – to agree to peace talks. Yet, in their reply they did not agree to a cessation of hostilities; terms which the British government would not accept.[14] Hence, the proposed peace talks were abandoned before the end of February.

Meanwhile, the Bolsheviks had a mixed response to the Allies' communication. Moscow was well aware of the Allies' lack of policy co-ordination, but there was nonetheless a wary reaction to the invitation. Lenin and Trotsky were cautious, fearing it could be some sort of trap or a ploy for the United States to lay claim to tracts of Siberia or the South.[15] In a speech to the Petrograd Soviet on 27 January, later circulated by the British Foreign Office's Political Intelligence Department, Grigorii Zinoviev denounced the offer from '*bourgeois* Ministers' in Paris:

> The Soviet Government will not lay down its arms at the present moment, and now, when the "Allies" are beginning to put their tail between their legs, we will increase our efforts and appeal to our peasantry, and our Red Army and our Fleet, to all the workers, and we will say to them: "You see the first fruits of our work!"[16]

While this is an answer based in rhetoric, it nevertheless exposes one of the main problems with the proposal: the Bolsheviks were not prepared to cease hostilities at the behest of the Allies. The Soviets in early 1919 were facing a large encirclement of opposing forces, but there was no indication from their response to Prinkipo that the Bolsheviks viewed their military position as undefendable.

This is not to say however that the Bolsheviks were entirely opposed to negotiations. Zinoviev's speech was actually a far cry from the Soviet foreign ministry's initial response to the prospect of talks. After learning of the proposal, Chicherin sent out a communication to the Allies in which it was stated:

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[13] TNA, Memorandum, 17 February 1919, FO 800/215.
[14] TNA, Memorandum on the Russian Situation, 15 February 1919, FO 800/215.
[15] Debo, *Survival and Consolidation*, pp. 36-8.
[16] TNA, Memorandum on the Prinkipo Proposal, 21 February 1919, FO 418/53.

> Although the situation of Soviet Russia is becoming every day more and more favourable both from a military and interior point of view the Russian Soviet Government evaluates so highly the conclusion of an agreement which will put an end to the hostilities that it is ready to enter immediately into negotiations to that end.

Moreover, his telegram went as far as to claim that the regime was ready to make significant concessions in future negotiations.[17] This is the most important outcome of the Prinkipo Proposal; the acknowledgement from the Bolsheviks that they did see a path to engaging seriously in diplomacy.

The Prinkipo scheme had failed because it attempted to initiate diplomacy entirely on the Allies' terms. It was an error of judgement but there had been a genuine intention to instigate a peace process and eliminate the need for military intervention. Lloyd George certainly presented his approach as such in his memoirs of the Paris Peace Conference: 'I was becoming more and more convinced that world peace was unattainable as long as that immense country was left outside the Covenant of Nations. I acted upon that conviction up to the end of my Premiership.'[18] However, it was evident over the course of the Prinkipo episode that many of his own colleagues and Allied statesmen were not ready to include the Bolsheviks in diplomacy. Initiating diplomacy with Soviet Russia would require changes in circumstances and priorities. Furthermore, this attempt at diplomacy was absent of any discussion of commercial or economic factors, which had yet to coalesce into the pressures that would later impact Anglo-Soviet relations.

Prisoner Exchanges

As with any war, both sides in the conflict between the Soviets and the Allies had taken prisoners. For the British government, this presented an awkward situation. They could not simply leave British citizens – mainly soldiers – to their fates in Soviet Russia, yet it was also policy to forgo formal relations with the Bolsheviks. The result was the first formal talks and agreement between British and Soviet officials. Historians have ascribed various degrees of importance to these talks to the broader inception of Anglo-Soviet relations. Richard Debo concluded that while the British government pursued negotiation as a way to solve a very specific problem – namely British citizens

[17] AVPRF, op. 1, d. 2, p. 1, l. 113.
[18] David Lloyd George, *Memoirs of the Paris Peace Conference*, vol I (New Haven: Yale University Press, 1939), p. 207.

being held in Soviet Russia – the decision also reflected the opposition in public opinion to further war in the East, and the difficulties this presented to interventionists.[19]

Debo later wrote that the Copenhagen negotiations were important for Lloyd George's direction as they demonstrated to him two things: firstly, that the political climate would prevent him from making a straightforward attempt at a formal peace, and secondly, that he could not afford to do nothing on the Russian question. A further significance he assigns to the prisoner exchange talks is that they provided Lloyd George an opportunity to signal to the Bolsheviks that Britain was ready to conduct diplomacy. Other historians have not presented prisoner exchange negotiations with quite as much significance. Evgeny Sergeev, for example, discusses them simply as part of a wider shift in British policy that was occurring towards the end of 1919 with the evacuations of Allied troops.[20] Richard Ullman too, briefly examined the talks as a sign of a change in relations between Britain and Soviet Russia.[21] This, however, provides the biggest divergence in the historiography of the prisoner exchanges. Ullman concluded that the British government's motivation for these talks were an 'unwavering desire' to repatriate British prisoners, and that this pre-empted any complaints that they might result in *de facto* recognition of the Bolsheviks. Richard Debo describes how precisely such objections were raised at the time, only to be tempered by assurances from Lloyd George.[22]

Another key point to be drawn from the historiography is the role in prisoner exchanges given to the Labour Party. Labour MPs have been identified as the main source of parliamentary pressure for the repatriation of British prisoners. It was a Labour MP, James O'Grady, who would be sent to negotiate with Maxim Litvinov in Copenhagen for a general agreement after the withdrawal of British troops from North Russia. This episode in diplomacy therefore provides a view to some of the first tangible effects of the pressures that were building in Britain which desired peaceful relations with the Soviet government. Hence, the following examination of prisoner exchanges will frame them largely as a reflection of the general state of progress in Anglo-Soviet relations, and of the changing mood in the British government. There was a discernible change in the nature of prisoner exchanges around October 1919, when military intervention was coming to an end and the Red Army appeared to be taking the upper hand on most fronts of the war.

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[19] Richard K Debo, 'Prelude to Negotiations: The Problem of British Prisoners in Soviet Russia November 1918 – July 1919', *The Slavonic and East European Review*, 58:1 (1980), 58-75, p. 75.
[20] Sergeev, p. 85.
[21] Ullman, vol II, pp. 339-40.
[22] Debo, 'Lloyd George and the Copenhagen Conference', pp. 429, 435.

For the Bolsheviks, the necessity of exchanges had been an opportunity to initiate diplomacy with the British government. To this end, Maxim Litvinov had been signalling readiness for prisoner exchanges since late 1918.[23] In January 1919, Chicherin telegraphed a proposal to London for the exchange of a captured British mission – eight officers and three soldiers – for a Bolshevik Commissar held in Reval and some members of the Baku Commune arrested by British forces.[24] This request was followed up in February with another for a Soviet commission to be allowed into Britain 'in order to organise together with the British authorities the exchange of the Russian prisoners and in order to give every possible aid in this respect to the British Government.'[25] The Commissar for Foreign Affairs therefore saw the need for prisoner exchanges as an opportunity for the Soviets to get representatives into London. The British government would not be considering such requests, instead looking for a middle ground in which they could secure releases without stepping too close to any sort of diplomatic recognition of the Soviet government. The Foreign Office, seeing the need for prisoner exchanges, sent a representative to negotiate with Chicherin's deputy, Lev Karakhan. After months of negotiations, eighteen Britons were exchanged for two Bolshevik commissars on the Russian-Finnish border on 26 May.[26] This was near the height of the direct conflict with Soviet Russia, only a few days after Maynard's forces reached Lake Onega and weeks before Ironside began his advance along the Dvina River. This would suggest, therefore, that the necessity of exchanging prisoners and protecting British citizens was the principal motivation for the British government to conduct talks with the Bolsheviks, rather than this being part of any wider shift in policy.

However, as the circumstances of the Civil War changed – the failure of Kolchak's forces to reach the North, the start of Denikin's retreat in the South and Iudenich's campaign in the Northwest – so too did the nature of prisoner exchanges. Chicherin continued to request talks from London and British commanders, but with more managed expectations. In June, he proposed a general exchange of prisoners with the Allied forces in North Russia; an idea roundly rejected by General Ironside. This was followed up at the beginning of July with Chicherin again appealing for face-to-face talks: 'it is quite obvious that negotiations by the way of exchange of radiogram cannot lead to any satisfactory results.' This time he had a compromise to offer in the way of a solution: 'anticipating however the objections of the British government to our representatives coming to England we proposed alternatively to enable them to come to [a] neutral country.'[27]

[23] Debo, 'Prelude to Negotiations', p. 61.
[24] AVPRF, op. 1, d. 2, p. 1, l. 110.
[25] AVPRF, op. 1, d. 2, p. 1, l. 123.
[26] Debo, 'Prelude to Negotiations', p. 70.
[27] AVPRF, op. 1, d. 2, p. 1, l. 147.

In the following months, the Bolsheviks remained adamant that prisoner exchanges had to be conducted through formal face-to-face negotiation. They again communicated to Ironside at the end of August that 'the exchange of prisoners of war negotiations can only be entered into by Government of the Russian socialist Soviet Republic with the British Government on condition that representatives of the Russian socialist federative Soviet Republic may be sent abroad.'[28] There was still no acquiescence from London to the requests, but this stance could not be maintained for much longer.

By October, the British government had few options remaining in the matter of prisoners in Soviet Russia. The end of parliamentary recess was sure to bring more scrutiny to the issue, and a general agreement on prisoners would be the only way to lay the problem to rest. There were still strong objections to any such negotiations, most notably from Winston Churchill, but the Foreign Office was now ignoring them. Curzon invited Chicherin to send a Russian Red Cross member to Denmark for official talks, although it would be Litvinov who would attend.[29] This had been Chicherin's proposal in June, suggesting that this was a deliberate compromise by the British government. This, along with the disregard of objections to talks, is evidence that it was now using prisoner exchanges as a way of exploring the possibilities for a formal peace agreement with the Soviets. There was good reason to think that it was an appropriate time to pivot in such a way. North Russia was being evacuated without the Allies leaving behind a Russian force that could be expected to defend it. Meanwhile, Iudenich's assault on Petrograd was starting to fail, as had been anticipated. More broadly however, there were gulfs between the British government and the Whites (see chapters 2 and 3) that made relations with the Soviet government an ever more attractive prospect.

The Copenhagen Conference was the site of the first formal agreement made between the Soviet and British governments, concluded in February 1920. The Soviets were represented by Maxim Litvinov, while the British government was represented by Labour MP James O'Grady. Historians have previously been drawn to the question of why O'Grady was sent to Copenhagen, and not someone from the Foreign Office as had been done with the earlier talks. Richard Debo's answer was that pressure for prisoner exchanges in the British Parliament was largely driven by Labour MPs, but O'Grady had also been a strong pro-war voice and so his appointment was not met with major objections from Conservatives.[30] Another possible answer is that this was the beginning of interventionists and anti-Bolsheviks being excluded from negotiations with Soviet Russia. Historians

[28] TNA, Telegram from General Ironside to War Office, 29 August 1919, WO 106/1159.
[29] Debo, 'Lloyd George and the Copenhagen Conference', p. 432.
[30] Ibid, p. 433.

have previously pointed to a significance in the trade negotiations in 1920 of Lloyd George cutting the Foreign Office out of talks, which will be discussed further in the following sections. Copenhagen was the start of this tactic, ensuring that Britain was being represented by someone not adverse to diplomacy with the Soviets, or resolutely anti-Bolshevik. As Debo points out, although it was the Foreign Office who ultimately appointed O'Grady, as a Labour MP he was obviously not beholden to it or the Prime Minister. Importantly, he could be trusted not to impede negotiations with the Soviet government out of principle.

Historiography has also focused attention on the instructions that were given to O'Grady on his appointment. He was told explicitly that his mission was to secure the release of British subjects, and if Litvinov were to steer conversations towards other political matters, he was to report this to London. Debo concludes that the intended effect of this was to create a line of communication between Moscow and Downing Street, seemingly without Curzon's consent.[31] These instructions may have been more to deter O'Grady from any discussions outside his bounds than to confine talks entirely to the matter of prisoners. When rumours started circulating at the end of November that Litvinov and O'Grady were to begin exploring political matters, discussion reached the Cabinet where it was speculated that Litvinov might push for a concession regarding the blockade. Ministers were reminded of the instructions given to O'Grady, but the minutes' wording implies that expanding the scope of talks was not out of the question; he was forbidden from taking action in such circumstances, 'except on instructions from London.'[32]

The Cabinet did consider broader concessions during the Copenhagen talks, in response to Litvinov breaking off talks after it appeared he would not be getting negotiations towards a more wide-reaching settlement. At the end of December therefore the possibility was raised of providing the Soviet government with 30,000 tons of leftover food relief from US surpluses.[33] This is a strong indication that Copenhagen was now intended as a precursory meeting to much broader talks with the Soviet government. There had also been discussions earlier that month with Litvinov about clothing and drug shipments being allowed to and from Soviet Russia, something that Curzon believed he was 'not averse to.'[34]

In January 1920, Litvinov was again intent on obstructing talks as he looked for assurance that the blockade was being lifted, although he would eventually present a draft agreement to O'Grady.[35]

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[31] Ibid, p. 433.
[32] TNA, Cabinet 9 (19), 26 November 1919, CAB 23/18/10.
[33] TNA, Cabinet 18 (19), 23 December 1919, CAB 23/18/19.
[34] TNA, Letter from Curzon to Stanfordham, 02 December 1919, FO 800/157.
[35] Debo, 'Lloyd George and the Copenhagen Conference', p. 439.

The British government's own draft was approved by the Cabinet on 5 February, with the caveat that O'Grady would be withdrawn from Copenhagen if Litvinov did not accept.[36] The final agreement – signed on 12 February – however, was not identical to the British draft. Firstly, and most importantly, O'Grady had accepted a change to the article regarding the repatriation of British soldiers, which now allowed the Soviets to exclude from the agreement 'those committed for grave offences.' Secondly, it now allowed the Soviet government to maintain a representative in Western Europe until the terms of the agreement were fulfilled. Finally, it also committed the British government to acquiescing to any future agreement between Soviet Russia and Germany regarding the repatriation of Russian prisoners.[37] O'Grady's acceptance of Litvinov's changes prompted derision from the Foreign Office, even accusations of alcoholism.[38] The agreement itself however was not called into question, but the issue of British prisoners in Soviet Russia had not yet been laid to rest and would re-emerge during trade negotiations (see below). The final Copenhagen deal was therefore partly a concession to the Soviets, in both the acceptance of Chicherin's earlier proposal for talks and O'Grady agreeing to changes to the draft. This could be construed as an intended gesture of good faith, but public opinion and political pressures also went a long way to initiating the agreement. Even the King had made Curzon aware of his desire for the release of British prisoners from Soviet Russia.[39]

Early prisoner exchanges were designed to address a very specific issue but by the time of the Copenhagen Conference, negotiations were taking on a new dimension. This was an admittance of the reality of the Civil War at its current stage being almost entirely favourable to the Soviets. At Copenhagen, talks soon became precursory explorations of broader diplomacy, demonstrating that the British government would move quickly after the collapse of military intervention onto the path of *rapprochement* with the Soviet government. Therefore, it can be concluded that while the Allied withdrawal from Soviet Russia and the now apparent victory of the Red Army spurred some action towards diplomacy, the inherent motivations for the British government lay elsewhere.

As shown in Chapter 3, the failure of military intervention was not the only change in circumstance to occur between the Prinkipo Proposal and the Copenhagen Conference. The largely ineffective policy of commercial intervention was also proving that Britain's commercial ambitions

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[36] TNA, Cabinet 9 (20), 05 February 1920, CAB 23/20/9.
[37] TNA, Agreement between His Majesty's Government and the Soviet Government of Russia for the Exchange of Prisoners, 12 February 1920, FO 418/54. The British draft of the agreement can be found in the Cabinet Papers: TNA, The Negotiations at Copenhagen between Mr. O'Grady, M.P., and M. Litvinoff for the Exchange of British and Russian Prisoners of War and Civilians, February 1920, CAB 24/97/61.
[38] Debo, 'Lloyd George and the Copenhagen Conference, p. 440.
[39] TNA, Letter from Stanfordham to Curzon, 01 December 1919, FO 800/157.

were not compatible with its policy of forgoing relations with Soviet Russia. By the end of talks in Copenhagen the staging grounds for diplomacy were already shifting. The relaxation of the blockade in January was a clear sign that trade would become the dominant issue in Anglo-Soviet relations.

The Basis for Trade Negotiations

By the time the Allies took the decision in April 1920 to end the blockade of Soviet Russia for good, a Bolshevik trade delegation was ready to begin its work. Negotiations with the British government lasted between May 1920 and March 1921, with the result being the Anglo-Soviet Trade Agreement. Historians have already covered the talks in London in great detail.[40] This section will instead examine the initiation of trade negotiations, and the preconditions that were set by the British government. While political matters were in consideration, the core of Britain's position at the beginning of negotiations was the proclivity for reopening trade. For this reason, those leading negotiations for Britain were preparing to compromise on what quickly emerged as the most pressing issue: the assumption of Russia's debts by the Soviet government.

The British government had anticipated commerce dominating the Russian question since the early months of military intervention. The War Cabinet had generally agreed on this point in May 1918, when General Poole was dispatched to Murmansk.[41] During the period of intervention, this was even briefly examined as a possible path to relations with the Soviet government. In April 1919, at the Paris Peace Conference, the British delegation was faced with the possibility of the Bolsheviks granting 'concessions' to foreign capitalists; in this case, a Norwegian company known as Hannevig supposedly entered into an arrangement which involved building railways in Soviet Russia. In response to these reports, the French government issued a statement: 'any concessions granted by Soviet(s) Government or district and local Governments is regarded as invalid by [the] French Government.'[42] Britain would not be following suit. E H Carr's note on the subject was generally agreed on at the Foreign Office: 'I think it would be more prudent, while our Russian policy is in such a fluid state, to avoid committing ourselves to a declaration of this kind. I see nothing to be gained by it.'[43] The door had been left open to the possibility of commerce with Soviet Russia, but more specifically, it was the talk of 'concessions' to foreign businesses that had attracted interest.

[40] See, for example: Ullman, vol III; Stephen White, *Britain and the Bolshevik Revolution*; Glenny.
[41] TNA, War Cabinet 410, 13 May 1918, CAB 23/6/32.
[42] TNA, Decypher. Mr Clive. (Stockholm), 09 April 1919, FO 608/231.
[43] TNA, French Attitude towards Concessions made by the Soviet Government, 28 April 1919, FO 608/231.

The possibility of the Bolsheviks making concessions to foreign companies – after having nationalised foreign-owned property – was enticing given the context of commercial intervention, although it was not yet politically feasible to pursue such arrangements with the Soviet government. Nevertheless, some British industrialists had already attempted to work within Soviet Russia in 1918. While this had yielded few results, the British government struggled to make alternatives work, and commercial relations with White Russia were under great strains throughout their existence.

As discussed in Chapter 3, the weakness of Britain's commercial intervention in Soviet Russia had catalysed the process of trade overtaking other factors in importance to its strategy in the East, as it became clear that a more robust policy was needed. When military intervention came to an end, the British government, therefore, had a basis on which to construct a new policy. In the following months, this would be further reinforced. Arthur Marshall's letter to Lloyd George, Wise's work regarding trade and food supplies, the growing dissatisfaction with the blockade from various quarters, were all signs that the anticipated dominance of commercial factors was becoming a reality.

The initiation of prisoner exchange talks in October 1919 and the collapse of intervention was the change in mood that Lloyd George – whose earlier diplomacy with the Bolsheviks had failed to get off the ground – had been waiting for. The Guildhall speech in November had been a clear signal that the British government would be looking to negotiate. Chicherin had already done this in his response to the Prinkipo Proposal, and with his requests to send representatives to London for prisoner exchange talks. This had bought some attention in the British government, as demonstrated by a later note on negotiations by E F Wise: '[Chicherin] has in his telegrams to the Foreign Office, taken the same line as to the desirability of general negotiations and it seems reasonable to presume that the Bolshevists are prepared to undertake to desist from aggression in Asia as the price of peace.'[44] At Copenhagen, Litvinov reiterated the desire for peace with the Allies, and on his way there had openly talked about Soviet withdrawals from the border states in pursuit of trading relations with Britain.[45]

Thus, by the start of 1920, both governments were preparing for direct negotiations. The next step for Lloyd George had been to push for the Allies to begin dismantling the blockade; this being something that Litvinov had asked for at Copenhagen, but also a move that was becoming politically desirable in Britain.[46] Once the restrictions on co-operatives had been lifted, the direction of policy

[44] PA, Note on Economic Relations with Russia, 21 May 1920, LG/F/202/5/5.
[45] Debo, 'Lloyd George and the Copenhagen Conference', p. 435.
[46] See Chapter 3.

began moving quite rapidly towards trade negotiations, driven largely by the Prime Minister. On 23 January 1920, he established the Russian Trade Committee, with Wise as its chair. Its purpose was 'to co-ordinate the action of the various Departments concerned in the scheme approved by the Supreme Economic Council of the Allies in Paris for the re-opening of trade relations with the Russian people.'[47] References to trading with 'the Russian people' were part of the obfuscation that had been conducted around discussions with the Allies – at this point Lloyd George was still avoiding talking openly about trading relations with the Soviet government – but this pretence would soon be dropped. On 10 February – two days before the Copenhagen agreement was signed – Lloyd George spoke on the Russian question in Parliament. He surmised that the Whites had failed in their war against the Bolsheviks, and that further intervention would be impractical and unjustifiably expensive. He then offered the alternative: 'there is a suggestion made from another quarter— "Make peace with the Bolsheviks."[48]

Previous chapters have already identified who was in this quarter described by the Prime Minister as favouring peaceful settlement. The Labour Party adopted an anti-interventionist stance at its 1919 conference and had started linking the blockade to domestic economic issues; their conclusion being that the absence of trade was damaging both nations' economies. Companies with interests in the former Russian Empire looked to begin their work again. Co-operative societies and businesses in Britain whose exports were diminished by the First World War looked to Soviet Russia for new markets. Additionally, there was a cohort of civil servants and politicians who looked to tackle Britain's post-war economic and food supply problems through lifting the blockade. The common ground between these disparate groups and individuals was, as discussed previously, the desire for trading relations with Soviet Russia.

Lloyd George therefore appeared to be confident that the tide had turned, and that peace with the Bolsheviks was becoming inevitable. Later that month, he would receive more confirmation of this view. Two weeks after his pronouncement in Parliament, the Allies agreed on a new policy on war with Soviet Russia; that they would explicitly advise border states against further hostilities.[49] In a further shift towards diplomacy, at the end of March the British government decided to ask Denikin to end fighting against the Soviets, with the promise of mediating a peace between the two sides.[50]

[47] TNA, Note Summarising the Conclusions of the Inter-Departmental Russian Trade Committee on the Chief Obstacles to the Resumption of Trade with Russia, 27 May 1920, CAB 24/106/50.
[48] HoC Debate, 10 February 1920, vol 125 cc42-3.
[49] PA, Allied Policy in Russia, 23 February 1920, LG/F/202/3/1.
[50] TNA, Cabinet 17 (20), 31 March 1919, CAB 23/20/17.

Meanwhile, Russian co-operatives had begun preparations for reopening trade with Western Europe, and the Bolsheviks were finalising their takeover of the societies' unions. Near the end of February, Aleksander Berkenheim was informed – via an intercepted telegram – that the *Tsentrosoyuz* central office had elected its delegates to send abroad. These included Leonid Krasin, Maxim Litvinov and Viktor Nogin, the former Soviet Commissar for Commerce and Industry.[51] In March, the *Tsentrosoyuz* delegation was dispatched from Moscow. In April, they met with Wise and others from the Supreme Economic Council in Copenhagen for preliminary trade talks. On 7 April, Krasin presented to them the current Soviet position. Firstly, the Bolsheviks believed their ongoing war with Poland was being fuelled by Allied support and wanted their governments to apply pressure to the Poles to make peace. Secondly, they wanted locomotive engines to help in rebuilding infrastructure, for which the Soviets would pay with gold. In return, he assured them that goods were ready for export to Europe, and the Soviet government would consider concessions on foreign-owned private property.[52]

These preliminary talks also alluded to the role of private enterprise to the still-coalescing nature of Anglo-Soviet relations, as examined in Chapter 4. The day after Krasin informed Wise of his consideration of concessions to foreign capital, the discussions moved to the issue of Litvinov and the British government's refusal to allow him re-entry into Britain. The Soviet delegation wanted to retain Litvinov and so suggested that talks might have to be held elsewhere. Wise was keen to lay this idea to rest, as he argued in his report back to London that 'discussions clearly indicated the importance of early and direct contact between Russian delegates and actual firms able to negotiate business with them, and we lost no opportunity of laying stress on the fact that progress could therefore only be made at reasonable pace in London. Krasin, at any rate, fully admitted relevancy of this.'[53] This was still peripheral, but the interests of businesses in Soviet Russia were certainly now being considered by the British government. In early May, the Board of Trade's advisory committee to the DOT had discussed the possibility of British businessmen travelling to Soviet Russia before talks with Krasin. It was agreed that while for the moment it was preferable for this to happen after the Soviet delegation had met with British representatives, people would be allowed to make such journeys 'at their own risk.'[54]

The preliminary talks in Copenhagen had confirmed that trade would be at the top of the agenda in direct negotiations with the Soviet delegation, however, the British government – the

[51] TNA, Telegram to Berkenheim from Centrosoyuz, 25 February 1920, FO 418/54.
[52] TNA, Mr. Grant Watson to Earl Curzon, 07 April 1920, FO 418/54.
[53] TNA, Mr. Grant Watson to Earl Curzon, 08 April 1920, FO 418/54.
[54] TNA, Advisory Committee to the Department of Overseas Trade, 05 May 1920, BT 90/3.

Foreign Office especially – was expecting talks to cover broader political issues as well. On 28 May, Lloyd George held a conference of ministers in which Krasin's arrival and the imminent start to talks were discussed. This gave an opportunity for departments to lay out their initial approaches to Soviet negotiations. Curzon's submitted note worked on the premise that the Bolsheviks faced 'complete economic disaster' and were 'ready to pay almost any price' for the resumption of trade. He therefore argued that the British government had an opportunity to push other matters, of which he had identified four broad concerns. Firstly, the issue of British citizens still apparently being held prisoner in Soviet Russia following the Copenhagen agreement. Secondly, the threat from the Bolsheviks to the interests of the British Empire in the Far East, i.e., India, Persia and Afghanistan. His final two matters were comparatively minor and involved the remnants of the Civil War: avoiding further clashes between Soviet and Allied forces in the Caucasus, and facilitating peace with Wrangel.[55] Curzon's basis for such demands was supported by a memorandum from the Political Intelligence Department calling the Soviet economy 'fundamentally weak', with 'anarchy' spreading through the South and Siberia.[56] The Foreign Secretary, therefore, despite his feelings towards the Bolsheviks, saw an opportunity to leverage political concessions.

The note presented to the Cabinet by the Board of Trade was concerned with practical matters for trade rather than political issues. In fact, its first point stipulated that 'the British Delegates should firmly refuse to be drawn into any discussions as to the respective merits of Individualism and Communism as the economic basis of society, as such discussions are bound to be sterile and will only prolong and probably envenom the negotiations.' The note did, however, state that delegates should 'insist' the Soviet government settle claims of private interests; perhaps a sign that the concerns of British industrialists (see Chapter 4) were in consideration, although a definite settlement of the issue would be absent from the final trade agreement. Nevertheless, at this point, the Board of Trade was keen to push for compensation for British companies and guarantees of no more nationalisation of British-owned property. The rest of the note was largely concerned with the practicality of resuming trade: licensing gold imports from Soviet Russia, freedom of shipping, establishing a depot in Reval, and the possible modification of the Export Credits Scheme for 'the special circumstances of Russia.'[57]

It was the issue of private debts raised by the Board of Trade that would later come to the centre of negotiations. What's significant about the British government's attitude on the matter during this prelude is that there were signs that a compromise would be considered. Claims against

[55] TNA, Negotiations with M. Krassin, 27 May 1920, CAB 24/106/51.
[56] TNA, Recent Tendencies in Soviet Russia, 12 May 1920, CAB 24/106/27.
[57] TNA, Trade with Russia, 26 May 1920, CAB 24/106/43.

the Soviet government had been identified as an obstacle for trade talks the day before by the Russian Trade Committee. In a note to Lloyd George, Wise posited that any goods imported from Soviet Russia could be made the subject of legal proceedings. His solution was for the British government to agree to afford protection to Soviet goods, if Krasin would give a guarantee regarding claims against his government.[58]

It was also agreed at the 28 May meeting that details of Britain's trade position would be negotiated by members of the Board of Trade, Treasury and Ministry of Food. Later that day, another meeting – absent from historians' accounts of the trade negotiations – was held by said representatives to issue the Prime Minister with recommended positions to present to Krasin. It is worth examination, given those who were in attendance. Aside from a Cabinet secretary, there were only five people present: two Treasury officials; Laming Worthington Evans, the former Minister for Blockade; Hubert Llewellyn Smith, then Permanent Secretary to the Board of Trade, and lastly; E F Wise. The significance of these men being given a role in shaping Britain's negotiating positions has been discussed in Chapter 3. Essentially, they were either political allies of Lloyd George, or at least minded against the blockade. This meant that negotiations would be largely conducted by people who already agreed with the premise that Soviet trade was either desirable or essential to the recovery of the British economy.

The points they submitted to the Prime Minister were divided between political and commerce related, mostly incorporating the earlier suggestions from Curzon and the Board of Trade. Curzon's demands must have seemed reasonable, as they were all recommended to Lloyd George. The meeting had also decided on expanding the scope of peace with Wrangel to include the Polish and Ukrainian governments. The first set of purely trade related points were lifted from the Board of Trade's memorandum on the resumption of trade (see above). These points were concerned with questions of private property and the recognition of pre-revolutionary Russian debts. It also offers a compromise in regard to claims against the Soviet government from individuals in Britain: 'subject to the forgoing stipulations, no claim should be pressed for the restoration in kind of British property nationalised by the "*de facto*" Government of Russia, but compensation for his loss should be paid to the former British owner in the shape of bonds ranking *pari passu* with the Russia pre-war debt to an amount to be fixed by an impartial tribunal.' The final point was regarding payment for goods. The preferred methods would be exchange of goods, as with the co-operative societies, but accepting gold payments from the Soviets was also in consideration.[59] A watered-down version of these

[58] PA, Note for the Prime Minister by the Russian Trade Committee, 27 May 1920, LG/F/202/3/6.
[59] PA, Trade with Russia, 28 May 1920, LG/F/202/3/7.

positions would later form Britain's official preconditions for negotiations (see below), albeit without the points regarding payment for goods. What this document shows, therefore, is that Britain's initial negotiation positions were heavily influenced by Wise and the Board of Trade.

The recommendation of Curzon's positions would appear to be a compromise between departments, but the motivation behind formulating peace between Soviet Russia and its neighbours was still primarily related to trade. A continuation of conflict in Eastern Europe was sure to impede Soviet efforts to conduct trade with Britain. On 31 May, Wise elucidated this in his assessment of Krasin's initial positions: '[Krasin] probably refers to the difficulty of organising transport and trade so long as the railways and the energies of Russia are absorbed in the Polish war, in dealing with Wrangel, and in operations in the Black Sea. He contemplates, however, that trade on a comparatively small scale would be possible despite such operations.'[60] Consequently, he advised Lloyd George to inform Krasin that 'the first point to be considered is the statement that Trade operations could only be satisfactorily organised if peace were established between Poland and Soviet Russia and railway and telegraph communications between Russia and its neighbours re-established by land and sea.'[61]

With these priorities solidifying, trade negotiations began in earnest on 31 May with a series of meetings between Lloyd George and Krasin, with the last being on 29 June. On the final day, Krasin presented the British government with a basis for 'the immediate resumption of economic and trading relations.' Regarding one of the most pressing matters to emerge from his meetings with Lloyd George, his note insisted that matters of hostilities and 'mutual property claims' be deferred to a future peace conference. He would argue strongly against the immediate recognition of debts, promising only to 'investigate all mutual claims arising from obligations in respect of private creditors of British nationality.' There were also practical measures he was seeking assurances on: the removal of sea mines in the Baltic, freedom of navigation for Soviet ships, and the establishment of trade agents in Britain with freedoms of movement and communication.[62] However, their meetings had failed to provide Lloyd George with satisfactory answers to the questions of propaganda and private debts, and on 29 June he demanded that Krasin provide a definite answer within a week.[63]

The next day, Krasin was presented with Britain's final preconditions for further talks. The Soviet government would have to agree to a cessation of hostilities and propaganda, a release of

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[60] PA, Notes on M. Krassin's Memorandum, 31 May 1920, LG/F/202/3/9.
[61] PA, Reply to Mr. Krassin, 07 June 1920, LG/F/202/3/14.
[62] TNA, Note by M. Krassin, 29 June 1920, FO 418/54.
[63] Secretary's Notes of a Conference with the Russian Trade Delegation, 29 June 1920, in Rohan Butler & J P T Bury (eds.), *Documents on British Foreign Policy* (hereafter DBFP), First series, vol VIII (London: Her Majesty's Stationary Office, 1958), p. 388.

remaining prisoners, and would have to 'recognise in principle' its liability to private claims. Finally, the British government would agree to Krasin's conditions regarding facilities and communication, and to allow entry to agents with 'Communist opinions' provided they 'comply with the normal conditions for friendly international intercourse.' This was also presented as an ultimatum; if these points were not agreed to in full, Britain would not engage in further talks.[64] On 7 July, Chicherin informed Curzon that the Soviet government agreed to the principles given to Krasin, and that this constituted 'a state of armistice' that would 'pave the way to a definite peace.'[65]

The established basis for negotiations was therefore largely dictated by the British government, which put the issues of private debts and Bolshevik propaganda at the centre of the talks that followed. Both sides expected talks to cover a range of political issues, rather than just trade. Britain, however, was entering into these negotiations with the perceived necessity of trade at the centre of its approach. This is because the British negotiating position was largely decided by the Board of Trade and E F Wise, that is to say, people inclined towards this view. As discussed further below, this aspect would be significant in the shaping of the final agreement due to their willingness to suspend the key issue of debts.

Furthermore, the role of British industry in the *rapprochement* with Soviet Russia was evident, although largely indirect. The government had given meaningful consideration to desires for compensation, entering into negotiations with the recognition of these claims high on their agenda. However, this was not a straightforward relationship (see Chapter 4) and, as discussed below, the settlement of the issue was not as definitive as companies such as Vickers or Russo-Asiatic Consolidated had wanted. There was room for compromise in the British government's position on the issue and Krasin had been clear that he wanted the resumption of trade to be prioritised over private claims. Nevertheless, there was an inclination emerging towards fostering relations between British companies and Soviet Russia; something that would later display its relevance during negotiations.

The Anglo-Soviet Trade Agreement

The historiographical interpretations of the trade agreement have already been outlined in Chapter 4. It is necessary then to examine the final text of the trade agreement, as well as the reasons behind its formulation. The negotiations which resulted in the agreement were beset by clashes of

[64] TNA, Reply of the British Government to M. Krassin's Note of June 29 1920, 30 June 1920, FO 418/54.
[65] AVPRF, op. 1, d. 2, p. 1, l. 234.

interests that, at times, threatened to end talks in London for good. Yet, a framework for reopening trade was agreed to despite the gulfs that still existed between the British and Soviet governments. This section will discuss these rifts, as well as the countering factors that steered negotiations towards a resolution. Chief among these was an optimism that a final accord on reopening trade could still be reached, encouraged by the convergence of interests which clamoured for access to Russian markets.

The meetings between Lloyd George and Krasin and the subsequent agreement on 7 July did not constitute a formal accord, only preconditions. After two more phases of negotiations, the two sides reached an agreement, signed on 16 March 1921 by Krasin and Robert Horne, the President of the Board of Trade. The text is mostly concerned with technical matters for allowing trade to resume. Most articles address practical concerns for trading: affording legal protection to shipping, gold exports and commercial agents. Perhaps what's most notable about the agreement is not what is contained, but what is absent. From the positions that the British government formulated and the priorities that were set out it might be expected that the trade agreement contain guarantees regarding private property or debts in Soviet Russia. However, as discussed below, the final text postpones tangible settlements to future agreements. This section will therefore explain the most glaring omissions and contentious elements of the trade agreement, and what they reveal about the state of Anglo-Soviet relations.

The 1921 agreement begins with a preamble, stating that it is intended as a preliminary arrangement for the purpose of allowing trade to resume, with the expectation that the two nations would negotiate a more comprehensive peace deal in the future. It also lays out the conditions that they would have to fulfil in order to conduct trade: each side would have to refrain from hostile actions or propaganda, all British citizens in Soviet Russia would have to be repatriated and *vice versa*. Thus, without the theoretical peace accords, the 1921 agreement would function as a framework for both commerce and peaceful relations between Britain and Soviet Russia in the 1920s.

Debts and Recognition of Claims

The most noticeable absence from the final agreement is that of the assumption of Russia's debts. There was also no definitive guarantee regarding confiscated private property and the claims against the Soviet government. While none of the agreement's articles reference this problem, Horne and Krasin also signed on 16 March a 'Declaration of Recognition of Claims' addressing the issue:

> Both parties declare that all claims of either party or of its nationals against the other party in respect of property or rights or in respect of obligations incurred by the existing or former Governments of either country shall be equitably dealt with in the formal general Peace Treaty referred to in the Preamble.
>
> In the meantime and without prejudice to the generality of the above stipulation the Russian Soviet Government declares that it recognises in principle that it is liable to pay compensation to private persons who have supplied goods or services to Russia for which they have not been paid. The detailed mode of discharging this liability shall be regulated by the Treaty referred to in the Preamble.[66]

The resolution to the financial problems had therefore been deferred to a future peace treaty. The Bolsheviks' admission of liability did not translate into any legal commitment to settle private claims. As seen in Chapter 4, those pursuing such claims would not receive compensation.

The first draft agreement from the British government in mid-August 1920 did, however, contain an article referring to debts, in which the Soviet government would be declaring 'liability to pay compensation to British subjects in respect of goods supplied or services rendered to it or to the former Government of Russia or to Russian citizens, for which payment has not been made owing to the Russian Revolution.'[67] It is necessary therefore to discuss why the final agreement came with a much vaguer declaration from the Soviet government, rather than recognition of liability that the British government had wanted. As discussed in the previous section, Soviet recognition of claims was something that emerged early as a potential hurdle to an agreement. The Board of Trade and the Russian Trade Committee had recommended that Britain demand recognition of Soviet obligations from Krasin in return for legal protection of gold shipments.

Working in Krasin's favour was the inherent complexity of such an issue, particularly in the distinction between national debts and debts to private citizens or businesses. The Board of Trade had told the Prime Minister in June that Russian debt to foreign governments and private claims against the Soviets were separate issues. However, they did insist on a 'recognition of obligations' to private interests as a prerequisite for resuming trade.[68] This is also what Lloyd George told Krasin in their second meeting, as well as the need for Soviet Russia to recognise private claims before trade could be resumed. However, he also stressed that such claims did not have to be settled before a trade agreement was made, only that there should be a 'recognition' from the Soviets; practical details could be postponed for a later date.[69]

Lloyd George therefore appeared to be willing to keep terms vague, although his government was not in agreement on this. During the formulation of Britain's first draft agreement opposition

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[66] See Appendix for the full text of the trade agreement and the accompanying declaration.
[67] TNA, Draft Trade Agreement between His Britannic Majesty's Government and the Russian Soviet Government, 14 August 1920, CAB 24/110/78.
[68] LG/F/202/3/14.
[69] Secretary's Notes of a Conference of British Ministers with the Head of the Russian Trade Delegation, 07 June 1920, DBFP, First ser., vol VIII, p. 298.

came largely from the Treasury, who told the Russian Trade Committee that there should not be a distinction made between 'trade debts and other debts.' In what was probably the starkest condemnation, the nebulous solution was described as a 'concurrence with the Soviet's total repudiation of all debts other than trader's debts.'[70] The Chancellor of the Exchequer also told the Cabinet that by their current stance 'we appear to justify and even to expect the repudiation of those [debts] that are not expressly named.'[71] The Treasury feared that Britain was going to allow Soviet Russia to escape its debts, but it would be difficult to row back on the 'recognition' of claims from Krasin accepted at the end of the first round of talks. William Clarke rejected the idea of modifying the draft to encompass all debts, on the grounds it would constitute 'a moral breach of faith' with Krasin.[72]

The proposed ambiguousness towards debt was favourable to the Soviet position presented by Krasin on 29 June (see above), in which he had asked for these matters to be deferred to a peace conference. In his note, he argues quite intensely against recognition, and these arguments can be distilled into three broad points. Firstly, that nationalisation had transferred a 'considerable proportion of private claims' to the Soviet state, and so agreeing to Britain's condition would forfeit 'the right to put forward in first order of priority a large number of quite incontestable claims.' Secondly, Krasin believed past hostilities nullified debts: 'each and every agreement and obligation of Russia with regard to British subjects has been annulled by the actions of the British Government itself from the moment when the Government began war and intervention against Soviet Russia, and declared the blockade.' Finally, he also attempted to use capitalists' opinion as an argument against debt recognition:

> The statement that without such recognition the British business world will not agree to commence trading relations with Russia is refuted by statements made by many British merchants that they desire to begin trade relations with Russia as soon as the obstacles to the resumption of trade which have hitherto been placed in the way by the British Government are removed.[73]

This aspect has been examined in more detail in Chapter 4, but there is some truth behind Krasin's argument. There were certainly British companies desiring to begin trading with Soviet Russia as soon as possible. However, some of these had conducted business in pre-Revolutionary Russia and had also made their desire for compensation known. For some prominent industrialists, this was a priority in dealing with Soviet Russia, even if they were also pursuing access to Russian markets.

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[70] TNA, Memorandum by the Russian Trade Committee on the draft Trading Agreement (prepared in the Board of Trade) between His Britannic Majesty's Government and the Russian Soviet Government, 14 August 1920, CAB 24/110/78.
[71] TNA, Memorandum by the Chancellor of the Exchequer, 17 August 1920, CAB 24/110/83.
[72] CAB 24/110/78.
[73] 29 June 1920, FO 418/54.

Soviet obligations came into sharper focus during the third and final phase of negotiations. Various interests lined up to tell the British government that they wanted assurances in the matter from the Soviet delegation. At the end of September, banking representatives wrote to the Prime Minister to demand further recognitions from Krasin as prerequisites for reopening trade. The Governor of the Bank of England, the chairman of the British Bankers Association and the chairman of the Accepting Houses Committee, put their names to the letter calling for 'formal recognition' of bonds issued by former Russian governments, securities of Russian companies, debts owed by Russian nationals, and losses incurred by British nationals through nationalisation of property.[74] Two weeks later, Lloyd George was informed of a resolution of the Council of the Association of British Chambers of Commerce which stated: 'no agreement between the British Government and the Russian Authorities can be supported by the representatives of British Commerce and Industry unless it provides for the recognition of by Russia of all pre-war Russian debts, national, municipal and private.'[75] In that same week, the Prime Minister had been contacted by representatives of British insurance companies with a similar appeal for recognition of debts. Their letter was, however, far more unrealistic with its suggestion that 'the restoration of all property, real or personal, belonging to British subjects in Russia, and confiscated or nationalised by the Soviet Government, must precede any return to commercial relations between the two countries.'[76]

These views, however, all stood contrary to events surrounding negotiations, detailed in a note to the Cabinet by Robert Horne at the end of September. Wise had been informed by Krasin that his delegation had already entered into a number of contracts with British firms, mainly for the supply of cloth and parts for textile machinery. Furthermore, they were in discussions to export lead from unnamed 'certain interests' and were close to an agreement with the Anglo-Russian Drug Corporation; recently formed by 'a group of well-known chemical manufacturers' said to be in close contact with the Department of Overseas Trade. Horne pointed out, however, that these goods were going to be exported to Reval, rather than directly to Soviet Russia. He wanted to issue an official reminder that export to Soviet Russia was still prohibited, but this was dependant on legal advice.[77] The answer from the Attorney-General – over a month later – was that there was no illegality in companies exporting to Reval, not knowing that the goods were destined for Soviet Russia. Even in cases in which a company was aware of goods being intended for Soviet Russia, the contracts would be made 'null and unenforceable' but not illegal.[78]

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[74] TNA, Resumption of Trading Relations with Russia, 27 September 1920, CAB 24/112/17.
[75] TNA, Resumption of Trade with Russia, 06 October 1920, CAB 24/112/44.
[76] TNA, Resumption of Trade with Russia, 05 October 1920, CAB 24/112/54.
[77] TNA, Contracts for the Supply of Goods to Soviet Russia, 27 September 1920, CAB 24/111/93.
[78] TNA, Contracts for the Supply of Goods to Soviet Russia, 03 November 1920, CAB 24/114/56.

These contracts gave weight to Krasin's earlier argument that British industry would prioritise the resumption of trade over other outcomes. It also validates Wise's advice in the preliminary talks that the ability for Krasin's delegation to negotiate directly with British companies would be crucial. It should also be noted that the majority of these contracts were related to textiles; a sector of industry that had one of the most tangible interests in trading with Soviet Russia, due to the noticeable slump in exports following the First World War.[79] Krasin had done his part to foster relationships with British companies by incorporating the All-Russian Co-operative Society Limited, which would be used to deal directly with firms. Lenin too would later try to encourage British commerce with Soviet Russia with a decree in November announcing concessions to foreign capital.[80] The Soviet delegation had also been in discussion with engineering firm Armstrong Whitworth about a potential locomotive contract. An offer to overhaul existing Russian engines was made by the company in August 1920, but Moscow deemed it too expensive and risky, given they were not offering a fixed price. Krasin nevertheless continued to negotiate as an attempt to revitalise talks with the British government.[81]

In his analysis of the Armstrong negotiations, Anthony Heywood discusses the possibility of a large-scale order from the Soviets as 'payment' for the trade agreement, as Krasin would later call it. He concludes that talks with Armstrong did not have much influence over the position of the British government, particularly at the height of the crisis in Poland (see below). However, Lloyd George would later use the talks as a refutation to calls from Churchill and Curzon to expel the Soviet delegation.[82] The Armstrong negotiations on their own may not have had a discernible impact on British policy, but taken with the contracts that were confirmed to have already been made, it was evidence that the Bolsheviks were serious about placing orders with British manufacturers.

Stephen White notes the impact that Soviet orders – or potential orders – with companies may have had on British policy in the autumn of 1920, particularly in light of poor unemployment figures published around the same time.[83] White's overall assessment nonetheless frames the trade agreement as a tactic by the British government to force the Bolsheviks onto more moderate ground. However, when considered in the context of Britain's previous commercial policy in Russia and the relation between foreign trade and post-war economic thinking (see Chapter 3), the perceived alleviation of domestic economic pressures becomes a much more compelling motivation.

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[79] See Chapter 4.
[80] Glenny, p. 77.
[81] Anthony Heywood, *Modernising Lenin's Russia: Economic Reconstruction, Foreign Trade and the Railways* (Cambridge: Cambridge University Press, 2004), pp. 113-4.
[82] Ibid, p. 116.
[83] Stephen White, *Britain and the Bolshevik Revolution,* pp. 15-16.

The apparent fledgling relationships between the Soviet government and British businesses ultimately gave weight to those pushing for an agreement. At the end of October, Wise composed a note for the Prime Minister in which he explained his view of a possible future without a trade agreement:

> Practically no trade would be done for a considerable time, save by adventurous or irresponsible speculators. Reputable firms are awaiting a definite lead from the British Government. Many contracts have been made or are under discussion which include a definite clause to the effect that they become operative only on the conclusion of a Trade Agreement. If no Trade Agreement is made the commercial community would understand the policy of the British Government to mean that it does not desire trade to be done.
>
> Much depends from a political and business point of view on establishing at the beginning a good reputation for British traders in Russia.[84]

The argument that Wise was making was essentially the same one that Krasin had used; that British industry was standing by, awaiting a legal framework from the government for commerce with Soviet Russia. It can be concluded therefore that there was motivation to make a concession on debts if the Soviet delegation were to make it a definitive issue for a final agreement.

When a draft agreement was presented in November containing more definitive language on debts than Krasin had wanted, a rupture was threatened.[85] The Soviets had been intent on making this issue intrinsic to their consent to a final agreement, and the British government relented.[86] In the final Cabinet meeting of 1920 in which the negotiations were discussed, ministers agreed that their policy should be to postpone the question of debts, so long as Krasin agreed to the recognition of private claims. Although at this point it was generally agreed that a deal was unlikely to be concluded, and ministers wanted the reason in public perception to be the outstanding issue of propaganda, rather than 'technical' issues of debts or gold payments.[87]

The declaration accompanying the final trade agreement did not go any further than the note given to Krasin at the end of June in which the Soviet government agreed to 'recognise in principle' the claims against it. It was a compromise that ultimately favoured the Soviet government. As discussed previously, private claims went uncompensated with some still being pursued years, even decades later. Robert Horne described the issue as 'academic', but there were evidently much wider implications.[88] It had been one of the British government's highest priorities when negotiating positions were being established, but there had been little movement once talks began. The

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[84] PA, Note on Need of a Trade Agreement, 27 October 1920, LG/F/202/3/26.
[85] Ullman, vol III, p. 424-5.
[86] Chicherin had even told Trotsky that their ploy was to deceive the British government into thinking they were going to pay debts when they had no intention of doing so, see: Sergeev, p. 100.
[87] TNA, Cabinet 75 (20), 22 December 1920, CAB 23/23/20.
[88] CAB 23/23/20.

Treasury even stated that this course would ultimately be tantamount to repudiating Soviet Russia's debts. Furthermore, private interests had actively sought financial settlement and, in the case of BECORS, taken the matter to court.

The British government, therefore, had tacitly agreed with Krasin's assessment that companies would accept the resumption of trade over the settlement of claims against the Soviets, settling instead on much vaguer terms in the accompanying declaration. As discussed in Chapter 4, such a proclivity did exist despite the desire from affected businesses for the British government to demand compensation, hence the emergence of contracts with the Bolsheviks in 1920. To avoid this imminent resumption of commerce being scuppered, the British government made a concession on debts which risked the repudiation that the Treasury had previously warned would happen.

Soviet Russia and its Neighbours

Another notable absence from the final trade agreement was the lack of any articles regarding peace with Soviet Russia's neighbours, which had also been on the list of British priorities at the onset of negotiations. The simplest explanation is that by March 1921, these problems had largely been resolved, or there was at least no more immediate threat to security. Nevertheless, it is necessary to examine the bearing that continuing hostilities involving Soviet Russia had on negotiations in London and the final trade agreement. The Polish-Soviet War was one of the biggest complications for the process of *rapprochement* between London and Moscow in 1920. For some, the Red Army's advance into Poland that summer was confirmation of the worst fears of Bolshevism spreading into Central Europe. Meanwhile, the Bolsheviks believed Poland's war effort was being directed by the Allies (see Krasin's meeting with Wise, above) as the next step of their counterrevolution against the Soviets.

The crisis of 1920 exposed some of the political divides in Britain over Anglo-Soviet diplomacy. The left wing of British politics was apoplectic at the possibility of Britain becoming entangled in another conflict, particularly one involving Soviet Russia.[89] Conversely, when Churchill had come to accept the failures of Kolchak and Iudenich in January 1920, he believed the Polish government to be one of the only ones left still willing to help the remaining anti-Bolshevik forces under Denikin.[90] The ongoing conflict with Soviet Russia made Poland a conduit for anti-Bolshevism throughout most of that year after the collapse of the White armies. Against this stood Lloyd George, whose attitude towards Poland was largely dismissive until the crisis in mid-1920. This was largely due to the Polish

[89] See Chapter 4.
[90] CA, Telegram from Churchill to General Holman, 11 January 1920, CHAR 16/55.

government's territorial ambitions, which he called 'extravagant', leading to his reluctance to aid Poland militarily or encourage them to coordinate with the Whites.[91]

Clashes between Polish and Soviet troops had been ongoing since early 1919. It was Jozef Pilsudski, the leader of Poland's armed forces, who escalated the conflict dramatically at the end of April 1920 with a surprise assault against the Soviets, capturing Kiev (Kyiv) on 7 May. This prompted frustration and anger from Allied nations now that Poland had been cast as the aggressor and the Soviet government could position itself as a defender of Russia from a foreign invader.[92] These circumstances would favour the continuation of trade negotiations after the height of the crisis in August. Before that, in some corners of the British government the war was not expected to halt progress on an agreement. The mood at the Board of Trade, for example, towards negotiations was not soured by the escalation of the conflict. In mid-July, after Lloyd George's meetings with Krasin, the DOT advisory committee had an optimistic discussion regarding Soviet trade. It was stated that Krasin's acceptance of conditions would still lead to an agreement once the Polish crisis had been concluded: 'subject also to the signing of an Armistice with Poland, there were reasonable grounds for the assumption that the re-opening of trade relations would take place under more favourable conditions that had hitherto been thought possible.'[93] A perception existed from the very beginning, therefore, of the crisis in Poland being only a temporary setback to negotiations.

When the tide of the war began to turn against the Polish army in July, the question of foreign intervention inevitably arose. For the British government – Lloyd George particularly – this was unwelcome. Of course, there are a number of reasons for this attitude: the experience of military intervention in Soviet Russia, the optimism over trade talks in London, and public opinion against such action. This was weighed against the possibility of the Red Army completely overrunning Poland, but despite this potentially disastrous result the Prime Minister remained adamant that British troops would not be deployed.

In early August 1920, as the Red Army closed in on Warsaw, intervention appeared to be approaching a certainty but for Lloyd George's continued opposition. On 9 August, the Prime Minister updated the Cabinet on urgent meetings he had attended in previous days with the French government. His summary of these discussions makes clear the divergence British policy had

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[91] Norman Davies, 'Lloyd George and Poland, 1919-20', *Journal of Contemporary History*, 6:3 (1971), 132-154, p. 141. A demonstration of the frustrations caused by Poland's territorial claims came later in the year when a Polish force occupied Vilna (Vilnius), encroaching on Lithuania. In response, Lloyd George approved the use of British troops to police this border crisis, something which he had not done to help Poland repel the Red Army, see: TNA, Cabinet 61 (20), 17 November 1920, CAB 23/23/4.

[92] Adam Zamoyski, *Warsaw 1920: Lenin's Failed Conquest of Europe* (London: Harper Collins, 2008), p. 38.

[93] TNA, Advisory Committee to the Department of Overseas Trade, 14 July 1920, BT 90/3.

undergone away from hostility against the Bolsheviks. Perhaps most importantly, he had informed French representatives that public opinion was against intervention, and the British working classes were 'hostile' to the idea. The French countered that the Bolsheviks, 'intent on revolution and anarchy', now threatened the Versailles peace and had to be resisted. Lloyd George's response was that 'this was not a view which the British Government could support', although they would be committing to the defence of Polish independence. Then, French representatives asked that trade negotiations in London be terminated, and the Soviet delegates sent home. The British government, however, would allow them to remain if an agreement with Poland was reached. The final outcome of these meetings was a joint resolution promising to help Poland in protecting its independence, but only if 'the Soviet Government attempts to impose terms on Poland incompatible with its independence.' It is apparent therefore that Lloyd George did not want to end trade negotiations over Poland if it could be avoided. Nor did he want to risk aggravating further the section of the public outwardly opposed to intervention. In the subsequent Cabinet discussion too, particular focus was given to the strong public opinion and political pressure from Labour against intervention, with even the possibility of a general strike being discussed.[94] The next day, Soviet armistice terms were received, and the British government deemed them to be good enough to not deepen their involvement in the conflict, instead advising the Polish government to accept the terms.[95]

Despite the apparent relative strength of the Red Army, Polish forces broke the Soviet advance during the Battle of Warsaw and a ceasefire was eventually agreed to in October. In March 1921, two days after the trade agreement, the Treaty of Riga was signed bringing a formal end to the conflict. Although the height of the crisis had stalled negotiations in London, it had not been enough to terminate them. In fact, the Polish crisis was ultimately beneficial to trade negotiations, as it prompted a slight change in attitudes. In August, Chicherin relayed to the delegation the difficulties he faced in engaging in diplomacy with Poland, in an intercepted telegram. Significantly, he ascribes blame to the French government: 'France attempts to draw into trap not only Russia, but also Britain, which desires conciliation…France tries to protract war, and to prevent Poland from reconciliation with Russia.'[96] This is an important distinction from the position Krasin presented at preliminary talks in April, in which it was assumed the Allies were working toward the same goal of stoking war between Poland and Soviet Russia. Not only was France now seen to be the primary agitator, but its government was actually working against British interest from Chicherin's perspective.

[94] TNA, Cabinet 45 (20), 09 August 1920, CAB 23/22/8. Records of Lloyd George's meetings with French representatives are kept as annexes to these minutes.
[95] This effectively ended Anglo-Polish relations for the remainder of the crisis, see: Davies, pp. 149-50.
[96] TNA, Telegram from M. Chicherin, 11 August 1920, FO 418/54.

For the British government, the failure of the Red Army to overrun Poland was certainly a relief, but the outcome of the war gave justification to those supporting *rapprochement*. Wise, for example, used it in November 1920 in part of an argument imploring Lloyd George to not break off negotiations:

> The conclusion of Treaties between Russia and Poland, between Russia and Latvia, between Russia and Lithuania, between Russia and Finland and between Russia and the Caucasian states, as well as the defeat of Wrangel, have enormously increased the political status of the Soviet Government…although there is great dissatisfaction with the Soviet Government, there is at present no sign at all of any alternative Government.[97]

The end of the fighting between Poland and Soviet Russia was therefore useful in presenting the Bolsheviks as a legitimate authority, one that might be serious about peaceful relations with its neighbours. Wise's note was also a reminder that the Bolsheviks' consent was now requisite to accessing Russian markets.

Finally, the end of the Polish crisis and the perseverance of trade negotiations in London meant a general cooling of fears over the Bolshevik threat to Europe. When reports emerged of the Red Army massing on the Polish border in December, *The Times* responded with a piece stating that 'it is unnecessary to assume that the Bolsheviks are preparing to attack Poland again.' Its reasoning was that 'all this must be taken into consideration when the theory that was is a necessity for Bolshevism and Trotsky's and Bukharin's bellicose speeches are weighed up against the persistence of the Soviet in trade negotiations with Britain and the keen negotiation points of details which are going on at Riga.'[98] Politicians were also unconcerned by the Russian-Polish border, with no mention of Poland in the Cabinet's December discussion on trade negotiations.[99] It appears, therefore, that Wise's advice and the Board of Trade's earlier assessment of the Polish crisis had been largely correct: an armistice between Moscow and Warsaw was facilitating a productive outcome to trade negotiations.

This tempering of attitudes did not necessarily translate into mutual understanding, as best illustrated by the unresolved facet of the Civil War, the remnants of the Volunteer Army in Ukraine under General Wrangel. The Wrangel problem, which Britain had initially sought a diplomatic solution to, was solved early in the course of negotiations, although not in the way that the British government had hoped. The Volunteer Army's retreat to Crimea in 1920 had been accompanied by the British military mission, and so Britain was the primary source of foreign aid for Wrangel. The British government had offered to mediate between the Soviets and the Volunteer Army (see above),

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[97] PA, Note on Russian Trade Agreement, 16 November 1920, LG/F/202/3/27.
[98] 'Red Policy Towards Poland: War Threats as Diplomatic Weapon', *The Times*, 15 December 1920, p. 11.
[99] CAB 23/23/20.

and Wrangel had requested such help after taking over from Denikin. At the start of June, it was agreed that Britain would begin mediation on the condition that Wrangel not begin any new aggression against the Red Army. However, when news reached London that he was continuing the Volunteer Army's offensives, it was quickly decided that this released Britain from any further obligations, and the military mission was withdrawn.[100]

The Bolsheviks did not initially believe this to be true; an indication that trust was not being built between the two governments. Chicherin had informed delegates in London at the end of June that he had evidence – from one of Wrangel's generals, captured by the Red Army – of continuing British support for the Volunteer Army.[101] Krasin informed his counterparts of this, prompting the Foreign Office to reply. It was pointed out that the supposed evidence was faulty, as the general had been taken prisoner before the withdrawal of the military mission. Thus, it was reiterated that 'no British Mission of any kind now remains with General Wrangel, nor does he receive any British naval or military support.'[102] This appeared to have satisfied the Soviet government, which agreed to Britain's negotiating terms a few days later. Nonetheless, there was still great suspicion regarding Britain's relationship with the final holdout of White Russia. Krasin was still making complaints to Lloyd George in October of Wrangel in the last months of his military campaign receiving 'direct assistance from England in the shape of ammunition and materials of war.'[103]

Ultimately, the Anglo-Soviet Trade Agreement did not need to address the relations between Soviet Russia and its neighbours, as by March 1921 the conflicts that Britain had sought an end to were already being resolved by other means. Despite the stalling of talks that occurred during the Polish crisis, its resolution was a step towards *rapprochement*. The absence of further British military intervention and the final diplomatic resolution to the war had not necessarily built any trust, but it had nudged perceptions towards each side being serious about reaching a final agreement on reopening trade. The British government's reaction to the Polish crisis had also demonstrated the effects of the public opinion against further hostilities with Soviet Russia and, as Lloyd George had alluded to in his meetings with French representatives, that the principal vehicle for this opposition was the labour movement.

[100] TNA, Conclusions of a Conversation Held at 10 Downing Street, 11 June 1920, CAB 23/37/39.
[101] TNA, Telegram from Chicherin to Russian Trade Delegation, 26 June 1920, FO 418/54.
[102] TNA, Lord Hardinge to M. Krassin, 02 July 1920, FO 418/54.
[103] TNA, M Krassin to Mr. Lloyd George, 06 October 1920, FO 418/54.

British Imperial Interests and Soviet Propaganda

One of the most positive aspects of the final agreement from the British perspective was the stipulation that the Soviet government would cease propaganda directed against the British Empire, and that it would not interfere with Britain's imperial interests, namely in India and Afghanistan. However, propaganda was also one of the issues that had potential to elicit an end to the negotiations in London. Propaganda and geopolitical clashes were effectively intertwined into a single issue during trade negotiations. The first condition of the trade agreement's preamble prohibits both general 'hostile action', but also specifically forbids, outside of the respective national borders, 'any official propaganda direct or indirect against the institutions of the British Empire or the Russia Soviet Government.'[104]

This aspect represents the major gulfs persevering between Britain and Soviet Russia, in this case, the clash of British imperial interests and Bolshevik ideology. The British Empire was still seen as one of the biggest threats to the existence of the Soviet government, while Britain perceived a menace to its imperial interests from Moscow. It was the Soviet threat to the British Empire, particularly in Asia, that motivated Curzon's concerns over *rapprochement*.[105] The Bolsheviks however were not united in turning attention to the East. The apparent threat was largely stirred by Trotsky, who talked of their opportunity to 'undermine' Britain in Asia in mid-1919. Others, like Chicherin and Stalin, were more cautious on matters of foreign policy, and Lenin was more interested in the 'sovietisation' of Poland and the Baltic states.[106]

The former Ottoman Empire and the Caucasus were another point of rivalry that demonstrated the divide that still existed. The new Turkish republic seemed to be courting favourable opinion from the Bolsheviks, as Chicherin had expressed as much in a letter to Mustafa Kemal. The Foreign Office had also learned, through intercepted communication, that the Commissar for Foreign Affairs wanted Krasin to 'make a row' over alleged repression of trade unionists in Batoum by British forces, who were said to have taken them to Malta to await execution.[107] Britain and the Bolsheviks had once had a common foe in the Ottoman Empire, which had threatened oil fields in the Caucasus (see Chapter 4), but co-operation between Ankara and Moscow could potentially be a serious threat to British interests in the Caucasus and Middle East. Furthermore, the communication between Chicherin and Krasin was an indication that the

[104] See Appendix.
[105] For more on Curzon's priorities and motivations, see: Ullman, vol III, pp. 323-4; Stephen White, pp. 143-148; John Darwin, *Britain, Egypt and the Middle East* (London: MacMillan, 1981), pp. 18-20.
[106] Sergeev, p. 110.
[107] TNA, Letter to Philip Kerr, 18 June 1920, FO 800/157/17.

Bolsheviks still considered the British Empire to be a dangerous and oppressive force which threatened political movements that might be sympathetic to their cause. Britain also maintained an interest in Turkey. Churchill, for example, late in 1920 saw potential for the nation to be a 'barrier against the Bolsheviks.'[108]

Turkey was therefore another reason to seek an end to anti-British propaganda being disseminated by Moscow. It was not an aspect in which the two governments found understanding or common ground. Instead, it was a concession on the part of the Bolsheviks to relent their ideologically motivated hostilities towards the British Empire. Initially, this was the position presented by the Soviet delegation. Krasin, in the meeting with Lloyd George on 29 June, had stated outright that the Bolsheviks were ready to cease their propaganda efforts against Britain for a trade agreement.[109] However, the arrival in Britain of Lev Kamenev for the second phase of negotiations would lead to a major exacerbation of the issue of propaganda. Kamenev was a senior Bolshevik and member of the Politburo whose addition to the delegation was intended to increase the pressure on the British government by the way of propaganda targeted at workers.[110]

Kamenev's most egregious propagandising was allegedly using the British press. The most serious allegation against him involved the clandestine sale of Russian diamonds and the transfer of some of the funds raised to the editorial board of the *Daily Herald*. When this became public knowledge, the allegation was denied, but Churchill and Curzon soon rallied to have the Soviet delegates expelled.[111] However, minsters' discussions on 10 September about Kamenev's activities are strong evidence that the rest of the British government was reluctant to end trade negotiations over Bolshevik propaganda due to optimism about a final deal. The most pertinent minute reads:

> It was pointed out that if M. Kameneff was not allowed to return it would be difficult to retain certain other members of the Mission who were equally culpable including M. Klischko. Without the latter it was improbable that M. Krassin and the more honourable members of the Mission would be allowed to stay. Hence the result would be that the door would be closed to the trade negotiations which at present held out some prospects of useful results.[112]

It was also agreed at this meeting that Lloyd George would personally handle these concerns. This excerpt is a clear illustration of the respect earned by some of the Soviet delegation – primarily Krasin – in their dealings with British representatives and how Kamenev's violation of conditions was not considered to be the mortal blow to trade talks that Curzon and Churchill had hoped for.

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[108] CA, Letter from Winston Churchill to Edward Stanley, 21 December 1920, CHAR 2/111/104.
[109] DBFP, First ser., vol VIII, p. 386.
[110] Glenny, p. 71.
[111] Sergeev, p. 104.
[112] TNA, Conclusions of a Conference of Ministers Held at 10 Downing Street, 10 September 1920, CAB 23/38/1.

Later that day Kamenev, Krasin and Klishko met Lloyd George at Downing Street for the reprimand. In a surprisingly apologetic tone, the Prime Minister presented them with Kamenev's propagandist activities, as well as deceits that he had undertaken during the Polish crisis. Criticism was levelled at him personally: 'when you meet a foreign envoy you are entitled to expect that what he tells you represents the facts as known to him.' Lloyd George also had general advice for the Bolsheviks' diplomatic efforts: 'if [the Soviets] send an emissary to this country for any purpose he must be a man whose word you can take, someone who will not deliberately deceive the Government to which he is commissioned.' Kamenev, in response, expressed regret but also offered some defence of his actions and lamented the lack of progress in trade talks. At the end of the meeting, however, Lloyd George stated that the British government was quite willing to discuss trade further, as other delegates had complied with the conditions of their stay.[113]

The next day Kamenev departed for Moscow, as he had been due to return anyway, but now would not be allowed further entry into Britain. His inclusion in the trade delegation had backfired and at the end of the second phase of talks there was no draft agreement. Ultimately, Krasin returned to the position of 29 June in which the Bolsheviks would agree to end hostile propaganda directed at Britain or its interests in Asia and the Middle East. In his final meeting with Krasin on 31 December, Lloyd George told him Britain would insist the Soviets agree to cease their propaganda in Turkey, India, Afghanistan and Persia.[114]

For the British government, the stipulations regarding propaganda were necessary to make the final trade agreement somewhat palatable to the anti-Bolshevik quarter. In the Cabinet's final meeting before authorising Horne to sign an agreement, it was elucidated that the last draft given to Krasin 'represented the maximum (indeed, was a whittling down of the maximum) concession made by those who were opposed to the scheme.'[115] Having the Soviet government agree to halt its hostile propaganda appears to be the minimum that the likes of Churchill and Curzon would have accepted. Indeed, there had been some attempts to halt progress in negotiations in 1920. Even before Lloyd George had met Krasin, Churchill had been attempting to foment Cabinet opposition to receiving Soviet delegates, even laying scorn at the feet of the Russian Trade Committee, calling the suggestion of facilitating gold payments 'a perfectly unblushing proposal by a Committee of British Government officials to enter into collusion with the Bolsheviks.'[116] Curzon ultimately decided to use negotiations to try to establish some protection for Britain's imperial interests and secure a more

[113] Secretary's Notes of a Conference with the Russian Trade Delegation, DBFP, First ser., vol VIII, pp. 783-91.
[114] TNA, Present Position of the Russian Trade Negotiations, 11 March 1921, CAB 24/121/6.
[115] TNA, Cabinet 13 (21), 14 March 1921, CAB 23/24/15.
[116] TNA, Resumption of Trade with Russia, 29 May 1920, CAB 24/106/70.

comprehensive deal on prisoner exchanges. Churchill, however, continued to be the most outspoken voice against a formal agreement. In November, as the Cabinet approached a final decision on sanctioning a deal, he made one last attempt to convince his colleagues not to, threatening to resign but not actually going through with it.[117] Lloyd George's insistence on a Soviet renunciation of anti-British propaganda had therefore split the Cabinet opposition to his advantage.

The Bolsheviks' continuation of propaganda during negotiations and the British indignation in response had been a preview of Anglo-Soviet relations in the coming decade. However, in 1920 there was enough will in London to see past the affronts and continue with negotiations. Like with the Polish crisis, optimism within the British government about a final deal – also helped by the respect that Krasin had already earned in London – had preserved talks. Lloyd George was quite explicit in his final meeting with Kamenev that commerce could still be reopened despite the breach of good faith. Again, the promise of trade had been an aegis for negotiations against the squabbles and machinations that could have been justification to end them entirely.

Aftermath of The Anglo-Soviet Trade Agreement

With the previous section having established that the 1921 agreement was signed despite significant rivalry between the two governments, it is now pertinent to examine the years that followed and the course that relations took. The underlying tensions were set aside for a time, but the Bolsheviks' animosity for the old empires and Conservative governments elected in Britain would lead to a rupture in 1927.

Initially, the new framework for Anglo-Soviet relations was followed by some cause for optimism. The adoption of the New Economic Policy (NEP) by the Soviet government in 1921 was ostensibly a sign of improving conditions in Soviet Russia for foreign business. The NEP reintroduced a limited free market economy, although foreign trade remained under state control. During this period of Soviet economic policy, some British companies did quite significant amounts of business in the USSR.[118] However, for both Britain and the Bolsheviks, the wider impact of Anglo-Soviet trade in the 1920s was ultimately disappointing. There were political factors behind this result, in both Britain and the Soviet Union, as well as a range of economic reasons.[119]

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[117] Glenny, pp. 74-76.
[118] See introduction to Chapter 4.
[119] Roger Munting, 'British Business and the Politics of Trade with the USSR During the New Economic Policy (NEP)', *Business History*, 48:2 (2006), 254-271.

Meanwhile, on the diplomatic front, the Soviet government made its next important moves during the Genoa and Hague Conferences of 1922. Genoa had been the first major international conference to which the Soviet government had been invited, which presented Lloyd George with an opportunity to further cement peace and security. However, while the conference was ongoing, the Bolsheviks had also signed the Treaty of Rapallo with the German government which paved the way for secret military co-operation. This, coupled with an array of divisions between the Western powers, meant no new agreements were made with the Soviet government.[120]

The Hague Conference was the next attempt to find the Anglo-Soviet peace deal that the 1921 agreement had alluded to, but again, no accord was made as a result of these talks. Philip Lloyd-Graeme – Secretary for Overseas Trade – explained this as 'partly because of the unwillingness of the Russian representatives to face economic facts and partly through the impossibility of reconciling conflicting political principles.' Although, he still described Hague as a 'long step forward on the path towards a Russian settlement.'[121] Stephen White, however, assessed that Hague had been impaired from the beginning, with the US government declining to even attend. He also concludes that Hague marked the end of hopes of bringing Western capitalism to Soviet Russia without the Bolsheviks' consent, which now appeared to be entirely elusive.[122] There had been, therefore, some attempt to further normalise relations following the Anglo-Soviet Trade Agreement, but the theoretical peace agreement referred to in the preamble never materialised. These attempts had run into the obstacle of ideological differences once again, as well as the intricacies of competing national interests, and there was little tangible progress being made.

After the end of Lloyd George's premiership and his coalition government, the Conservative anti-Bolshevists would find themselves in a position to begin steering Britain away from formal relations with the Soviet government. This was exemplified in April 1923 by the so-called 'Curzon note' or 'Curzon ultimatum.' After the seizure by Soviet authorities of two British trawlers off the Murmansk coast, the British government, no longer working under Lloyd George's policy of *rapprochement*, decided upon a stern response. Curzon drafted his famous note, referencing not only the most recent aggravation but also a growing list of grievances including the execution of a British citizen in 1920 and the continuation of anti-British propaganda by the Soviet government. The Cabinet then agreed to finish the despatch with a threat to terminate the Anglo-Soviet Trade

[120] For more on Anglo-Soviet relations during the Genoa Conference, see: Williams, pp. 67-69; Carole Fink, Axel Frohn, Jurgen Heideking (eds.), *Genoa, Rapallo and European Reconstruction in 1922* (Cambridge: Cambridge University Press, 1991).
[121] HoC Sitting, 26 July 1922, vol 157 cc491-492.
[122] Stephen White, *Britain and the Bolshevik Revolution*, pp. 74-78.

Agreement under article XIII.[123] The initial reaction from Moscow was panicked, sparking fears of a new anti-Soviet coalition forming with Poland.[124] However, the Soviets' actual response to the British government was conciliatory; in fact, Trotsky was 'surprised at the modesty of Lord Curzon's demands'[125] An immediate rupture was therefore avoided through some concessions, but it was a sign that relations were still subject to strains and were not showing any signs of major improvements.

There was a brief respite for Anglo-Soviet relations in 1924 with the election of Ramsay MacDonald's minority Labour government which granted official diplomatic recognition to the USSR. However, MacDonald's first government was short lived, and relations ultimately remained fractious. This was largely defined by the infamous Zinoviev Letter, published in the *Daily Mail* and the *Times* on 25 October 1924, days before the general election in which the Conservatives regained power. It was supposedly a letter from Grigorii Zinoviev, in his capacity as chair of the Communist International, to members of the Communist Party of Great Britain, claiming that Labour's formalisation of diplomatic relations would help radicalise the British working class. Historians have since concluded that the document was almost certainly a forgery – and Zinoviev himself denied writing it – and that Labour were heading towards electoral defeat anyway, contrary to some protests at the time. The incident had nonetheless done them no electoral favours and galvanised liberal opinion against the Bolsheviks and against the idea of rehabilitating Soviet Russia.[126]

Relations continued to deteriorate in the following years, particularly after the general strike of 1926 and the support for industrial unrest from Moscow. The Bolsheviks were not relenting in their covert attacks on Western governments and British military intelligence apparently had evidence of espionage activities co-ordinated through the ARCOS office in London. ARCOS was raided by police on 12 May 1927, although they failed to uncover concrete proof of espionage.[127] Nevertheless, two weeks later, the British government decided – although not entirely without reservation – to formally charge the Soviet government with hostilities, expelling their

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[123] Ibid, pp. 158-159.
[124] Sergey Sklyarov, 'Curzon's Ultimatum and its Impact on the USSR Policy Towards Poland', *RUDN Journal of Russian History*, 22:1 (2023), 139-150.
[125] Leon Trotsky, 'Imperialism and Soviet Russia', 06 June 1923, *Marxists Internet Archive*, <https://www.marxists.org/archive/trotsky/1923/06/imp-sr.htm> [accessed December 2022].
[126] There is a long historiography concerning the Zinoviev Letter. For the most recent work regarding the incident, see: Sergeev, pp. 159-166; Gill Bennett, *The Zinoviev Letter: The Conspiracy that Never Dies* (Oxford: Oxford University Press, 2018); Victor Madeira, *Britannia and the Bear: The Anglo-Russian Intelligence Wars, 1917-1929* (Woodbridge: The Boydell Press, 2014), pp 124-129.
[127] Madeira, pp. 163-164.

representatives and terminating the Anglo-Soviet Trade Agreement.[128] The framework established in March 1921 had therefore lasted only six years.

Conclusion

Anglo-Soviet diplomacy in this period was far from being a frictionless or linear process. Nevertheless, the end of the period covered in this chapter saw the emergence of the only major formal agreement between the two nations in the 1920s. This chapter has covered the key events and processes which culminated in the signing of the Anglo-Soviet Trade Agreement, and explained how these were enmeshed with the factors outlined in previous chapters.

Attempts at dialogue with Bolsheviks had been taking place since 1918, but strong momentum towards *rapprochement* did not occur until economic and commercial needs had begun to conglomerate, especially as commercial intervention proved to be unfeasible. Before this was the Prinkipo Proposal, a misconceived attempt at finding a diplomatic resolution to the Russian Civil War. If there was any achievement in the scheme, it was the acknowledgement from Chicherin that Moscow might consider a constructive dialogue with the Allied Powers. However, any more tangible results were elusive; the scheme was entirely unrealistic, and the Allies were divided on its efficacy. At the time of the Prinkipo Proposal, there had been no clear direction for intervention, but by the time negotiations between James O'Grady and Maxim Litvinov were being established, Allied forces were being evacuated.

Negotiations in Copenhagen, and the earlier exchanges between the Foreign Office and Karakhan in 1919, did not achieve a final resolution to the issue of prisoners held in Soviet Russia; the 1921 agreement had to stipulate that 'all British subjects in Russia are immediately permitted to return home and that all Russian citizens in Great Britain or other parts of the British Empire who desire to return to Russia are similarly released.'[129] They did not occur in a vacuum, however, and the course of these negotiations reveal some change in the nature of interaction between Britain and the Soviet government. Around the time that military intervention was coming to an end, Britain relinquished its resistance to face-to-face talks in a third country and soon after Lloyd George announced that intervention was ending altogether, talks with Litvinov quickly expanded in scope.

[128] TNA, Cabinet 34 (27), 25 May 1927, CAB 23/55/4.
[129] See Appendix.

The Copenhagen Conference itself could therefore even be construed as a concession to the Soviet government, which had been pressing for such talks for months.

Nevertheless, the termination of military intervention was not the only force behind these changes. From November 1919 to January 1920, trade was being established as the immediate goal of *rapprochement* for both sides as it became clear that commercial intervention could not produce meaningful results, and Wise articulated the apparent need to dismantle the blockade. The beginning of 1920 also brought manifest domestic economic needs, as demonstrated by the pessimistic assessments of textiles exports.[130] Furthermore, Lloyd George was consolidating his hold on Britain's Russia policy, reducing the Foreign Office's role in negotiations and placing Wise as head of the Russian Trade Committee. By the time Krasin first met with Lloyd George, the diplomatic process had largely been delegated to the Committee and the Board of Trade. Under this direction, negotiations would survive the political turmoil from the Polish crisis and Kamenev's propaganda attempts.

The perseverance of talks had also been encouraged by the contracts being negotiated by Krasin with British companies which demonstrated the pressure forming from the coalition of interests described in Chapter 4, as did the reaction to the Polish crisis from the labour movement. Without such pressures, Lloyd George may have faced much more effective opposition to his policy of diplomacy. Commercial pressures and the dominance of Britain's position by Lloyd George's allies also allowed for the biggest concession made by the British government: the acceptance of the recognition of claims and debts. The declaration from Krasin which accompanied the trade agreement was not sufficient for companies like Russo-Asiatic Consolidated or BECORS which had demanded recompense. Furthermore, the British government did not appear to be labouring under an illusion that the Bolsheviks intended to pay their debts, which was certainly the view of the Treasury.[131] It can be concluded, therefore, that an informal repudiation of debts was deemed an acceptable risk by those in charge of negotiations if it meant opening Russian markets to British companies.

Changes to attitudes over the course of negotiations did occur but were mostly subtle. The resolution to the Polish crisis, and the absence of further direct clashes between Soviet Russia and Britain, was a demulcent to Anglo-Soviet relations in 1920 but the optimism over reopening trade was a far more constant presence. The British government had therefore primarily been motivated

[130] See Chapter 4.
[131] John Maynard Keynes had even expressed this view in 1919, see 'The Blockade in British Economic Policy' in Chapter 3.

by the apparent need for trade, and the remaining divide between the two states guided by very different ideologies was set aside in order to finalise a useable framework. This highlights the importance of the intersection of economic need and the political environment of the time in allowing *rapprochement* to happen. Relations in the years following the 1921 agreement demonstrated that, with a different government in charge, the ideological differences were not so easily ignored.

Conclusions

This thesis has challenged established interpretations of Britain's entry into relations with Soviet Russia, formalised by the 1921 Anglo-Soviet Trade Agreement, by determining a convergence of economic and political circumstances which created an environment favourable to *rapprochement*. It has done so through re-examinations of Britain's military intervention in Soviet Russia and later diplomatic negotiations with the Bolsheviks, but also through new research into commercial relations. The following final remarks will discuss the overarching themes established in this study: the nature of foreign intervention in Soviet Russia, and the intersection of commercial processes with politics and diplomacy. Lastly, it will assess the wider impact of the Anglo-Soviet Trade Agreement in Europe in the 1920s.

Intervention and Ideology

Regarding Britain's military intervention, some historians have been unconvinced by the idea of an ideological war between capitalism and communism, and this thesis has also rejected this view.[1] Certainly, Britain and Soviet Russia found themselves at war in 1918, but Britain's involvement was never a concerted effort to end the Bolshevik regime with military force. In fact, the first months of intervention had seen a cautious effort to establish some kind of productive relationship with the Bolsheviks. An imminent threat of German advances in the East provided common ground for the British and Soviet governments, prompting very limited and tentative co-operation in North Russia. The Finnish Civil War of 1918 had handed a route into North Russia to the German military and neither London nor Moscow wanted them to successfully exploit it. The new Finnish republic had its own territorial claims to press but was perceived to be a client state working to further German war aims.

The First World War was undoubtedly a more pressing issue than the course of the Russian Revolution for the British government in 1918, which was willing to assume a non-hostile stance towards the Bolsheviks in the hope that they might facilitate a resistance to Germany in the East. The Bolsheviks, on the other hand, regarded any expansion of Britain's presence with great suspicion. They had seized power expecting to be confronted by a capitalist counterrevolution, and foreign troops on Russian soil seemed to confirm this. So, in July, Trotsky ordered the Murmansk and Arkhangelsk Soviets to refuse further Allied support but was politely declined. After this incident and

[1] For example, Ullman; Kennedy-Pipe; Wade.

the attack on the Petrograd embassy at the start of August, further co-operation with the Bolsheviks became unconscionable for London. This was the most direct role played by ideology in the conflict between Britain and Soviet Russia: the Bolsheviks' motivation for rejecting co-operation with Allied military expeditions.

Ideology also encouraged interventionism in Britain, particularly after the November armistice and Churchill becoming Secretary of State for War. In this case, it was largely conservative anti-Bolshevism that drove attempts to expand Britain's involvement in the Russian Civil War. However, as shown in Chapter 2, this had to contend with other priorities for the continued presence of the British military across the former Russian Empire. For example, for the Prime Minister, the only concrete goal for the military expeditions after the armistice was to evacuate from Soviet Russia entirely. Dragging Britain into a new war, he believed, risked major social unrest at a time when his government was already having to deal with widespread industrial action.

Anti-Bolshevism in Britain also had to contend with an environment of distrust, and sometimes even animosity, towards the Whites. Both Chapters 2 and 3 have shown how interests of the British government and the Whites often did not align, but there was also a deeper disconnection between Britain and anti-Bolshevik Russia. From Foreign Office officials to Labour Party pamphlets, there was a widespread disdain for what many saw as reactionary authoritarian regimes. The Whites' apparent desire to reform the old borders of the Russian Empire was also a major obstacle to relations. The border states issue was partly born out of ideology, namely the desire to uphold the principle of self-determination for nations, although there were likely geopolitical advantages to be had for Britain in Russia losing much of its former territory in Eastern Europe. Either way, the outcome was further distance between Britain and the Whites, and another hurdle for interventionists in Britain.

British military intervention was therefore not characterised by a single objective or reason. The offensives in North Russia in the spring and summer of 1919 were reflective of this ill-defined nature. Maynard's southward advance had been an attack of opportunity, while Ironside's had been justified with two quite different goals: securing a buffer for the upcoming evacuation, and effecting a junction between anti-Bolshevik forces in Siberia and the North. Regardless of the extent of their successes, the most direct military action against the Bolsheviks by Britain was not an unambiguous assault on communism. In fact, during the period covered in this thesis, the British government in many respects went out of its way to avoid becoming embroiled in a conflict over ideology. Whether this was Balfour's 'middle course' for foreign policy, or the Board of Trade later encouraging negotiators not to debate the merits of capitalism with their Soviet counterparts, the result was

evading the incompatibility of the two systems. There was simply not enough political will, and even less popular will, in Britain for a direct confrontation with communism after the First World War.

The final brand of anti-interventionism to consider is that within the left of British politics. Internationalism and a cautious sense of socialist solidarity were certainly factors in opposition to intervention and the blockade. This meant varying degrees of sympathies for the Bolsheviks as practitioners of socialism, although communism was not desirable in the mainstream of the labour movement. Avoiding a new war and reopening trade were, however. Hence, in this quarter of British politics, pragmatism and dogmatism are difficult to untangle as they both led to the same outcome: support for diplomacy with the Soviet government and opposition to military intervention. The labour movement had been deeply divided over Britain's participation in the First World War but was united in opposing intervention in Soviet Russia. The possibility of intervention in Poland in 1920 was therefore fiercely assailed, and the Cabinet was fully aware of the repercussions such action might face.

Ideology versus pragmatism as an axis for examining relations between Soviet Russia and Britain in this period is too simplistic. Certainly, for the Bolsheviks, ideology was a major factor behind the formation of their foreign policy. Meanwhile, Britain appeared to take a pragmatic stance in engaging in diplomacy, despite dogma remaining an obvious division between it and the Soviet government. However, the course of military intervention suggests there were also some ideological motivations for Britain not throwing its weight behind the anti-Bolshevik cause. Liberal aspirations to self-determination were a barrier to extensive support for Iudenich, and Kolchak's reactionary image made him objectionable to people across the political spectrum. Left-wing anti-interventionism was also partly born out of ideology. Using the analyses of chapters 1 and 2 of this thesis, and taking into consideration some of the recent historiography, British military intervention in Soviet Russia is therefore best understood as a residual conflict of the First World War rather than a war against communism.[2]

The Politics of Trade

As intervention came to an end, opinions on how to deal with the Bolshevik's revolutionary government remained divided, but traditional political divisions were bridged by a perceived need for Russian markets to be made accessible. Yet, opposition to the blockade of Soviet Russia also

[2] See, for example, Gerwarth; Smele, *The "Russian" Civil Wars*.

emerged out of newer tendencies in British politics: the rise of the Labour Party and the changes in liberal economic thinking in a direction that would later become macroeconomics. It was this political environment that facilitated the shift in Britain's policy away from intervention and towards trade. However, the favourability of Soviet trade went beyond parliamentary and high politics. The informal coalition of interests which demanded a reopening of commerce had peripheral and direct impacts on Anglo-Soviet diplomacy leading up the 1921 trade agreement.

It was posited at the time – and historians have since pointed to this as a key motivation for the British government in negotiating with the Bolsheviks – that trade would be the end of communism.[3] Economic stability and interdependence would force the Bolsheviks down a moderate path, it was believed. This thesis has challenged this as a primary motivation for Britain, in favour of domestic economic and political factors. For Lloyd George, this justification was much less important to the trade agreement than the need for stability at home. Nonetheless, there is no evidence that this was not a sincere belief, even if it did not inform policy up until the trade agreement to a significant extent.

Building on previous conclusions in the historiography, the role played by David Lloyd George in establishing formal relations with the Soviet government is undoubtedly significant, yet he was aided by other individuals with similar views as to what sort of relationship Britain should have with the Bolsheviks, as well as circumstances and environment beneficial to his goals. Rather than the 'impenetrable' policy some historians have described, this thesis has presented Lloyd George's approach to the 'Russian situation' as quite comprehensible. He had sought a peaceful diplomatic solution to the conflicts that engulfed the former Russian Empire in order to avoid Britain becoming entangled in a new war and risking major unrest, as well as to avoid a reconstitution of the old borders. Access to emerging markets in the former empire was also an attractive opportunity for the British economy, even more so after the country had taken stock of the damage caused by the First World War. The first attempt at negotiation, the Prinkipo scheme, had exposed the near impossibility of establishing anything other than low-level diplomacy with the Soviet government at the beginning of 1919, but by the end of the year a solution had presented itself: trading with the Bolsheviks. The Prime Minister then began to steer policy towards this objective, initially under the guise of a new approach to fighting Bolshevism after the failure of military intervention. Under the surface, however, there was growing backlash against the policy of blockading Soviet Russia from across British politics, as discussed in chapters 3 and 4.

[3] For example, Stephen White, *Britain and the Bolshevik Revolution*; Gaworek.

Lloyd George's policy had been facilitated by mainstream economic thinking, both liberal and conservative, as some sought a return to pre-war free trade while others encouraged greater state action in tackling economic issues. Economic blockades in general were unpopular amongst proponents of free trade but the cordon of Soviet Russia attracted particular ire from a wider constituency because of its denial of resources that would ostensibly aid Britain's economic recovery. The Prime Minister used this to his advantage, ensuring that negotiations with the Soviet trade delegation were handled primarily by allies and those who agreed with the premise that making peace with the Bolsheviks would ultimately be beneficial to the economy. When talks almost inevitably encountered obstacles, it was chiefly the economic and commercial proclivities that motivated the British government to surmount them.

However, *rapprochement* through trade was not just a product of Lloyd George's machinations, or British political culture. Russia was an emerging market in which Britain already had a foothold, and businesses with investments there did not want to see it squandered. Commercial intervention involved attempts to create favourable conditions after the Revolution without dealing with the Soviet government even if, for some, it was intended as a vehicle of support for anti-Bolshevik forces. Yet, as shown in Chapter 3, it became clear that this policy could not work. White Russia was too economically unstable to cater to British commercial needs without significant financial aid and interference in currency. Chapters 4 and 5 have shown that the Bolsheviks, meanwhile, were showing some willingness to make concessions to, or have some form of relationship with foreign capitalists. Although companies who had lost property in the Russian revolution firstly demanded compensation, they were also willing to continue with the processes of investment and exporting even as the Bolsheviks consolidated power. There was pressure, therefore, not just for the British government to reimburse private interests, but also to facilitate commerce with Soviet Russia. The letter from Arthur Marshall to Lloyd George in November 1919 is evidence that there was some lobbying from industrialists to encourage the pursuit of a trade agreement with the Bolsheviks.[4]

Government was certainly not in thrall to business, but the needs of industry were not entirely ignored. Some strands of commercial intervention were designed to aid British companies to establish commercial routes into Russia and the Board of Trade initially put private claims recognition high on its list of priorities for negotiations with Leonid Krasin. However, the needs of businesses were not uniform. By 1920, it was clear that exports were not recovering quickly, which was particularly damaging to the textiles industry, among other sectors. Consequently, more

[4] 26 November 1919, MS 1424/254.

companies were preparing to do business with Krasin, even though a final agreement had yet to be reached. While some business representatives lamented nebulous Soviet recognitions or even the idea of negotiating with the Bolsheviks at all, there were others validating the British government's pursuit of a trade deal. Within this context, a concession was granted to the Soviet government in service of a legal commercial framework. It was also a compromise with businesses: they would not be receiving recompense, or any guarantees of compensation, but trade would be reopened. In this lens, the 1921 agreement was a re-formalisation of the commercial processes that had, prior to the Revolution, helped entrench British interests in the Russian economy.

Chapter 4 of this thesis has also established the demands from organised labour for trading relations with Soviet Russia. Parallel to left-wing anti-interventionism was the beginning of major industrial disputes and a rising cost of living which encouraged the labour movement to seek reprieve in Russian markets, much like private interests. The strikes which occurred soon after the First World War were also a noticeable consideration for Lloyd George, who saw potential for the Russia situation to escalate the social tensions in Britain. The 1921 agreement in one sense therefore was a balance of the demands of capital and labour; a compromise after witnessing the course of the Russian Revolution. Trade had provided a convenient middle ground in addressing the needs and demands of both.

With hindsight, the supposed benefits for Britain in trading with Soviet Russia were often exaggerated, however, the rupture in Anglo-Soviet relations later that decade was chiefly due to political reasons. Despite the overall disappointment in Anglo-Soviet trade, some British businesses did have productive commercial relationships. Further research into a wider constituency of British companies could establish a better understanding of the informal and post-trade agreement relationships in the 1920s, and their wider impact. Likewise, sources from the BECORS records indicate more research could be conducted into the Soviet government's contribution, to ascertain why the Bolsheviks took a seemingly inconsistent approach to foreign companies in 1918. Much of the foreign-owned property in Soviet Russia was nationalised, but the Mytishchi Car Works indicate some compromises were being made even years before the trade agreement and the New Economic Policy.

The Anglo-Soviet Trade Agreement in International History

As discussed in the introduction and Chapter 4, there are several interpretations of the causes of the Anglo-Soviet Trade Agreement and its significance. Some historians have pointed to rivalry with

Germany as a focal point for British policy, or Lloyd George's desire to reconstitute the international community after the First World War.[5] However, this thesis has argued that, in Britain, its causes are found in a combination of economic need and political climate. So, if domestic, rather than geopolitical, factors encouraged Britain to shift policy towards trade, does this mean the 1921 agreement had little international significance?

While both governments had to turn to face their own economic challenges, there were still wider ramifications in the establishment of peaceful relations between Soviet Russia and the British Empire. Without a more comprehensive peace settlement, the 1921 agreement was the only formal framework for Anglo-Soviet relations while it was still in effect. Its articles were largely concerned with creating a workable environment for commerce and to this end, it also stipulated that each party would refrain from any hostile actions. The innate conflict between capitalism and communism which Lenin and Trotsky, and probably Churchill, still believed would inevitably turn into war, had been postponed while Soviet Russia and the British Empire and its allies addressed their immediate economic concerns. Lloyd George had hoped to avoid such a clash altogether, but his grip on the Russia policy was soon coming to an end, along with his premiership.

Somewhat unintentionally then, Britain had helped shape the balance of power and security in Europe following the Treaty of Versailles and the creation of the League of Nations. The order established at Versailles was modified several times in the 1920s as the major powers attempted to maintain peace in Europe and reintegrate Germany into the international order. The Locarno Treaty of 1925, for example, had cemented Germany's western border and demilitarised the Rhineland after the Ruhr Crisis. In 1926, Germany was allowed into the League of Nations, in a further rehabilitation. There was also the much loftier renunciation of war in the 1928 Kellogg-Briand Pact. These agreements did not address the USSR, which remained a looming revolutionary state on Europe's eastern border. However, the Soviets were now bound by the Treaty of Riga, which had established a recognised border with Poland and maintained peace between the two nations until 1939. Two days earlier, Krasin and Robert Horne had signed their agreement in London, making Britain the first of the powers which had intervened in Russia to make a formal pact with the Soviet government. In the framing of intervention in the Russia Civil War being a remnant of the First World War, it was therefore beginning to tie one of Europe's remaining loose ends.

The Anglo-Soviet Trade Agreement was therefore part of the demarcation of Europe after the First World War; allowing Soviet Russia some security, while giving Britain space and breathing room to recover from the economic and social damage it had suffered. This reflected the uneasy

[5] For example, Gaworek; Ullman.

peace of inter-war Europe, a backdrop of economic and political instability which would eventually force Britain and the Soviet Union to temporarily set aside their differences once again the next time German armies were advancing through Eastern Europe.

Appendix: Trade Agreement Between His Britannic Majesty's Government and the Government of the Russian Socialist Federal Soviet Republic
16 March 1921

Whereas it is desirable in the interests both of Russia and of the United Kingdom that peaceful trade and commerce should be resumed forthwith between these countries, and whereas for this purpose it is necessary pending the conclusion of a formal general Peace Treaty between the Governments of these countries by which their economic and political relations shall be regulated in the future that a preliminary Agreement should be arrived at between the Government of the United Kingdom and the Government of the Russian Socialist Soviet Republic, hereinafter referred to as the Russian Soviet Government.

The aforesaid parties have accordingly entered into the present Agreement for the resumption of trade and commerce between the countries The present Agreement is subject to the fulfilment of the following conditions, namely: --

(a) That each party refrains from hostile action or undertakings against the other and from conducting outside of its own borders any official propaganda direct or indirect against the institutions of the British Empire or the Russian Soviet Republic respectively, and more particularly that the Russian Soviet Government refrains from any attempt by military or diplomatic or any other form of action or propaganda to encourage any of the peoples of Asia in any form of hostile action against British interests or the British Empire, especially in India and in the Independent State of Afghanistan. The British Government gives a similar particular undertaking to the Russian Soviet Government in respect of the countries which formed part of the former Russian Empire and which have now become independent.

(b) That all British subjects in Russia are immediately permitted to return home and that all Russian citizens in Great Britain or other parts of the British Empire who desire to return to Russia are similarly released.

It is understood that the term "conducting any official propaganda" includes the giving by either party of assistance or encouragement to any propaganda conducted outside its own borders.

The parties undertake to give forthwith all necessary instructions to their agents and to all persons under their authority to conform to the stipulations undertaken above.

I.

Both parties agree not to impose or maintain any form of blockade against each other and to remove forthwith all obstacles hitherto placed in the way of the real trade between the United Kingdom and Russia in any commodities which may be legally exported from or imported into their respective territories to or from any other foreign country, and not to exercise any discrimination against such trade, as compared with that carried on with any other foreign country or to place any impediments in the way of banking, credit and financial operations for the purpose of such trade, but subject always to legislation generally applicable in the respective countries. It is understood that nothing in this Article shall prevent either party from regulating the trade in arms and ammunition under general provisions of law which are applicable to the import of arms and ammunition from, or their export to foreign countries.

Nothing in this Article shall be construed as overriding the provisions of any general International Convention which is binding on either party by which the trade in any particular article is or may be regulated (as for example, the Opium Convention).

II.

British and Russian ships, their masters, crews and cargoes shall, in ports of Russia and the United Kingdom respectively, receive in all respects the treatment, privileges, facilities, immunities and protections which are usually accorded by the established practice of commercial nations to foreign merchant ships, their masters, crews and cargoes, visiting their ports including the facilities usually accorded in respect of coal and water pilotage, berthing, dry docks, cranes, repairs, warehouses and generally all services appliances and premises connected with merchant shipping.

Moreover, the British Government undertakes not to take part in, or to support, measures restricting or hindering, or tending to restrict or hinder, Russian ships from exercising the rights of free navigation of the high seas, straits and navigable waterways, which are enjoyed by ships of other nationalities.

Provided that nothing in this Article shall impair the right of either party to take precautions as are authorised by their respective laws with regard to the admission of aliens into their territories.

III.

The British and other governments having already undertaken the clearance of the seas adjacent to their own coasts and also certain parts of the Baltic from mines for the benefit of all nations, the Russian Soviet Government on their part undertake to clear the sea passages to their own ports.

The British Government will give the Russian Soviet government any information in their power as to the position of mines which will assist them in clearing passages to the ports and shores of Russia.

The Russian Government, like other nations, will give all information to the International Mine Clearance Committee about the areas they swept and and also what areas still remain dangerous. They will also give all information in their posession about the minefields laid down by the late Russian Governments since the outbreak of war in l914 outside Russian territorial waters in order to assist in their clearance.

Provided that nothing in this section shall be understood to prevent the Russian Government from taking or require them to disclose any measures they may consider necessary for the protection of their ports.

IV.

Each party may nominate such number of its nationals as may he agreed from time to time as being reasonably necessary to enable proper effect to be given to this Agreement, having regard to the conditions under which trade is carried on in its territories, and the other party shall permit such persons to enter its territories, and to sojourn and carry on trade there, provided that either party may restrict the admittance of any such persons into any specified areas, and may refuse admittance to or sojourn in its territories to any individual who is persona non grata to itself, or who does not comply with this Agreement or with the conditions precedent thereto.

Persons admitted in pursuance of this Article into the territories of either party shall, while sojourning there for purposes of trade, be exempted from all compulsory services, whether civil, naval, military or other, and from any contributions whether pecuniary or in kind imposed as an equivalent for personal service and shall have right of egress.

They shall be at liberty to communicate freely by post, telegraph and wireless telegraphy, and to use telegraph codes under the conditions and subject to the regulations laid down in the International Telegraph Convention of St. Petersburg, 1875 (Lisbon Revision of 1908).

Each party undertakes to account for and to pay all balances due to the other of terminal and transit telegrams and in respect of transit letter mails in accordance provisions of the International Telegraph Convention and Regulations and of the Convention and Regulations of the Universal Postal Union respectively. The above balances when due shall be paid in the currency of either party at the option of the receiving party.

Persons admitted into Russia under this Agreement shall be permitted freely to import commodities (except commodities such as alcoholic liquors of which both the importation and the manufacture are or may be prohibited in Russia) destined solely for their household use or consumption to an amount reasonably required for such purposes.

V.

Either party may appoint one or more official agents to a number to be mutually agreed upon to reside and exercise their functions in the territories of the other who shall personally enjoy all the rights and immunities set forth in the preceding Article and also immunity from arrest and search provided that either party may refuse to admit any individual as an official agent who is persona non grata to itself or may require the other party to withdraw him should it find it necessary to do so on grounds of public interest or security. Such agents shall leave access to the authorities of the country in which they reside for the purpose of facilitating the carrying out of this Agreement and of protecting the interests of their nationals.

Official agents shall be at liberty to communicate freely with their own Government and with other official representatives of their Government in other countries by post, by telegraph and wireless telegraphy in cypher and to receive and despatch couriers with sealed bags subject to a limitation of 3 kilograms per week which shall be exempt from examination.

Telegrams and radiotelegrams of official agents shall enjoy any right of priority over private messages that may be generally accorded to messages of the official representatives of foreign Governments in the United Kingdom and Russia respectively.

Russian official agents in the United Kingdom shall enjoy the same privileges in respect of exemption from taxation, central or local, as are accorded to the official representatives of other foreign Governments. British official agents in Russia shall enjoy equivalent privileges which moreover shall in no case be less than those accorded to the official agents of any other country.

The official agents shall he the competent authorities to visa the passports of persons seeking admission in pursuance of the preceding Article into the territories of the parties.

VI.

Each party undertakes generally to ensure that persons admitted into its territories under the two preceding Articles shall enjoy all protection, rights and facilities which are necessary to enable them

to carry on trade, but subject always to any legislation generally applicable in the respective countries.

VII.

Both contracting parties agree simultaneously with the conclusion of the present Trade Agreement to renew exchange of private postal and telegraphic correspondence between both countries as well as despatch and acceptance of wireless messages and parcels by post in accordance with the rules and regulations which were in existence up to 1914.

VIII.

Passports, documents of identity, Powers of Attorney and similar documents issued or certified by the competent authorities in either country for the purpose of enabling trade to be carried on in pursuance of this Agreement shall be treated in the other country as if they were issued or certified by the authorities of a recognised foreign Government.

IX.

The British Government declares that it will not initiate any steps with a view to attach or to take possession of any gold, funds, securities or commodities not being articles identifiable as the property of the British Government which may be exported from Russia in payment for imports or as securities for such payment, or of any movable or immovable property which may be acquired by the Russian Soviet Government within the United Kingdom.

It will not take steps to obtain any special legislation not applicable to other countries importation into the United Kingdom of precious metals from Russia whether specie (other than British or Allied) or bullion or manufactures or the storing, analysing, refining, melting, mortgaging or disposing thereof in the United Kingdom, and will not requisition such metals.

X.

The Russian Soviet Government undertakes to make no claim to dispose in any way of the funds or other property of the late Imperial and Provisional Russian Governments in the United Kingdom. The British Government gives a corresponding undertaking as regards British Government funds and property in Russia. This Article is not to prejudice the inclusion in the general Treaty referred to in the Preamble of any provision the subject matter of this Article.

Both parties agree to protect and not to transfer to any claimants pending the conclusion of the aforesaid Treaty any of the above funds or property which may be subject to their control.

XI.

Merchandise the produce or manufacture of one country imported into the other in pursuance of this Agreement shall not be subjected therein to compulsory requisition on the part of the Government or of any local authority.

XII.

It is agreed that all questions relating to the rights and claims of nationals of either party in respect of Patents, Trade Marks, Designs and Copyrights shall be equitably dealt with in the Treaty referred to in the Preamble.

XIII.

The present Agreement shall come into force immediately and both parties shall at once take all necessary measures to give effect to it. It shall continue in force unless and until replaced by the Treaty contemplated in the Preamble so long as the conditions in both the Articles of the Agreement and in the Preamble are observed by both sides. Provided that at any time after the expiration of twelve months from the date on which the Agreement comes into force either party may give notice to terminate the provisions of the preceding Articles, and on the expiration of six months from the date of such notice these Articles shall terminate accordingly.

Provided also that if as the result of any action in the Courts of the United Kingdom with the attachment or arrest of any gold, funds, securities, property or commodities not being dentifiable [sic] as the exclusive property of a British subject, consigned to the United Kingdom by the Russian Soviet Government or its representatives judgment is delivered by the Court under which such gold, funds, securities, property or commodities are held to be validly attached on account of obligations incurred by the Russian Soviet Government or by any previous Russian Government before the date of the signature of this Agreement, the Russian Soviet Government shall have the right to terminate the Agreement forthwith.

Provided also that in the event of the infringement by either party at any time of the provisions of this Agreement or of the conditions referred to in the Preamble, the other party shall immediately be free from the obligations of the Agreement. Nevertheless it is agreed that before taking any action inconsistent with the Agreement the aggrieved Party shall give the other party a reasonable opportunity of furnishing an explanation or remedying the default.

It is mutually agreed that in any of the events contemplated in the above provisos, the parties will afford all necessary facilities for the winding up in accordance with the principles of the Agreement of any transactions already entered into thereunder, and for the withdrawal and egress from their territories of the nationals of the other party and for the withdrawal of their movable property.

As from the date when six months' notice of termination shall have been given under this Article, the only new transactions which shall be entered into under the Agreement shall be those which can completed within the six months. In all other respects the provisions of the Agreement will remain fully in force up to the date of termination.

This Agreement is drawn up and signed in the English language. But it is agreed that as soon as may be a translation shall be made into the Russian language and agreed between the Parties. Both texts shall then be considered authentic for all purposes.

Signed at London, this sixteenth day of March, nineteen hundred and twenty-one.

R. S. HORNE.

L. KRASSIN.

Declaration of Recognition of Claims

At the moment of signature of the preceding Trade Agreement both parties declare that all claims of either party or of its nationals against the other party in respect of property or rights or in respect of obligations incurred by the existing or former Governments of either country shall be equitably dealt with in the formal general Peace referred to in the Preamble.

In the meantime and without prejudice to the generality of the above stipulation the Russian Soviet Government declares that it recognises in principle that it is liable to pay compensation to private persons who have supplied goods or services to Russia for which they have not been paid. The detailed mode of discharging this liability shall be regulated by the Treaty referred to in the Preamble.

The British Government hereby makes a corresponding declaration.

It is clearly understood that the above declarations in no way imply that the claims referred to therein will have preferential treatment in the aforesaid Treaty as compared with any other classes of claims which are to be dealt with in that Treaty.

Signed at London, this sixteenth day of March, nineteen hundred and twenty-one.

R. S. HORNE.

L. KRASSIN.

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