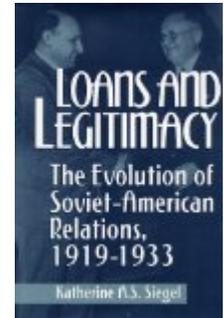


Katherine A.S. Siegel. *Loans and Legitimacy: The Evolution of Soviet-American Relations, 1919-1933.* Lexington: University Press of Kentucky, 1996. x + 211 pp. \$39.95, cloth, ISBN 978-0-8131-1962-5.



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Western scholarship on the Soviet Union in the 1920s has undergone a rebirth in last two decades. Key works in the mid- 1970s opened up the study of political, economic and cultural aspects of that period, exploring the complex historical trajectory from the optimism of 1917 to the horrors of the 1930s.[1] This scholarship, of course, has been aided in recent years by new opportunities to work in Soviet-era archives and the chance to work with Russian historians no longer limited to demonstrating the historical inevitability of Soviet power.[2] Yet this new generation of scholarship on the 1920s has, for the most part, excluded work on Soviet foreign policy; the most recent western works on the Soviet Union and the world in the 1920s do not incorporate any materials from Soviet archives.[3]

In terms of Soviet-American relations, the lack of diplomatic recognition (until 1933) limited the scope of scholarship on bilateral relations between the future Cold-War foes. Yet the absence of formal diplomatic ties certainly did not prevent a wide variety of non-governmental interactions: philanthropic missions, technology exports, and

numerous business pursuits. American economic activity in Russia during the New Economic Policy (NEP) ranged from the promotional activities of "The Khan of Kamchatka" (Washington Vanderlip, a west-coast businessman whom the Soviets confused with Frank Vanderlip of First National City Bank) to concessions and technical-aid agreements. Historians have not neglected American economic contacts with Soviet Russia, though the story was (of necessity) told with exclusively western sources.[4] The recent archival openings should allow historians to tell this unusual history of extensive economic contact without official relations. The number of Soviet party and government organs dealing with foreign economic relations presents an intimidating project for even the most dedicated researcher: the foreign ministry, the central Party apparatus, "personal" collections of leading officials, and the various economic ministries all contain (in somewhat haphazard order) documents on Soviet dealings with American and other western businesses.

Given this background, then, Katherine Siegel's new book on Soviet-American relations in

the 1920s, *Loans and Legitimacy*, could be welcomed by historians of American and Soviet foreign policy. Her title seems to refer to the Soviets' two principal foreign-policy aims vis-a-vis the United States: credits for trade and some token of official acknowledgment. Siegel cites work from the spectrum of Soviet sources (twelve collections at four different Moscow archives), as well as from over twenty American archival collections, both private and governmental. Yet the book does not fulfill its promise. Siegel does not effectively deploy her archival findings (which are more distinguished by breadth than by depth on any one topic) to present a careful interpretation of American-Soviet economic and diplomatic relations.

In this brief book (140 pp. of text), Siegel argues two themes, clearly laid out in the introduction. First, American business activities in the NEP-era USSR "paved the way" for diplomatic recognition (p. 5). Secondly, Soviet diplomatic activities regarding the United States, rather than merely "reactive," were instead "bold and often effective" (p. 5).

In the strongest sections of the book, Siegel astutely combines materials from American and Soviet archives to describe the successes and failures of the Soviet trade mission in New York. The primary goal of the trade mission, Siegel asserts, was simple enough: encourage American businesses to export to Russia. Under the direction of Ludwig C.A.K. Martens, the bureau officially known as the Soviet Russian Information Bureau cultivated industrial-equipment and automobile manufacturers, among other businesses. Yet the bureau suffered frequent harassment from American authorities. The War Department's Military Intelligence Division (MID) and the Bureau of Investigation (BI) of the Justice Department both had agents following Martens and his organization, claiming that his main goal was to spread Russian propaganda. Efforts to confront Martens directly, however, were waylaid by what budding Communist-fighter J. Edgar Hoover obscurely

called "the peculiarity inherent in the Russian diplomatic situation" (pp. 15-16). The New York State Legislature, however, had no interest in such diplomatic subtleties; in June 1919, their investigative committee staff stormed the bureau's offices and hauled off numerous files. Federal harassment continued, eventually resulting in Martens's January 1921 deportation.

Siegel's chapters on the Martens mission portray his predicament sympathetically: under the watchful (and invasive) eyes of American authorities, Martens strove to sign orders in the neighborhood of \$30 million per year. He received more frustration than financing from the Soviet authorities, who rarely returned his telegrams, frequently left him with insufficient funds to run the office, and occasionally criticized Martens for what amounted to doing his job. In the end, Siegel wisely concludes, Moscow's inattention doomed the office as much as Washington's (and Albany's) attention (p. 31). Siegel's source base makes the story all the more interesting: in addition to the records of the Soviet trade bureau confiscated in the 1919 raid (held in the Lusk Committee papers in Albany), she weaves in materials from the Justice Department and MID files as well as what appear to be the files of the Martens bureau from the Soviet foreign ministry. (Because the book does not include provide a description of any of the Russian archival collections, readers are left with only the name of the archive and the *fond* [collection] number.)

Only these two chapters, however, cite a concentration of sources around a specific topic. Chapter Three, entitled "Diplomatic, Military and Humanitarian Initiatives, 1919-1923," discusses American dealings with Russia ranging from the Bullitt mission to the Colby note (the basis of America's policy of non-recognition of the USSR in the 1920s), from Charles Evans Hughes to Herbert Hoover. Siegel here relies heavily on the large secondary literature, supplemented with well-chosen quotations from American archival

sources, Lenin's Collected Works, and three documents from the Soviet archives. The principal interpretative issues connecting these "initiatives," moreover, get submerged in the descriptions of each separate initiative.

The remaining six chapters, unfortunately, borrow more from this model than from the strong analysis of the two chapters on Martens. Siegel outlines economic policy in the early 1920s, focusing especially on Herbert Hoover's unique combination of export promotion and anti-Bolshevism. Her description of Hoover's 1922 efforts to send a trade mission illustrates well the tensions within the Cabinet, leading Siegel to conclude that the Colby note was a "bombastic statement" that "only masked" the "gradual evolution in Soviet-American relations" (p. 75).

Siegel traces this evolution through the remainder of the NEP era and into the first Five-Year Plan (1928-32) using predominantly American sources. Her description of International Harvester's eventual demise in Soviet Russia reveals that American businesses, while often conservative, were not averse to working with their alleged ideological enemies.[5] Similarly, Siegel's recounting of American efforts to profit from Soviet concessions in oil, natural resources, and manufacturing complicates usefully the story of American-Soviet relations in the 1920s.

Soviet-American trade, Siegel argues, peaked in the late 1920s, with the decline of concessions and the advent of technical-assistance contracts and long-term credits offered by American firms (p. 133). Thus the era of the first Five-Year Plan (1928-32) would provide the strongest case for Siegel's argument that trade "paved the way" for diplomatic recognition. Yet Siegel devotes only twelve pages to this important period, thereby diminishing one area of potential support for her argument.

After reciting the existing literature on American recognition of the USSR, Siegel concedes that recognition can be explained by a combination of

geopolitical and economic factors (pp. 136-37). Yet such a step could be imagined, Siegel continues, only because a decade of economic relations had "served to legitimize the Soviet regime in the United States" (p. 139).

Indeed, the evidence Siegel marshals demonstrates that relations had certainly improved since Martens was ignominiously deported from the U.S. in 1921. Yet the breadth of Siegel's analysis—including an appropriately broad definition of "economic relations"—requires more explicit interpretation than she provides. By failing to connect the many interesting episodes in the book, and by quoting extensively from rather general (and in some cases, suspect) historical works, Siegel occasionally sacrifices analytical clarity.[8] Nevertheless, as the first American effort to re-examine both sides of pre-recognition American-Soviet relations, Siegel's work marks a significant historiographic milestone.

Notes:

[1]. Stephen F. Cohen, *Bukharin and the Bolshevik Revolution: A Political Biography, 1888-1938* (New York, 1973); Sheila Fitzpatrick, *The Commissariat of Enlightenment: Soviet Organization of Education and the Arts under Lunacharsky, Oct. 1917-1921* (New York, 1971); Moshe Lewin, *Political Undercurrents in Soviet Economic Debates* (Princeton, 1974).

[2]. See especially the essays in Sheila Fitzpatrick, Alexander Rabinowitch and Richard Stites, editors, *Russia in the Era of NEP: Explorations in Soviet Society and Culture* (Bloomington, 1991).

[3]. See, for example, Jon Jacobson, *When the Soviet Union Entered World Politics* (Berkeley, 1994).

[4]. Floyd J. Fithian, "Soviet-American Economic Relations, 1918-1933" (Unpublished Ph.D. dissertation, University of Nebraska, 1964); Joan Hoff Wilson, *Ideology and Economics: U.S. Relations with the Soviet Union, 1918-1933* (Columbia,

MO, 1974). More recently, see Christine A. White, *British and American Commercial Relations with Soviet Russia, 1918-1924* (Chapel Hill, 1992) and Andrew J. Williams, *Trading with the Bolsheviks: The Politics of East-West Trade, 1920-1939* (Manchester, Eng., 1992).

[5]. A point made in early scholarship on International Harvester: see Elizabeth Cowan Pickering, "The International Harvester Company in Russia: A Case Study of a Foreign Corporation in Russia from the 1860s to the 1930s." (Unpublished Ph.D. dissertation, Princeton University, 1974); and Thomas J. O'Neill, "Business, Investment and Revolution in Russia: Case Studies of American Companies, 1880s-1920s," (Unpublished Ph.D. dissertation, McGill University, 1987).

[6]. For example, Anthony C. Sutton, *Wall Street and the Bolshevik Revolution* (New Rochelle, NY, 1974), which argues that American high finance was behind the Bolshevik ascent.

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