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Our History

Russia: Origin and consequences of the debt repudiation of February 10, 1918

- Features - Economic and debt crisis -
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In February 1918, the repudiation of the debt by the Soviet government shocked international finance and sparked off unanimous condemnation by the governments of the great powers.

This decision of repudiation was intrinsic to this first big movement for social emancipation which rattled the Russian Empire in 1905. This huge revolutionary uprising was caused by the conjunction of many factors: the Russian debacle in its war with Japan, the wrath of peasants demanding land, the rejection of autocracy, workers' demands... The movement began with strikes in St Petersburg in 1905 and soon spread throughout the empire like wildfire, adopting different forms of struggle.

Out of the process of self-organization by the masses emerged councils, or *soviets* in Russian: peasants' councils, workers' councils, soldiers' councils and so on.

Russia: Repudiation of debt at the heart of the revolutions of 1905 and 1917

Trotsky, who presided over the soviet of St Petersburg (capital of Russia until March 1918), explained in his autobiography that the arrest of its entire leadership on December 3, 1905 was triggered by the publication of a manifesto in which the elected members of the council appealed for the repudiation of debts contracted by the Tsarist regime. He also explained that this 1905 call for the non-payment of the debt was finally realized in early 1918 when the Soviet government adopted a decree for the repudiation of the tsarist debts:

"The arrest took place a day after we had published our so-called financial manifesto, which proclaimed that the financial bankruptcy of Czarism was inevitable, and issued a categorical warning that the debts incurred by the Romanovs would not be recognized by the victorious nation. [1] [2]

[<https://internationalviewpoint.org/IMG/jpg/et1.jpg>]

"The manifesto of the Soviet of Workers' Delegates plainly declared:

'The autocracy never enjoyed the confidence of the people, and was never granted any authority by the people. We have therefore decided not to allow the repayment of such loans as have been made by the Czarist government when openly engaged in a war with the entire people.'

"The French Bourse answered our manifesto a few months later with a new loan of three-quarters of a million francs. The liberal and reactionary press poured sarcasm over the important threat of the Soviets against the Czar's finances and the European bankers. In later years, the manifesto was successfully forgotten but it recalled itself to mind. The financial bankruptcy of Czarism, prepared for by its whole past history, coincided with the military debacle. And later, after the victory of the revolution, the decree of the Soviet of People's Commissars, issued on February 10, 1918,

declared all the Czarist debts annulled. This decree remains in force even to this day. [3] It is wrong to say, as some do, that the October Revolution does not recognize any obligations: its own obligations the Revolution recognizes to the full. The obligation that it took upon itself on December 2, 1905, it carried out on February 10, 1918. The Revolution is fully entitled to remind the creditors of Czarism: 'Gentlemen, you were warned in ample time.'

"In this respect, as in others, the year 1905 was a preparation for the year 1917." [4]

In the book entitled 1905 Trotsky described the development of events that led to the adoption of the Financial Manifesto through which the Soviet, the supreme organ of revolutionary democracy, called for the refusal of payment of debts contracted by the Tsar:

"A tremendous field of action was opening up before the Soviet. Everywhere a vast expanse of new political ground was waiting for the deep plowshare of revolution. But time was short. The reaction was feverishly forging its weapons, and the blow was expected from hour to hour. Amid the mass of day-to-day business the Executive Committee hurried to put the Soviet's resolution of November 27 into action. It issued a proclamation addressed to the troops (see The November Strike) and, at a joint meeting with representatives of the revolutionary parties, approved the text of a "financial" Manifesto (...). [5]

"On December 2 the Manifesto was published in eight St Petersburg newspapers, four socialist ones and four liberal ones.

Here is the text of this historic document:

'The government is on the brink of bankruptcy. It has reduced the country to ruins and scattered it with corpses. The peasants, worn out by suffering and hunger, are incapable of paying taxes. The government gave credits to the landowners out of the people's money. Now it is at a loss as to what to do with the landowners' mortgaged estates. Factories and plants are at a standstill. There is unemployment and a general stagnation of trade.

'The government has used the capital obtained by foreign loans to build railways, warships and fortresses and to store up arms. Foreign sources have now been exhausted, and state orders have also come to an end. The merchant, the supplier, the contractor, the factory owner, accustomed to enriching themselves at the treasury's expense, find themselves without new profits and are closing down their offices and plants. One bankruptcy follows another. Banks are failing. All trade exchanges have been reduced to the barest minimum.

'The government's struggle against revolution is causing daily unrest. No one is any longer sure what the morrow will bring.

'Foreign capital is going back home. 'Purely Russian' capital is also seeping away into foreign banks. The rich are selling their property and going abroad in search of safety. The birds of prey are fleeing the country and taking the people's property with them.

'For many years the government has spent all its state revenue on the army and navy. There is a shortage of schools. Roads have been neglected. In spite of this, there is not enough money even to keep the troops supplied with food. The war was lost partly because military supplies were inadequate. Mutinies of the poverty-stricken, hungry troops are flaring up all over the country.

'The railways are economically sick through the government's fault. Many millions of roubles are needed to restore the

railway economy.

'The government has pilfered the savings banks, and handed out deposits to support private banks and industrial enterprises, often entirely fictitious ones. It is using the small saver's capital to play the stock exchange, where that capital is exposed to risk daily.

'The gold reserves of the state bank are negligible compared with the existing claims of government loans and the demands of trade turnover. It will be reduced to nothing if gold coin is demanded for every transaction.

'Taking advantage of the absence of any control of the state finances, the government has long been issuing loans which far exceed the country's means of payment. With these new loans it is covering the interest on old ones.

'Year after year the government issues false accounts of expenditure and revenue, showing both to be less than they are in reality and robbing indiscriminately to show a surplus instead of an annual deficit. Officials are free to rob the treasury which in any case is already exhausted.

'Only the Constituent Assembly, after the overthrow of the autocracy, can halt this financial ruin. **It will carry out a close investigation of the state finances and will draw up a detailed, clear, accurate, and certified balance sheet of state revenue and expenditure (budget).**

'Fear of popular control which would reveal to all the world the government's financial insolvency is forcing it to keep putting off the convening of the people's representative assembly.

'In order to safeguard its rapacious activities the government forces the people to fight unto death. Hundreds of thousands of citizens perish and are ruined in this fight, and industry, trade, and means of communication are destroyed at their very foundations.

'There is only one way out: to overthrow the government, to deprive it of its last strength. It is necessary to cut the government off from the last source of its existence: financial revenue. This is necessary not only for the country's political and economic liberation, but also, more particularly, in order to restore the financial equilibrium of the state.

'We have therefore decided:

'To refuse to make land redemption payments and all other payments to the treasury. In all transactions and in the payment of wages and salaries, to demand gold, and in the case of sums of less than five roubles, full-weight hard cash (coinage).

'To withdraw deposits from savings banks and from the state bank, demanding payment of the entire sum in gold.

'The autocracy has never enjoyed the people's confidence and has never received any authority from the people.

'At the present time the government is behaving within the frontiers of its own country as though it were ruling conquered territory.

'We have therefore decided not to allow the repayment of loans which the government contracted while it was clearly and openly waging war against the entire people'.

(End of the Manifesto text.) "

[<https://internationalviewpoint.org/IMG/jpg/et2.jpg>]

Under the manifesto published in the press on December 2, 1905 appeared the list of the following organizations who supported this appeal to refuse the payment of Czarist debt and asphyxiate the autocracy financially:

"The Soviet of Workers' Deputies
The Main Committee of the All-Russian Peasants' Union
The Central Committee and the Organization Committee of the Russian Social-Democratic Workers' Party
The Central Committee of the Party of Socialist Revolutionaries
The Central Committee of the Polish Socialist Party."

Trotsky added a final commentary:

"It goes without saying that this manifesto could not, in itself, overthrow Tsarism and its finances.

"The Soviet's financial manifesto was nothing other than an overture to the December rising. Reinforced by a strike and by fighting on the barricades, it produced a powerful echo throughout the country. Whereas during the month of December in the previous three years deposits in savings banks had exceeded payments by 4 million roubles, in December 1905 the excess of payments over deposits equalled 90 million: during a single month the manifesto extracted 94 million roubles from government reserves! When the insurrection had been crushed by the Tsarist hordes, equilibrium in the savings banks was once more restored."

The denunciation of the illegitimate and odious character of the Tsarist debt played a fundamental role in the revolutions of 1905 and 1917. The call not to repay debts was finally realized in the decree for the repudiation of debt adopted by the Soviet government in February 1918.

[<https://internationalviewpoint.org/IMG/jpg/et3.jpg>]



**From Tsarist
Russia to the 1917
revolution and the
repudiation of debt**

The Napoleonic wars ended with Russia emerging as a great European power and participating in the Holy Alliance of three European monarchies, founded on September 26, 1815 in Paris, at the behest of Tsar Alexander I. The Alliance had won over the Napoleonic Empire and they wanted to consolidate their positions and protect themselves from revolutions. Originally, the Russian Empire, the Empire of Austria and the Kingdom of Prussia were the constituents, while France (where the monarchy had been restored) joined in 1818 and London extended its support.

Tsarist Russia: a great European power

The Russian Empire was part of the Troika which placed a Bavarian prince on the Greek throne in 1830 and enslaved the country to a debt, at once odious and unsustainable. The Ottoman Empire's gradual dismantling was a very important issue for Moscow, because Russian interests in the Balkans as well as movement between the Black Sea and the Mediterranean were at stake.

[<https://internationalviewpoint.org/IMG/jpg/et4.jpg>]

Until the 1870s, London's bankers were the Tsar's main sponsors. German bankers replaced them once the German Empire came into being and defeated France in 1871. From that moment, Germany replaced London as Russia's main trading partner. On the eve of the First World War, 53% of Russia's imports came from Germany while 32% of their exports went there. On the other hand, at the financial level, French bankers took the place of their German counterparts at the end of the 19th century. On the eve of the First World War, "investors" in France held 80% of Russia's external debt and most of the existing Russian loans had been issued on the Paris market.

[<https://internationalviewpoint.org/IMG/jpg/et5.jpg>]

In short, the capitalists of France lent to Russia and invested there (Belgian capitalists, especially the "industrialists", also invested heavily in Russia [6]), while German capitalists exported part of their production and imported raw materials for their own stocks.

When the Petrograd Soviet adopted a financial manifesto for the repudiation of the Tsarist debt, Russia was preparing to issue a huge new loan, with the help of the French bankers and the government of France. The Paris bankers paid no heed to the Soviet's warning. The loan came through. It was repudiated twelve years later.

[<https://internationalviewpoint.org/IMG/jpg/et6.jpg>]

First World War

The First World War was waged between two conflicting camps of capitalist powers: on one side were the German Empire and its allies the Austro-Hungarian Empire, Bulgaria, and the Ottoman Empire. Great Britain, France, the Russian Empire, Belgium, Romania, Italy, Japan and, from February 1917, the United States, were in the other camp.

Germany, France, Great Britain and Tsarist Russia had been preparing for war for a long time. Germany, with its thriving economy, wanted to spread its territory both in Europe and in the colonial world.

France wanted to take revenge on Germany, and particularly, to conquer Alsace and Lorraine annexed by Germany following France's defeat in 1871. Great Britain, France and Russia also wanted to extend their colonial domain, notably on the ruins of the Ottoman Empire.

The Left in various belligerent countries had denounced the preparations for this war several years before.

At the Stuttgart Congress (1907) of the Socialist International, [the unanimously adopted resolution](#) had stated: *"In case war should break out anyway, it is their (the socialist parties') duty to intervene in favor of its speedy termination and with all their powers to utilize the economic and political crisis created by the war to rouse the masses and thereby to hasten the downfall of capitalist class rule."*

In 1913, the Extraordinary Congress of the Socialist International in Basel pronounced a solemn warning to the governments: "*Let the governments remember that with the present condition of Europe and the mood of the working class, they cannot unleash a war without danger to themselves*". [7]

Jean Jaurès, a great French socialist leader, crisply summed up this message in the concluding sentence of his speech at the Basel Congress: "*In sharpening the danger of war, the governments should see that the peoples can easily make the count: their own revolution would cost fewer dead than the war of others*". [8]

At the decisive moment, in August 1914, several major socialist parties (the Social Democratic Parties of Germany, Austria, Belgium, France and Great Britain) voted with the bourgeoisie for war credits to finance the war. The cost in human life was enormous. Total deaths due to the global conflict amounted to 18.6 million: 9.7 million soldiers and 8.9 million civilians. The Tsar's participation in the First World War caused 3,300,000 deaths in Russia between 1914 and February 1917: 1,800,000 soldiers and 1,500,000 civilians. [9]

From the revolution of February 1917 to the October Revolution

When revolution broke out in February 1917, spearheaded by a massive women's strike (which started on February 23, 1917 [10], the International Day for Women's Rights [11]), the Russian people wanted to get rid of the autocratic tsarist regime. They wanted bread, an end to the war, access to land for tens of millions of deprived peasants who were forced to risk their lives in a war whose objectives were totally alien to them.

The new regime, led by the moderate socialist Kerensky [12] succeeding the Tsar, refused to distribute land to the peasants, wanted to carry on with the war, and could not feed the people. It also pledged to repay the debts contracted by the tsarist regime to foreign creditors and contracted new loans to continue the war.

Dan, one of the prominent Menshevik leaders opposed to the Bolshevik party, described the revolutionary zeal in the months preceding October 1917 thus: the masses "*began more and more frequently to express their discontent and their impatience with impetuous movements, and ended (...) by turning to communism (...). Strikes followed one after the other. The workers sought to answer the rapid rise in the cost of living with wage rises. But all their efforts failed with the continuous drop in value of paper money. The Communists launched in their own ranks the slogan of "workers' control" and advised them to take the running of the factories into their own hands, in order to stop the "sabotage" of the capitalists. At the same time, the peasants started to take over the big properties, to chase out the land owners and to set fire to their manor houses.....*" [13]

[<https://internationalviewpoint.org/IMG/jpg/et7.jpg>]

The October Revolution 1917

Kerensky's policies triggered dissatisfaction, which in turn led to a second revolution in October 1917 (November 7, 1917, according to the new calendar adopted later). The new government [14], supported by the congress of the Soviets, pledged to restore peace, distribute land and, in a bid to revive the country's economy, repudiate debt and nationalize the banking sector [15].

The repudiation of debts

At the beginning of January 1918 the Soviet government suspended foreign debt servicing and in early February 1918

it decreed the repudiation of all tsarist debts as well as the debts contracted by the Provisional Government, so that the war could be continued from February to November 1917. Simultaneously, it decided to confiscate all the assets of foreign capitalists in Russia and restore them to the national estate. Russian public debt amounted to £ 930 million (roughly 50% of GDP) in 1913. Between the beginning of the war and Bolsheviks' accession to power with their left-wing Socialist Revolutionary allies, the debt soared to £ 3,385 million, about 3.5 times what it had been.

By repudiating debt, the Soviet government implemented the Petrograd Soviet's decision of 1905, which had been supported by various parties. The capitals of the great allied powers responded with unanimous protest.

Peace Decree

The Soviet government proposed peace without annexations and without indemnities. It also called for enacting the right to self-determination of peoples. All this involved the implementation of thoroughly innovative or revolutionary ideas regarding inter-State relations.



In early January 1918, the Soviet government suspended payment on foreign debt, and in early February 1918 it decreed that all Tsarist debts were repudiated as were those contracted to continue the war by the provisional government between February and November 1917. At the same time, it decided that all assets of foreign capitalists in Russia would be confiscated and returned to the national heritage. In repudiating these debts, the Soviet government was implementing a decision made in 1905 by the soviet (people's council) of Petrograd (St Petersburg) and the various parties that supported it. This triggered a wave of unanimous protest from the capitals of the major allied powers.

[<https://internationalviewpoint.org/IMG/jpg/et8.jpg>]

Decree on Peace

The Soviet government proposed peace with neither annexation nor compensation or reparations. It also added a clause enacting the self-determination of peoples. This was the application of totally innovative and revolutionary principles to relations between States. It turned out that the Soviet government's policy simultaneously confounded and influenced that of the US president Woodrow Wilson [16] who had made the right to self-determination of peoples

a central element of US foreign policy. [17] Certainly, the Bolsheviks and the United States had different motives. The US, not having significant colonial territories, saw an interest in weakening the British and German Empires and the powers of Belgium, the Netherlands and France, in order to step into their shoes, though using other methods. Their strongest diplomatic and humanitarian argument was the right to self-determination of African, Caribbean and Asian peoples still under the colonial yoke. As for the Bolsheviks, they wanted to have done with the Tsarist Empire that they denounced as a prison of peoples.

The desire for peace was one of the basic causes of the revolutionary uprising of 1917. The great majority of Russian soldiers were set against pursuing war. Almost all were peasants who wished to go home and work on the land. Moreover, for many years, since long before the start of the war, the Bolsheviks, who had been members of the Socialist International until its betrayal of the working classes in August 1914, had opposed the policy of preparation for war. They maintained that what was needed was a common struggle to bring capitalism and its imperialist phase and colonized territories to an end.

To bring this orientation to bear, the Soviet government was forced to enter separate negotiations with Berlin and its allies as in 1917, London, Paris and Washington wished to carry on with the war. The Soviet government did endeavour to bring these capitals of the allied nations to the negotiating table but to no avail. Having signed an armistice with the German Empire in mid-December 1917, it managed to drag out the negotiations with Berlin over five months in the hopes of seeing several populations of Europe, especially the German people, rise up against their governments to demand peace. It also vainly hoped that President Wilson would support Soviet Russia against Germany [18]. The Soviet government also wanted to show international public opinion that it wished for universal peace embracing East and West and that only as a last resort would it agree to sign a separate peace treaty with Berlin.

From December 1917, the Soviet government began to make public numerous secret documents revealing how the major powers were preparing to share out territories and populations with scant regard for their right to self-determination. One of the most sensitive of these was an agreement between Paris, London and Moscow dating from 1915 which established that at the time of victory, the Tsarist Empire would be entitled to take Constantinople, France would recover Alsace-Lorraine and London could take control of Persia [19]. Early in March 1918, the Soviet government signed the Treaty of Brest-Litovsk with Berlin. The cost was high, with the German Empire taking a large portion of the western territory of the Russian Empire: part of the Baltic countries, part of Poland and Ukraine. In short, the treaty would deprive Russia of 26% of its population, 27% of cultivated areas and 75% of its steel and iron production.

[<https://internationalviewpoint.org/IMG/png/et9.png>]

Intervention of the Allied Powers against Soviet Russia

The Soviet government's call for worldwide revolution combined with its desire to end the war, its repudiation of debts demanded by the Allied Powers and its nationalization measures convinced the Western leaders that they should launch a massive attack against Soviet Russia to bring down the revolutionary government and restore capitalist order. The foreign intervention began in the summer of 1918 and finished at the end of 1920 when the Western capitals took stock of their failure and were obliged to acknowledge that the Red Army had taken back control of the territory. Fourteen countries sent troops to take part in this attack. France sent 12,000 soldiers (to the Black Sea and the North), London sent 40,000 (mainly to the North), Japan 70,000 (in Siberia), Washington 13,000 (in the North with the British and the French), the Poles 12,000 (in Siberia and Murmansk), Greece 23,000 (to the Black Sea), Canada 5,300 [20]. The Japanese intervention was to last until October 1922. According to Winston Churchill, Minister of War in the British government, there was a total of 180,000 allied foreign troops.

The French government was the most bitterly hostile towards the Soviet government, right from the start. There were several reasons for this: firstly, it was feared that the revolutionary movement initiated by the Russian people might spread to France as much of the French population was vehemently opposed to carrying on with the war; secondly, the Soviet decision to repudiate debt affected France more than any other country since Russian loan bonds had been issued in Paris and were mainly held in France.

It is now known that in 1917 the French government had begun secret talks with Berlin hoping to conclude a peace treaty that would allow the German Empire to spread eastwards to the detriment of revolutionary Russia, on condition that Alsace and Lorraine be returned to France. Berlin's refusal to make this concession to Paris brought negotiations to an end [21].

The armistice of 11 November 1918 signed between the Western capitals and Berlin made provision for German troops to stay temporarily in the "Russian" territories that they were occupying. According to article 12 of the armistice, Germany was to evacuate all former Russian territories as soon as the Allies deemed it opportune, in view of the internal situation of those territories [22]. The idea was to help the imperial army prevent the Soviet government from rapidly regaining control over the territories they had conceded to Germany under the Brest-Litovsk treaty. The Allies meant to enable anti-Bolshevik forces to take over these territories which would then serve as a rear-base while they overthrew the government.

The British historian E. H. Carr shows how unpopular the intervention against Soviet Russia was : "In January 1919 when the allied statesmen, assembled in Paris for the peace conference, discussed the occupation of Russia by allied troops, the British Prime Minister [Lloyd George] bluntly assured his colleagues that 'if he now proposed to send a thousand British troops to Russia for that purpose, the armies would mutiny', and that, 'if a military enterprise was started against the Bolsheviki, that would make England Bolshevist and there would be a soviet in London'. Lloyd George was talking for effect, as was his manner. But his perceptive mind had correctly diagnosed the symptoms. Serious mutinies in the first months of 1919 in the French fleet and in French military units landed in Odessa and other Black Sea ports led to an enforced evacuation at the beginning of April. Of the troops of several nationalities under British command on the Archangel front the Director of Military Operations at the War Office reported in March 1919 that their morale was 'so low as to render them a prey to the very active and insidious Bolshevik propaganda which the enemy are carrying out with increasing energy and skill'. The details were disclosed much later through official American reports. On March 1, 1919, a mutiny occurred among French troops ordered to go up to the line; several days earlier a British infantry company 'refused to go to the front', and shortly afterwards an American company 'refused for a time to return to duty at the front'. It was in the light of such experience that the British government decided in March 1919 to evacuate north Russia, though the evacuation was not in fact completed till six months later." [23]

[<https://internationalviewpoint.org/IMG/jpg/et11-2.jpg>]

Winston Churchill was one of the main hawks in the Western camp. Taking advantage of the absence of Lloyd George and President Wilson at a summit meeting held in Paris on 19 February 1919, Churchill intervened to persuade the other governments to complete their intervention by directly supporting the army of the White Russian generals. He suggested sending them "volunteers, technical experts, arms, munitions, tanks, aeroplanes, etc." and "arming the anti-Bolshevik forces" [24].

The Allies tried to persuade the new (pro-Western) German government to take part in the action against Bolshevik Russia. Despite strong pressure from the Western capitals, in October 1919 the Reichstag (the German parliament), where socialists (SPD) and liberals held the majority, voted unanimously against Germany's participation in the blockade on Soviet Russia decreed by the Allies. To give the full picture, it should be added that at the same time certain German generals like Ludendorff, and especially Von der Goltz, who led the last organized remnants of the

former imperial army, supported military actions in the East to help out the anti-Bolshevik White Russian generals. This, with the support of the Western capitals [25].

It is quite clear that both the Western governments and those of the defeated central powers (the German Empire and Austria-Hungary) feared that revolution would spread to their own countries. Lloyd George wrote in a confidential memorandum early in 1919 : The whole of Europe is filled with the spirit of revolution. There is a deep sense not only of discontent but of anger and revolt amongst the workmen against pre-war conditions. The whole existing order in its political, social and economic aspects is questioned by the masses of the population from one end of Europe to the other" [26]. This fear of revolution was by no means fanciful and largely explains the violence of the attacks against Bolshevik Russia.

Foreign intervention backed up the White Russian generals' attacks and prolonged what was an extremely bloody civil war (it caused more deaths than the World War in Russia [27]). The cost of the foreign was considerable, in terms of human lives and of material destruction; the Soviet government later demanded that this be taken into account in the international negotiations regarding debt repudiation (see below).

The economic and financial blockade against Soviet Russia and the blockade on Russian gold

From 1918, the Allied powers led a blockade against Soviet Russia. The Soviet government was prepared to pay in gold to import goods of absolute necessity, but none of the major banks or any government in the world could accept Soviet gold without crossing swords with the Allied governments. In fact Paris, London, Washington, Brussels all considered that they had a right to Russian gold to compensate Russia's expropriated capitalists and repay debts. This became a huge obstacle to Soviet trade. In the United States any person or company wishing to use gold for any transaction or to take gold into the country had to sign an official statement that the gold in their possession had nothing to do with the 'so-called' Bolshevik government and that they guaranteed that the US had a right on it without any reservation [28].

It should be mentioned that after the German capitulation of November 1918, France managed to recover the heavy ransom in gold that Berlin had got from Russia in application of the Brest-Litovsk peace treaty signed in March 1918 [29]. France refused to return this gold to Russia, considering it as part of the reparations Germany owed Paris. The blockade of Russian gold was carried on to some extent for years. This was how France again managed in 1928 to get the Washington authorities to prohibit a payment in Russian gold for a contract between Russia and a private US company.

The Russian Revolution, Peoples' Right to Self-determination, and Debt Repudiation

The Versailles Treaty was eventually signed on 28 June 1919 without Soviet Russia being involved. Even so, this treaty cancelled the Treaty of Brest-Litovsk. Under Article 116 of the Versailles Treaty, Russia could claim compensation from Germany; yet, consistent with its demand for peace without any annexation or any claim for compensation, it did not do so. What mattered most to Soviet Russia was that the Treaty of Brest-Litovsk should be cancelled and the territories that Germany had annexed in March 1918 be given back to the peoples to whom they had belonged (the Baltic, Polish, Ukrainian and Russian peoples), in accordance with the principle of peoples' right to

self-determination upheld by the new Soviet government.

Treaties with the Baltic Republics, Poland, Persia and Turkey

This principle was also called upon in the first article of each of the peace treaties signed between Soviet Russia and the new Baltic States in 1920: Estonia on 2 February, Lithuania on 12 July and Latvia on 11 August. The peace treaties resembled one another and the independence of those States - that had been forcefully integrated into the Tsarist Empire - was systematically asserted in the first or second article. Through such treaties, Russia reasserted its opposition to the domination of financial capital and its determination to repudiate Tsarist debts. Indeed the treaty that was signed with Estonia on 2 February 1920 states: "Estonia will bear no responsibility for any of Russia's debts or other obligations (...). All claims of the creditors of Russia for the share of the debt concerning Estonia should be addressed to Russia only." Similar dispositions appeared in the treaties signed with Lithuania and Latvia. As well as asserting that peoples did not have to pay illegitimate debts that were contracted in their names though not in their interest, Soviet Russia also acknowledged the oppressive role played by Tsarist Russia towards minority nations within the Empire.

To be fully consistent with the principles it upheld, Soviet Russia went even further. In those peace treaties, it committed itself to restoring to the oppressed Baltic nations all property and articles of value that had been removed by the Tsarist regime (especially cultural and academic property such as schools, libraries, archives, museums) as well as personal goods that had been removed from the Baltic territories during the First World War. As compensation for war damage resulting from the involvement of Tsarist Russia, Soviet Russia stated that it would grant fifteen million gold roubles to Estonia, 3 million gold roubles to Lithuania and 4 million gold roubles to Latvia, as well as concessions for those three States to exploit Russian forests across the borders. While Russian State loans to citizens of the Baltic states were transferred to the newly independent governments, the peace treaties signed with Lithuania and Latvia stipulated that claims against smallholders against the former Russian agricultural banks since nationalized should not be transferred to the new governments but "purely and simply cancelled". The same measures also applied to Estonian smallholders under article 13 of the Peace Treaty with Estonia, which stated that "if, when such Treaties are concluded, Russia grants to any one of these new States or to its subjects special exemptions, rights or privileges, these shall be extended in full immediately and without special agreement to Estonia and its subjects."

By signing these treaties, Soviet Russia meant to try and break out of the isolation to which it had been confined by the imperialist powers since the October Revolution, while at the same time implementing principles the new state wanted to uphold. The Baltic States were the first to breach the blockade imposed upon Russia, and those peace agreements opened the way to trade contracts between the various parties. In March 1921, a similar peace agreement was signed between Russia, the Ukraine and Belarus on the one hand and Poland on the other. This document released Poland from the obligation to pay any share of the debts of the former Russian Empire, committed Russia to restoring property that had been removed by Tsarist Russia, and specified that Russia and the Ukraine would pay 30 million gold roubles in compensation to Poland. This treaty was even more significant than the one with the Baltic States, as Poland was seen by the allied capitalist powers as key to the isolation of Russia.

[<https://internationalviewpoint.org/IMG/jpg/et14-2.jpg>]

The friendship treaty signed between Soviet Russia and Persia on 26 February 1921 is a further token of Soviet Russia's determination to contribute to the emancipation of oppressed people and to their right to self-determination. In this treaty Russia officially broke away from the tyrannical policies of Tsarist Russia's colonizing governments and gave up all its territories and economic interests in Persia. The very first article declares all treaties and conventions between Persia and Tsarist Russia, which denied the rights of the Persian people, to be null and void. Article 8 unambiguously cancelled debts owed by Persia to the Tsarist regime: the new Russian government definitively "renounced the economic policy pursued in the Orient by Tsarist regime, which consisted of lending money to the

Persian government, not for the economic development of the country but rather for its political subservience." [30]
Consequently it cancelled all Russian claims on Persia.

A few weeks later the Soviet government similarly renounced all liabilities, including monetary, that Turkey had towards Russia as a consequence of agreements signed by the Tsarist government. [31]

The French press in the pay of the Tsar

With the overthrow of Tsarism in February 1917 and the seizing of power by the Bolsheviks and their Socialist Revolutionary allies in October, numerous previously confidential documents were made public (see further on). This allowed Boris Souvarine, a Franco-Russian communist activist to consult Russian imperial archives. He discovered a vast organisation of complicity with the French press that pre-dated the First World War, aimed at promoting Tsarist bond issues to French investors. This affair, in which influential people were corrupted and became accomplices, was denounced by the communist daily *L'Humanité* in a series of daily articles entitled 'The abominable venality of the French press' that appeared over a period of several months during 1923 and 1924.

How the Tsarist regime procured the French press in order to issue bonds

Since the end of the 19th century the empire of the Tsar had chosen Paris as its preferred financial market for bond issues. The bonds were purchased by many French investors and small savers. At the beginning of the 20th century this funding had become a pillar of the Tsarist regime that in 1904-5 was at war with Japan at the same time as it sought to put down internal discontent and repress the 1905 revolutionary movement. After losing the war against Japan, in 1906 Russia made a big bond issue on the Paris market. Arthur Raffalovich, diplomat and secret adviser, in Paris, to the Russian minister of Finance, was charged with promoting Russian loan certificates up to the First World War. It was his correspondence with his superiors in Russia that revealed complicity in corruption and coercion between the Tsarist regime and many big French newspapers, mostly Parisian (such as *Le Figaro*, *Le Petit Journal*, *Le Temps* and *Le Matin*), big French banks (notably *Crédit Lyonnais* and the *Banque de Paris et des Pays-Bas*, which has become *BNP Paribas*) as well as Senators and Ministers. Among them Raymond Poincaré, who was to become President of the French Republic (i.e. head of the French State) in 1913, was implicated for his actions while he was President of the French Council (i.e. head of the French government) and Foreign Minister in 1912 (his Finance Minister, Louis-Lucien Klotz was also implicated at the time); he was again President of the French Council and Foreign Minister when the scandal exploded. However, the affair was no bother to him: he remained President of the French Council until 1924, and again from 1924 also holding the post of... Finance Minister! The role played by the Paris Stockbrokers' Corporation was central to the coercion pressed on the Tsar's government. Between 1900 and 1914, the Russian government distributed 6.5 million francs to the French press.

When the affair blew up, the corruption of the press by the financial sector was far from being new. A scandalous French fund raising scheme to build a canal in Panama had functioned in the same way. In the case of the Russian issues the Russian empire and the issuing banks purchased advertising in the newspapers of greater distribution that praised the Russian financial situation and the solvency of the Tsarist debt. According to Raffalovich this advertising involved censorship - news of difficulties in Russia's war against Japan or of the revolutionary unrest in 1905 was not considered to be presentable to potential investors! The documents indicate that there may also have been false subscriptions. The Stockbroker's Corporation, newspaper board members and politicians blackmailed the Russian government into making bigger payments and so maximised their profits.

The revelations in *L'Humanité* are based on authentic documents. Among the incriminated newspapers, only *Le Matin* initiated proceedings against the communist organ. From the first day of the trial, Vladimir Kokovtsov, the Tsar's Finance Minister almost without interruption between 1904 and 1914, and head of the government between 1911 and 1914, was called to the box. A reactionary exiled in France, it was not in his best interest to put the press under accusation but he did bear witness to the honesty of his former collaborator Raffalovich. *L'Humanité* was technically condemned to pay 10,000 francs damages compared to the 1,500,000 francs demanded by *Le Matin* and the court recognised the authenticity of the revealed correspondence. Finally, in 1924, Maurice Bunau-Varilla, the owner of *Le Matin*, himself highly implicated in the affair no longer hid his sympathies for the authoritarian nationalisms coming to power in Europe to resist communism. He supported Fascist Italy and later Nazi Germany. During the occupation of France, *Le Matin* collaborated with the Vichy regime. After the liberation of France it was shut down.

Russian bonds never die

Even though Russian bonds were repudiated by the Soviet government in February 1918, they were still traded right up until the 1990s.

French government policy and that of other governments was directly related to this life after death.

How Russian bonds lived on after repudiation

In 1919, the French government drew up a list of Russian bond-holders in France: 1,600,000 people declared holdings. Russian bonds seem to have accounted for 33% of foreign bonds held by residents of France, which was the equivalent of 4.5% of French wealth. 40 to 45% of Russian debt was held in France. One of the main Russian bonds to be exchanged on the Paris stock-market was the famous loan of 1906 which the Soviet of Petrograd had repudiated in advance in December 1905. This massive loan of 2.25 billion francs was issued by Paris in June 1906. It was destined to enable the Tsarist regime to continue repaying earlier debts and balance their books after the débâcle of the Russo-Japanese war. The *Credit Lyonnais*, [\[32\]](#) a French bank which had specialized in issuing Russian bonds, was making 30% of its revenue from this loan before 1914.

During the period preceding and following the Soviet government's debt repudiation, 72% of bonds from the 1906 loan were held in France and being traded on the Paris stock-market.

A high degree of complicity united the Tsarist regime, the French government, French banks issuing Russian bonds (mainly the *Crédit Lyonnais* but also the *Société générale* and the *Banque de l'union parisienne* [\[33\]](#)), the major exchange agencies and the French press which had been bought off by the Tsar's emissary.

Bankers were making huge profits from commissions received when the bonds were issued and from speculative operations buying and selling Russian bonds. Their sharp practice meant that the small investors bore the brunt of the risks. Newspaper proprietors pocketed bribes paid out by the Tsar's emissary. Key government members also made sure they got kickbacks. The Tsar was a prized ally, both politically and diplomatically, to the French government and the big capitalist groups of France who invested in Russia (as did Belgian capitalists).

During the war it was the French government who paid out the interest owing to each bond-holder, at a rate of 5%. The sum of interest payments made by the French government on behalf of the Russian Empire was then added to

the Russian debt to France. Thus when the Tsar was overthrown by the people in February 1917, it was a blow for the French government, who had to place all their hopes on the provisional government who claimed that debts contracted by the Tsar would be honoured. Things went from bad to worse when the Bolsheviks and their allies, the leftwing Socialists, were brought to government by the Soviets in November 1917. When the Soviet government suspended debt payments in January 1918, the French government again paid the interest on Russian bonds to bond-holders. When the Soviet government repudiated all the Tsar's debts and those of the provisional government, France decided to resort to force and prepared to send troops to Russia. From July 1918, four months before the Armistice was signed with the German Empire, the government sent French troops to join forces with the British troops that had taken Murmansk in Northern Russia. Then more soldiers were sent to occupy Arkhangelsk. After the signature of the Armistice with Berlin, France sent troops to the Black Sea with warships to bomb the Red Army's positions. This caused a mutiny among French sailors. The attack against Soviet Russia was obviously not only due to the repudiation of debt; the various powers that took part wanted to eradicate a hotspot of revolutionary contagion. But the financial interests of France and its capitalists constituted a powerful motor too. The French government gave the White Russian generals financial support in their struggle to defeat the Bolsheviks because they had announced that they would honour the Tsar's debts. Paris also supported Polish and Ukrainian politicians and soldiers, and those of the Baltic republics who had won their independence or were fighting for it, in the hopes that the governments of the new States would honour at least part of the Tsarist debt. Paris took it very badly when, from 1920, the Soviets signed treaties with the Baltic republics and Poland to the effect that they considered that those countries should take no responsibility for the Tsarist debts.

What happened to Russian bond-holders when debt repudiation was made public in February 1918?

In France, in September 1918, the government proposed to exchange Russian bonds for French debt-paper. Russian bond-holders could acquire bonds for the new loan that the French government was making. In July 1919, the French government repeated the operation. In Rome, London and Washington the authorities did the same: they exchanged Russian bonds respectively for Italian, British or US bonds. As for the Japanese government, it indemnified Japanese holders of Russian bonds at a rate of 100%. [\[34\]](#)

Clearly, in acting in this way the governments of these countries came to the rescue of the bankers who should have been held responsible for financing the Tsarist regime and been made to bear the consequences of the repudiation of odious debt. In the case of the French, the French government had actively shared responsibility with the bankers who supported the Tsar's regime. The French government had systematically encouraged the most affluent of the middle class, to acquire Russian bonds.

It is important to note that in France, a large portion of Russian bonds were not exchanged for French bonds. Russian bonds paid better dividends than French bonds, with an interest rate of 5% in 1906 when the average rate for French government bonds was 3%.

Between 1918 and 1922, the financial press and the government put it about that the Soviet government was about to fall and that the successors would honour the Tsarist debt. Moreover, at a conference in Genoa and on other occasions, the same press insinuated that Moscow had finally agreed to acknowledge the debt. The ensuing situation was surrealistic: bonds issued by a government that no longer existed, repudiated bonds, went on being bought and sold on the Paris stock-market. This is a perfect example of fictitious capital.

In the period 1918-1919, the price of Russian bonds oscillated between 56.5% and 66.25% of their face value. (They had originally been sold at 88% of their face value). The price of sovereign French bonds at that time oscillated between 61 and 65%. The difference between the price of repudiated Russian bonds and that of French bonds was thus slim. Speculators (and the bankers who were at the top of the list) were certainly doing very well if they could buy at 56 when small holders were offloading them, frightened by rumours circulating in the press (and originating with the

bankers), and then sell them on at 66.

Diplomatic manoeuvres around Russian debt repudiation

For five weeks in April and May 1922, a summit conference was held. Britain's prime minister, Lloyd George, played a central role in it, as did Louis Barthou, the minister of the French president Raymond Poincaré.

The main aim of the meeting was to persuade Soviet Russia [\[35\]](#) both to acknowledge the debts it had repudiated in 1918 and to cease calling for a global revolution.

The Genoa negotiations (1922)

There were other points on the agenda of the conference attended by delegates from 34 countries, though not the United States, but none gave rise to much debate. Among them were the adoption of monetary regulations, especially regarding the *Gold exchange standard* system which was adopted that year. In the absence of the United States, decisions on this issue were made elsewhere.

The conference was hosted by five major powers: Great Britain (which had just been overtaken by the United States as the first world power), France (the third world power after the defeat of Germany), Belgium (which had been the fifth world power before the war, in terms of exportation), Japan (whose empire was expanding rapidly in East Asia) and Italy.

Of the five host powers, one, Japan, still had troops occupying Soviet Siberia. It only withdrew them permanently six months after the end of the conference, in October 1922. The other 12 countries which had sent troops in 1918 to overthrow the Soviet government and put an end to the revolutionary experiment had ceased occupation of Soviet territory in 1920. In fact the utterly demoralized foreign troops had been withdrawn when their governments had regretfully noted that the White Russian generals had been irrevocably defeated by the Red Army and that no amount of foreign intervention would remedy that. It then became necessary to use diplomacy and blackmail where arms had failed.

The major powers thought that the conference would bring the Soviet government round to recognizing the repudiated debts in view of the dramatic humanitarian and economic situation in Russia. Civil war had bled the country dry and from summer 1921, catastrophic harvests had caused terrible famine. The Western capitals believed the Soviet government to be on its knees and were convinced they would get what they wanted by making the new loans and investments Russia needed conditional upon the acknowledgment of previous debts and compensation for expropriated Western companies.

France remained the most aggressive power regarding both Soviet Russia and Germany [\[36\]](#), with the support of the

Belgian authorities. As for Great Britain, less affected by the debt repudiation, it was more open to dialogue with Moscow and had signed an Anglo-Russian trade deal in 1921 which ended the blockade and meant *de facto* [37] recognition of Soviet Russia.

For its part, the Soviet government was ready to repay part of the debts contracted by the Tsar on several conditions: that the other powers give Soviet Russia official (*de jure*) recognition; that they grant State-to-State (i.e. bilateral) loans; that they encourage private firms affected by the expropriation of their subsidiaries to accept concessions to exploit natural resources, especially in the remotest areas of Siberia, as compensation. The Soviet government thus hoped that foreign capitalists would invest fresh capital of their own money in activities that would fortify the Soviet economy. Furthermore, the government would not hear of setting up multilateral bodies to manage loans, investments or related legal disputes. Soviet government intended that Soviet Russia should remain entirely independent of foreign powers. There was no question of giving up any part of its sovereignty.

If these conditions were met, Moscow promised to resume payment of part of the Tsarist debt **within a thirty year time-frame**. The Soviet delegation clearly asserted several times throughout the conference that it was ready to make this concession to reach an agreement, but that they basically considered that Soviet Russia was fully within its rights to repudiate all Tsarist debt (as well as debt contracted by the provisional government between February and October 1917). Finally the conference ended in disagreement and the Soviet delegation maintained the repudiation.

Consideration of the special relationship that came about between Berlin and Moscow after the Treaty of Versailles in June 1919 is crucial to understanding how the conference was organized. The government in Berlin was composed of a coalition between the Socialists (the Social Democratic Party or SPD), the Centrists (the ancestors of Angela Merkel's Christian Democratic Union) and the Liberals (the ancestor of the present-day Free Democratic Party), and was fundamentally pro-Western and anti-Soviet. Nevertheless, under the onus of having to pay the huge reparations imposed by the Treaty of Versailles, which meant a staggering debt, Berlin was inclined to dialogue with Moscow and come to agreement. This tendency was reinforced by the desire of big German industrial companies (including AEG and Krupp) to sell their production on the Russian market, having been their main trading partner since the 1870s, as we saw. On the way from Moscow to Genoa, the Soviet delegation had made an extended halt in Berlin to carry out negotiations and meet with the German authorities before coming face to face with the host powers in the Italian city. In the middle of the Conference of Genoa, while the host powers adopted an uncompromising attitude towards Moscow, there was a sudden *coup de théâtre*. The German and Soviet delegations had met in the neighbouring town of Rapallo and signed an important bilateral agreement which has gone down in history as the Treaty of Rapallo.

It is very interesting to go over how the Conference of Genoa was conducted, the negotiations that took place and the arguments used by the different sides.

The major powers who hosted it wanted to put maximum pressure on Soviet Russia by claiming that a fundamental objective of the conference was for all countries to acknowledge their public debt and for compensation to be paid. [38]

The major powers asserted in the convocation that mutual confidence could only be restored if the nations (or the governments of the nations) wishing to obtain foreign credit would freely commit themselves to acknowledging all public debts and securities that had been or would be contracted by the State, municipal authorities or other public bodies, and also to recognize their obligation to return, restore or, failing that, compensate all foreign interests for loss or damage caused by the confiscation or sequestration of their property. [39]

Immediately Georgy Chicherin, head of the Soviet delegation, retorted that the economic reconstruction of Russia and work intended to end economic chaos in Europe would be taking a wrong and dangerous direction if the most economically powerful nations were to crush Russia under demands way beyond its capabilities, as in what that country saw as its odious past, instead of creating the requisite conditions for its economic revival and facilitating its

march forward to the future. [\[40\]](#)

In the ensuing discussion with the Soviets, who asserted that their people and their new government could not be expected to take on debts contracted by a previous despotic regime, Lloyd George replied that when a country undertook contractual obligations towards another country or towards nationals of that country for pledged securities, that contract could under no circumstances be repudiated each time a country changed government, unless that country reconstitute the assets received. [\[41\]](#)

In 1922
creditor
powers
again
attempt
to
subjugate
the
Soviets

Western governments presented a full list of demands aimed at solving in their favour the litigation over debt repudiation and expropriations decreed by the Soviet government. Those demands were presented in Genoa on 15 April 1922, five days into the conference, in a document entitled "London Experts' Report on the Russian issue." [\[42\]](#)

Western demands on Moscow

Article 1 said:

"The Russian Soviet Government shall accept the financial obligations of its predecessors, viz. the Imperial Russian Government and the Russian Provisional Government, towards foreign Powers and their nationals."

The form and contents of the whole text clearly indicate that it listed a number of impositions by Western powers onto the Soviet government.

In the same article, we find a provision that directly contravened the treaties Soviet Russia had signed in 1920-1921 with the Baltic Republics and with Poland (i.e. countries that had achieved independence after the fall of the Tsarist regime) whereby, as we have seen, those States no longer had to pay Tsarist debts.

"The same applies to the question whether, and if so, to what extent, new States which have been recognised as such and which were formerly part of Russia, as well as States which have acquired part of the former territory of Russia, should undertake part of the obligations dealt with in these provisions."

Article 3 claimed that the Soviet government was responsible for damages resulting from the Tsarist regime:

"Article 3.

The Russian Soviet Government shall undertake liability for all actual and direct losses, whether arising out of breach of contract or otherwise, suffered by nationals of other Powers, due to the action or negligence of the Soviet Government or its predecessors [...]"

That was in flagrant contradiction with Moscow's position.

Article 4 granted almost all powers to bodies outside the Soviet authorities:

"The liabilities under the preceding articles will be determined by a 'Russian Debt Commission' and by 'Mixed Arbitral Tribunals' to be set up."

Annex 1 specified the composition and competence of the Russian Debt Commission. It was clear that the Russian government would be in minority position:

"Annex I. Russian Debt Commission.

1. A Russian Debt Commission shall be established consisting of members nominated by the Russian Government and members nominated by the other Powers, together with an independent chairman chosen from outside by agreement among the other members, or, in default, named by the League of Nations, either through the Council or through the Permanent Court of International Justice. Â»

The commission would be entitled to issue new Russian bonds to pay former Tsarist debts and to compensate foreign capitalists whose companies had been nationalized:

"The commission will have the following functions:

(a) To constitute and prescribe the procedure of the Mixed Arbitral Tribunals, to be set up in accordance with the provisions of Annex II, and to issue such instructions as may be necessary in order to secure uniformity in their proceedings.

(b) To issue new Russian bonds in accordance with the provisions of Annex II to persons entitled thereto, under awards of the Mixed Arbitral Tribunals, to holders of existing State bonds and other bonds and stock for which the new Russian bonds are to be given in exchange, and to persons entitled thereto in respect of funded interest and repayment of capital."

Dominated as it was by creditors, the commission was given exorbitant powers since it could even decide what revenues had to be used to repay the debt:

"To determine, if necessary, among the revenues of Russia, those which should be specially assigned to the service of the debt, for example, an allocation of certain taxes or of royalties or dues upon undertakings in Russia. Should occasion arise to control, if the commission thinks fit, the collection of all or part of these assigned revenues, and to deal with the proceeds."

The host nations wanted Soviet Russia to agree to a supervisory institution on the same pattern as that which had been imposed on Tunisia, Egypt, the Ottoman Empire and Greece during the second half of the 19th century. [\[43\]](#) This was also very much like what has been imposed on Greece since 2010.

Annex III gave full powers to issue debt bonds to the Debt Commission in which the Russian Soviet government was in a minority position:

"1. All accepted claims for monetary compensation against the Russian Soviet Government will be met by the issue of

new Russian bonds up to the amounts fixed by the Mixed Arbitral Tribunals. The terms of issue of the bonds, together with all questions arising out of the conversion of existing bonds and out of new issues will be determined by the Russian Debt Commission.

2. The bonds shall carry a rate of interest to be determined by the Russian Debt Commission."

Whereas the Russian Soviet government had clearly stated that it would not take on any debt contracted after the 1st August 1914 because it would be at war, the text of the memorandum handed to the Soviet delegation said that *"in view of the serious economic condition of Russia, such creditor Governments are prepared to write down the war debts owed to them by Russia."*

The Soviet counter-attack: the Treaty of Rapallo, 1922

The London report presented in the previous chapter was such a deliberate provocation on the part of Western powers that the Soviet delegation immediately got in touch with the German delegation, which Paris and London had somehow prevented from fully attending the Genoa Conference. France and Britain were hoping that they could coax the Soviet Russians into accepting the conditions mentioned above or, at least some of them, to strengthen their position when negotiating with Germany afterwards. The Russian issue clearly was a priority.

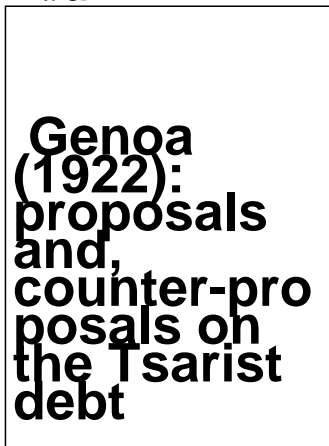
Joffé, one of the people in charge of the Soviet delegation, phoned the Germans at 1 a.m. on Easter Sunday, 16 April 1922, to suggest they should meet at once and try to reach a bilateral agreement. The biographer of the then German minister for economy, Walther Rathenau, writes that the members of the German delegation met in their pyjamas in Rathenau's hotel room to decide whether they would accept the Soviet invitation. They did, and sixteen hours later, on Sunday 16 April 1922 at 5 p.m., the Treaty of Rapallo was signed between Germany and Soviet Russia [44]. The treaty included mutual waiving of financial claims, including German compensation after Soviet nationalisations "on condition that the government of the Russian Socialist Federal Soviet Republic does not satisfy claims for compensation of a similar nature made by a third Party" [45]. It is important to note that Soviet Russia remained fully consistent with the position that the Soviet government had adopted in its peace proposal in the very wake of the revolution: peace without either annexation or compensation. As we know, in March 1918 the German Empire had imposed drastic conditions on Russia with the Treaty of Brest-Litovsk, as it annexed Russian territories and demanded a heavy war ransom. In June 1919 that treaty had been cancelled by the Treaty of Versailles, in which Western powers amputated the German Republic of large stretches of its territories and demanded heavy compensations. In the Treaty of Rapallo, Soviet Russia signed a peace agreement that included mutual waiving of compensation while article 116 of the Treaty of Versailles granted Russia a right to financial compensation from Germany. This step taken by Soviet Russia was also consistent with the treaties it had signed with the Baltic Republics and Poland in 1920-1921.

Another provision in the Treaty of Rapallo said that Germany would help to boost trade between the two countries.

In a nutshell, the Treaty of Rapallo, signed on the suggestion of the Soviet delegation, was a strong response to the dominant and aggressive behaviour of the Western powers.

Next, the Soviet delegation took the time to communicate its official answer to the Western powers in response to the demands they had formulated on 15 April.

[<https://internationalviewpoint.org/IMG/jpg/et25.jpg>]



Genoa (1922): proposals and, counter-pro posals on the Tsarist debt

On 20 April 1922, Chicherin announced the Soviet response to the Western powers' proposals of 15 April. It indicated that: "The Russian delegation are still of the opinion that the present economic condition of Russia and the circumstances which are responsible for it should fully justify the complete release of Russia from all her liabilities mentioned in the above proposals by the recognition of her counter-claims".

In spite of their disaccord over the exorbitant claims of the Western powers the Russian delegation said they were prepared to make concessions concerning the debt contracted by the Tsarist regime before the entry into the war on 1st August 1914. They made a number of proposals.

It was proposed, once agreement was reached, to start debt repayments after a delay of thirty years: "The resumption of payments arising out of the financial engagements accepted by the Russian Government(...), including the payment of interest will begin after a period of [30] years from the date of the signature of the present agreement".

The Russian delegation would only sign agreements with the other governments if they fully recognised the Soviet government and they granted loans, not to repay existing loans but to build the Russian economy. This would permit a breathing space for the use of fresh money and old debts repayments would resume thirty years later when the economy would have become sufficiently strong to bear them.

The Western Powers' counter proposals

On 2 May the Hosting Nations made new proposals. Although there were some small concessions (notably a delay of five years before resuming repayments) they demanded new unacceptable political conditions. The first article stated "all nations should undertake to refrain from propaganda subversive of order and of the established political system in other countries than their own, the Russian Soviet Government will not interfere in any way in the internal affairs, and will refrain from any action which might disturb the territorial and political status-quo in other States."

This meant that the Soviet government would renounce its calls to colonised peoples to struggle for their right to self-determination. The Soviet Union would give up its right to support independence movements such as in India, the African colonies of the different empires, particularly the British and the French. It would also have to relinquish its support for strikes and other forms of struggle outside its own borders.

The first article also stated: "It will also suppress all attempts in its territory to assist revolutionary movements in other States". This meant that it would relinquish its support for the 3rd Communist International that had been created in

1919 and had its headquarters in Moscow.

On the debt question, article 2 reaffirmed the position of the Western Powers: "the Russian Soviet Government recognizes all public debts and obligations which have been contracted or guaranteed by the Imperial Russian Government, or the Russian Provisional Government, or by the Soviet Government itself towards foreign Powers."

Paragraph 2 of article 2 refused the Soviet demand for compensation for the losses of life and materials caused by the aggressions of foreign powers during and after the revolution. The text said: "The Allies can admit no liability for the claims against them set up by the Russian Soviet Government for loss and damage suffered during the revolution in Russia since the war."

Article 6 called for the creation of Mixed Arbitral Tribunals "This Commission shall consist of a member appointed by the Russian Soviet Government, a member appointed by the foreign holders, two members and a President appointed by the President of the Supreme Court of the United States or, failing him, by the Council of the League of Nations or the President of the Permanent Court of International Justice at The Hague. This Commission shall decide all questions as to the remission of interest and as to the mode of payment of capital and interest, and will take into account in so doing the economic and financial condition of Russia".

To summarise, the Host States replaced the Russian debt commission they had proposed on 15 April by an arbitration commission that would have extensive powers and in which Russia would be in minority.

The Soviet reply reaffirmed the right to repudiate debt

On 11 May, the Soviet delegation released a declaration that marked the failure of the Genoa negotiations and forcefully reaffirmed the right to repudiate debt. Chicherin said, "It may be observed that more than one of the States present at the Genoa Conference has in the past repudiated debts and obligations which it had contracted, and that more than one has confiscated or sequestered the property of foreign nationals, as well as of its own nationals, without for that reason being exposed to the ostracism inflicted upon Soviet Russia".

Chicherin pointed out that a regime change through revolution results in rupture with the obligations of the former regime. "The Russian Revolution needs no justification before an assembly of Powers, many of whom count more than one revolution in their own history. Revolutions, which are violent ruptures with the past, carry with them a new juridical status in home and foreign relations. Revolutionary Governments are not bound to respect the obligations of Governments which have lapsed".

Sovereign peoples are not subject to tyrants' agreements

Chicherin continues: "The French Convention proclaimed in 1792 that 'The sovereignty of peoples is not bound by the treaties of tyrants.' In accordance with this declaration, revolutionary France not only tore up the political treaties of the former regime with foreign countries, but also repudiated her national debt. She consented to pay only one third of that debt, and that from motives of political expedience. This was the '*Tiers consolidé*', the interest of which did not begin to be regularly paid until the beginning of the nineteenth century. This practice, which has been elevated to the rank of doctrine by eminent, legal authorities has been followed almost universally by Governments born of a revolution or a war of liberation. The United States repudiated the treaties of its predecessors, England and Spain".

On the basis of historical precedents Chicherin held that Soviet Russia was within her rights to nationalize foreign owned property on Russian territory: "The Governments of States victorious during the recent war seized the debts of nationals of vanquished States in their own territory and abroad. Russia therefore cannot be compelled to assume any responsibility towards foreign Powers and their nationals for the cancellation of public debts and the nationalization of private property".

To the western powers' indemnities claims Chicherin retorted: "Another question of law: is the Russian Government responsible for damages caused to the property, rights and interests of foreign nationals by reason of civil war, apart from those which were caused to these persons by the acts of the government itself that is, the cancellation of debts and the nationalisation of property? Here again the judicial doctrine is entirely in favour of the Russian Government. Revolution, as all great popular movements being assimilated to *force majeure*, does not confer any title of indemnity upon those who have suffered from it. When foreign nationals, supported by their Governments, demanded from the Tsarist Government, the repayments of losses caused to them by the events of 1905 and 1906, the government rejected their demands, basing its refusal upon the fact that not having accorded damages to its own subjects for similar losses, it could not place foreigners in a privileged position".

Chicherin concluded this part of his argumentation with: "Thus, from the point of view of the law Russia is in no wise obliged to pay the debts of the past, to restore property, or to compensate their former owners. Nor is she obliged to pay other indemnities for damages suffered by foreign nationals, whether as a result of legislation adopted by Russia in the exercise of her sovereignty, or as a result of the revolutionary events".

After which the head of the soviet delegation repeated the willingness of Soviet Russia to make concessions if they would permit agreements to be made. "Nevertheless, in a spirit of conciliation and in order to arrive at an understanding with all the powers, Russia has accepted" to recognise a part of the debt.

Chicherin showed his profound understanding of jurisprudence in insisting: "Practice and theory agree in imposing the responsibility for damages caused by intervention and blockade upon the governments which instituted them. Without citing other cases, we shall limit ourselves to recalling the decision of the Court of Arbitration at Geneva of September 14th 1872 condemning Great Britain to pay to the United States \$15.5 million dollars for the damages caused to that country by the privateer 'Alabama' which in the civil war between the North and the South gave help to the latter.

The intervention and the blockade of the Allies and neutrals against Russia constituted an official act of war on their part. The documents published in Annex 2 of the first Russian Memorandum prove with evidence that the chiefs of the counter-revolutionary armies were such only in appearance and that their real commanders were foreign generals sent especially for the purpose by certain powers. These powers not only took direct part in the civil war, but were its authors."

In an annexed document, as Sack reports, "the Soviets contended that the foreign Powers which participated in the intervention against them in 1919-1920 were liable to pay for losses which Russia suffered as the result of the civil war and revolution. The Soviet delegation presented to the Conference a bill of such losses, which by far exceeded, according to their computation, all the claims of the Powers and their nationals against the Soviet government."

Chicherin reaffirmed that Russia was ready to make concessions if granted real loans: "in its desire to reach a practical agreement, the Russian Delegation (...), adopted a policy of most far reaching concessions, and declared itself prepared to renounce conditionally its counterclaims, and to accept the engagements of the former Governments, in exchange for a number of concessions on the part of the powers, the most important being real credits placed at the disposal of the Russian government amounting to a sum to be agreed upon in advance. Unfortunately, this engagement of the Powers has not been carried out."

The head of the Russian delegation rejected the Hosting States' pretensions to repayments of loans granted to the provisional government to continue a war that the people refused: "Moreover, the memorandum raises again the whole question of war debts whose cancellation was one of the conditions of the renunciation by Russia of her counterclaims".

On the Hosting States' will to impose on Russia Mixed Arbitral Tribunals, Chicherin replied that if such a commission was created: "The sovereignty of the Russian State becomes the plaything of chance. It can be defeated by the decisions of a mixed Court of arbitration composed of four foreigners and one Russian, which will decide in the last instance whether the interests of foreigners are to be subject to the restoration, restitution, or compensation."

Finally, Chicherin denounced the fact that powers such as France defended, tooth and nail, the repayments to a few big capitalists without any consideration for the small savers to whom Russia was willing to pay indemnities: "The Russian Delegation notes, moreover, that the interested Powers reserve all their solicitude for a small group of foreign capitalists, and prevent very many foreign capitalists from enjoying the facilities and guarantees which the Russian Government would be ready to grant them. The interest of the mass of small holders of Russian bonds has also been sacrificed. It is surprising that Powers like France, amongst whose citizens the majority of these small holders are to be found, should have subordinated their interests to those of certain groups that demand the restitution of property".

Chicherin concluded on the hosting States' responsibility for the failure of the negotiations: he affirmed that for an agreement to be reached it would have been necessary that "the foreign Powers who organised the armed intervention in Russia would cease to hold towards Russia the language of a victor to the vanquished, Russia not having been conquered. The only language which could have led to a common agreement was that which States adopt toward each other when negotiating upon a footing of equality (...) The popular masses of Russia could not accept an agreement in which concessions were not balanced by real advantages."

Debt Lloyd George blames the Soviets

In the final plenary conference, Lloyd George, the British Prime Minister, made a revealing reply:

"There is a real sympathy for Russia's condition. If Russia is to get help, Russia must not outrage the sentiments if they like, let them call them the prejudices of the world. (...) what are these prejudices?

I will just name one or two, because they were all trampled upon in the Memorandum of May 11th. The first prejudice we have in Western Europe is this, that if you sell goods to a man you expect to get paid for them. The second is this, that if you lend money to a man and he promises to repay you, you expect that he will repay you. The third is this: you go to a man who has already lent you money, and say, 'Will you lend me more?' He says to you, 'Do you propose to repay me what I gave you?' And you say, 'No, it is a matter of principle with me not to repay.' There is a most extraordinary prejudice in the Western mind against lending any more money in that way. It is not a question of principle. I know the revolutionary temper very well, and the revolutionary temper never acknowledges that anybody has got principles, unless he is a revolutionary. But these prejudices are very deeply rooted; they are rooted in the soil of the world; they are inherited from the ages; you cannot tear them out. (...) And if you are writing a letter asking for more credits, I can give one word of advice to anybody who does that. Let him not, in that letter, enter into an eloquent exposition of the doctrine of repudiation of debts. It does not help you to get credits. It may be sound, very sound, but it is not diplomatic. (...) I do implore you, as a friend of Russian peace, as a friend of co-operation with Russia, as one who is in favour of going to the rescue of those great and gallant and brave people, I implore the Russian Delegation, when they go to The Hague, not to go out of their way to trample upon those sentiments and principles which are

deeply rooted in the very life of Europe." [46]

Chicherin, after deploring that he had been "prevented from submitting to the Conference the question of disarmament", responded to Lloyd George: "The British Premier tells me that, if my neighbour has lent me money, I must pay him back. Well, I agree, in that particular case, in a desire for conciliation; but I must add that if this neighbour has broken into my house, killed my children, destroyed my furniture and burnt my house, he must at least begin by restoring to me what he has destroyed". [47]

It must be particularly noted that during the negotiations on other points of the agenda the Soviet delegation had regularly called for decisions to be taken in favour of a general disarmament. France violently refused that the matter even be discussed; it was out of the question to reduce spending on armaments. Of course, this policy was very far from the feelings of the French people but there was a right-wing belligerent government that directed its anger against Germany as well as against Russia (not to mention the colonised peoples). In 1921, France tried again to create an alliance with Romania (who had annexed Bessarabia, a territory of the former Russian empire) and Poland to menace Soviet Russia. [48] What was more, the Soviet delegation proposed that all the nations be invited to the Genoa conference, particularly the colonised peoples who would represent themselves. Workers' organisations should also have been invited. The soviet delegation was critical of the general propositions in economic matters.

Chicherin declared that "Chapter VI of the Report of the Economic Commission, which deals with labour questions, opens with a general remark stating the importance of the assistance of the workers in the economic restoration of Europe. Yet we do not find in this chapter what would be most necessary to the working classes. We do not find a mention of the legislation for the protection of workmen, leaving aside the question of unemployment. We do not find either any proposal concerning co-operative societies, although the latter are an instrument of the highest value for the improvement of the conditions of the working classes. It is to the highest degree to be regretted that, in the course of the labours of the First Sub-Committee, the proposal about co-operatives should have been rejected. But there is something else. Article 21, which mentions the Conventions of the Labour Conference of Washington, deprives those Conventions of a great part of their practical importance by confirming the right of the members not to ratify them. This final phrase of Article 21, which the Russian Delegation in vain tried to suppress, is explained by the desire of certain Governments, such as Switzerland, not to accept the eight-hour day. The Russian Delegation considers the eight-hour day as a fundamental principle of the welfare of the workers, and raises a formal objection against the liberty explicitly given to Governments not to apply it". [49]

After the failure of the Genoa negotiations, the Host States and Russia agreed to meet again a month later at The Hague to find a last-chance agreement. The meeting, held on 20 July 1922, was also a failure. France and Belgium, now supported at a distance by Washington, who was absent, hardened their positions still further. [50]

Reasserting debt repudiation ends with success

Before the Genoa conference, Soviet Russia had managed to sign bilateral treaties with Poland, the Baltic Republics, Turkey and Persia. More importantly, it had managed to sign a trade agreement with the UK. Signed in 1921, this agreement had sanctioned the Soviet laws of nationalization before UK courts and this meant that companies that traded with Russia no longer ran the risk of getting into trouble. [51]

During the Genoa conference Russia also succeeded in signing a treaty with Germany whereby each party renounced any demand for compensation (see: <http://www.cadtm.org/The-Soviet-counter-attack-the>).

It might have been anticipated that the failure in 1922 of the conferences at Genoa and The Hague would result in the capitalist powers adopting a more intransigent position towards Moscow. In fact, the opposite occurred. The Soviet Government had obviously been clever in its manoeuvres. The various capitalist countries all considered separately that they had to sign agreements with Moscow since the Russian market provided a significant outlet and the country had lots of natural resources. Under the pressure of local private companies, every capital was keen to sign an agreement with Moscow in order to prevent other powers from seizing the opportunities offered by the Russian market.

In 1923-24, despite the failure of the Genoa conference, the Soviet Government was recognized *de jure* by the UK, Italy, the Scandinavian countries, France, Greece, China and a few others. In 1925, Japan also recognized the Soviet Government.

Paris drastically reduced its demands. In France, a decree issued on 29 June 1920 had established a special commission for the settlement of Russian affairs that was "to liquidate and recover all funds from the former Russian State, whatever their origin". The French Government cancelled this commission six days before it recognized the Soviet Government on 24 October 1924. This truly was a victory for Moscow.

A few months earlier the Labour government in the UK had signed an agreement with the USSR through which Britain accepted Soviet claims for compensation for damages resulting from British intervention in the civil war between 1918 and 1920, [\[52\]](#) though Lloyd George had stated at the Genoa Conference that this was out of the question. The British government even promised that under certain conditions it would guarantee the issue of a Soviet loan bond on the London financial market.

Less than two years after the failure of the Genoa Conference, even though the USSR maintained its repudiation of debts, the British government was about to guarantee a Soviet loan! On 24 September 1924 the Soviet leader Kamenev could write in the Pravda: "*The treaty with England is an effective basis for the express recognition of our nationalization of land and of industry, of the repudiation of debts and of all other consequences of our revolution.*" [\[53\]](#)

When the Conservatives came back to power a few months later they refused to ratify the treaty; however a major British company committed itself to invest in gold mines and officially renounced any claim to compensation for the nationalization of its assets in 1918.

From 1926, in spite of debt repudiation, European private banks and governments started to grant loans to the USSR.

On 26 June 1926, the USSR signed a credit agreement with German banks. In March 1927, the Midland bank in London lent GBP 10 million. In October 1927, the municipality of Vienna granted a loan of ATS 100 million. In 1929, Norway granted a loan of NOK 20 million.

The Republican leaders in the US were fuming. State Secretary Kellogg exposed the Europeans' conciliatory attitude in his speech to the Republican National Committee on 14 April 1928: "*No State has been able to obtain the payment of debts contracted by Russia under preceding Governments or the indemnification of its citizens for confiscated property. Indeed there is every reason to believe that the granting of recognition and the holding of discussions have served only to encourage the present rulers of Russia in their policy of repudiation and confiscation...*" [\[54\]](#).

Eventually, under the presidency of Franklin D. Roosevelt, the United States recognized the USSR *de jure* in November 1933. On 13 February 1934, the US government established the "Export and Import Bank" with a view to financing trade with the Soviet Union. A few months later, not wanting to be excluded from the Soviet market, France

also offered loans to the USSR for it to buy French products.

Alexander Sack, who opposed repudiation of debts and was fiercely against the Soviet regime, concluded his study on diplomatic claims against the Soviets with the following sentences that clearly indicate that it is perfectly possible to repudiate debt without defaulting or being isolated; on the contrary:

"At the twentieth anniversary of the Soviet regime, the foreign claims against it present the melancholy picture of petrification, if not abandonment. The Soviet Union boasts of being now one of the most powerful industrial countries; it has a favorable balance of trade, and ranks second in the gold production of the world. Its government is now universally recognized, and commercial credits are extended to it practically for the asking. Yet it has not recognized, nor paid, any claims arising from its decrees of repudiation, confiscation, and nationalization." [55]

Conclusion

The present study focuses on the repudiation of debt by the Soviet government. It shows that the decision went back to a commitment taken during the 1905 revolution. It includes an analysis of the international context: peace treaties, the civil war, the blockade, the Genoa conference and the several loan agreements signed afterwards in spite of the confirmed repudiation of former debts.

There was not room to discuss the later development of the Soviet regime: the gradual smothering of any criticism, the regime's bureaucratic and authoritarian degeneration, [56] disastrous farming policies (notably the forced collectivization under Stalin) and in the field of industry, Stalin's enforcement of terror in the 1930s (see Box).

What happened to the members of the delegation representing the Soviet government in Genoa illustrates the tragic development of the regime and the consequences of Stalin's policy. It consisted of George Chicherin, Adolph Joffe, Maxim Litvinov, Christian Rakovsky, Leonid Krasin. Apart from the last one who died of illness in London in 1926, what happened to the others is revealing. George Chicherin was disgraced in 1927-1928.

Adolph Joffe committed suicide on 16 November 1927, leaving a farewell letter to Trotsky which was a true political testament. His funeral was one of the last 'authorized' big public demonstrations against Stalin.

On 3 May 1939 Maxim Litvinov was violently dismissed from his position: the GPU (state political administration) rounded his ministry, his assistants were beaten and interrogated. Since Litvinov was a Jew and a fervent partisan of collective security, replacing him with Molotov increased Stalin's power and facilitated negotiations with the Nazis. These resulted in the German-Soviet non-aggression pact in August 1939 with its tragic consequences. After the Nazi attack on the USSR in 1941, Litvinov was back in an official position. Christian Rakovsky had been Trotsky's comrade already before the First world War and had opposed bureaucracy from the early 1920s; he was executed by the GPU on Stalin's order in 1941.

Such tragic evolution shows once again that repudiating odious debt is not enough to solve the many problems affecting society. There is no doubt about that. For debt repudiation to be useful, it must be part of a consistent set of political, economic, cultural and social measures that make it possible to move towards a society that is liberated of all the various forms of oppression it has suffered under for millennia.

Conversely, many countries can hardly consider launching this kind of transition while attempting to repay odious debts inherited from the past. We can find lots of illustrations in the course of history, and the latest is the subjection of Greece to her creditors' impositions since 2010 and the terrible consequences of the Greek government's capitulation in July 2015 as it insisted on repaying the debt in order to obtain debt relief.

Epilogue

In 1997, six years after the dissolution of the USSR, Boris Yeltsin signed an agreement with Paris to put an end to litigation over Russian bonds. The 400 million US dollars France received from the Federation of Russia in 1997-2000 are a mere 1% of the amounts claimed from Soviet Russia by the French creditors represented by the State. [57] We should also stress the fact that the agreement between Russia and the UK signed on 15 July 1986 made for a 1.6% compensation of the bonds' updated value. Such very low compensation rates again indicate that a country can indeed repudiate its debts without major consequences.

In August 1998, as it was affected by the Asian crisis and the consequences of capitalist restoration, Russia unilaterally suspended its payment of the debt for six weeks. Its external public debt amounted to USD 95 billion, 72 billion of which to private foreign banks (30 billion to German banks and 7 billion to French banks, including *Crédit Lyonnais*) and the remainder mainly to the Paris Club and the IMF. Complete suspension of payment followed by a partial suspension over the following years led the various creditors to agree to a haircut that varied between 30 and 70%. Russia, which was going through a recession before suspending payment, experienced an annual growth rate of about 6% afterwards (1999-2005). Joseph Stiglitz, who had been the World Bank's chief economist between 1997 and 2000, points out:

"Empirically, there is little evidence in support of the position that a default leads to an extended period of exclusion from the market. Russia returned to the market within two years of its default which was admittedly a 'messy one' involving no prior consultation with creditors [...] Thus, in practice, the threat of credit being cut off appears not to be effective." [58]

Two sentences to sum up: it is possible to repudiate or unilaterally suspend debt payment and to stimulate the economy. This is not enough to solve all problems but in some circumstances it can be both useful and necessary.

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[1] <https://www.marxists.org/archive/trotsky/1930/mylife/ch14.htm>

[2] Translators' note: the passages quoted from Trotsky's works are left as in the original translation.

[3] Trotsky wrote this in 1930.

[4] <https://www.marxists.org/archive/trotsky/1930/mylife/ch14.htm>

[5] <https://www.marxists.org/archive/trotsky/1907/1905/ch20.htm>

[6] In 1914 Belgian companies operated trams in 26 Russian cities. Belgian Minister Henri Jaspar spoke in the Belgian parliament on Belgium's

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interests in pre-war Russia: "our cast iron manufactured in Russia represented 1/3rd of the total production of Russian iron; beams, laminates, cross bars accounted for 42% of the total Russian production; chemical products manufactured by the Belgians in Russia represented 75% of the amount manufactured in the whole of Russia; ice accounted for 50% of Russian production, sheet glass for 30% ". (Trans. CADTM) According to the minister, 161 Belgian companies operated in Russia before the war.

Sources (in French): Annales parlementaires, Chambre, 1921-1922, p. 883-884; Session of May 23, 1922. Also see Documents parlementaires, Sénat, 1928-1929, no. 88, Rapport de la Commission des Affaires étrangères, pp. 37-38. Jean Stengers quoted from these documents in his article "Belgique et Russie, 1917-1924: gouvernement et opinion publique" in *Revue belge de philologie et d'histoire*, 1988, Volume 66, No.2, pp. 296-328 http://www.persee.fr/doc/rbph_0035-0818_1988_num_66_2_3628

[7] Jean Longuet, *Le mouvement socialiste international*, Paris, 1931, p. 58. (in French). Also see <https://www.marxists.org/history/international/social-democracy/1912/basel-manifesto.htm>

[8] Ernest Mandel, October 1917: Coup d'État or social revolution? IIRE, *Notebooks for study and research* no.17/18, 1992, Amsterdam, p 14, <https://fileserv.iire.org/nsr/NSR17.pdf>

[9] The countries most affected, besides Russia, were the German Empire (casualties of 2 million soldiers and 420,000 civilians); France and its colonies (1.4 million soldiers and 300,000 civilians); Austria (1.1 million soldiers and 470,000 civilians); the United Kingdom and its colonies (885,000 soldiers and 110,000 civilians); the Ottoman Empire (800,000 soldiers and 4.2 million civilians); and the Kingdom of Serbia (1,250,000 victims, including 800,000 civilians, or 1/3rd of its population). Source: https://fr.wikipedia.org/wiki/Pertes_humaines_de_la_Premi%C3%A8re_Guerre_mondiale

[10] In 1917, Russia still used the Julian calendar, which is about 13 days "behind" the Gregorian calendar adopted in 1918 and which corresponds to the Western calendar. So the revolution of February 1917 actually occurred on the international day of struggle for women's rights: March 8 in the current calendar. Similarly, the October Revolution took place on November 7. In the rest of the text, the dates correspond to the current (i.e. Gregorian) calendar.

[11] Leon Trotsky, 1930, *History of the Russian Revolution*, Haymarket Books, Chicago, 2008, Chapter 7.

[12] Alexander Fyodorovich Kerensky (1881-1970), lawyer, Laborist (his party was called Trudovik) headed the provisional government in 1917.

[13] Martov-Dan: *Geschichte der russischen Sozialdemokratie*, Berlin 1926, pp. 300-301. Quoted by Ernest Mandel in October 1917: Coup d'état or social revolution? IIRE, *Notebooks for study and research* no.17/18, 1992, Amsterdam, P 9 <https://fileserv.iire.org/nsr/NSR17.pdf>

[14] The government was an alliance of the Bolshevik Party and the leftwing Socialist Revolutionaries.

[15] Edward H. Carr. 1952. *The Bolshevik Revolution 1917-1923*, vol 2. The Macmillan Company; First edition (1952).

[16] Thomas Woodrow Wilson, born in Staunton on 28 December 1856 and died in Washington, D.C. on 3 February 1924, was the 28th president of the United States. He was elected for two successive mandates, from 1913 to 1921.

[17] See W. Wilson's declaration of February 1918: "every territorial settlement in this war must be made in the interest and for the benefit of the population concerned, and not as part of any mere adjustment compromise of claims amongst rival states". See also his declaration made at the signature of the pact founding the Society of Nations in 1919: "The fundamental principle of this treaty is a principle never acknowledged before... that the countries of the world belong to the people who live in them". These two citations are due to Odette Lienau, *Rethinking Sovereign Debt : Politics, Reputation, and Legitimacy in Modern Finance*, Harvard University, 2014, p. 62-63. <http://www.hup.harvard.edu/catalog.php?isbn=9780674725065>

[18] In January-February 1918, President Wilson adopted an apparently benevolent public attitude towards Soviet Russia. See especially point 6 of his declaration in 14 points to the US Congress on 8 January 1918. https://en.wikipedia.org/wiki/Fourteen_Points However in the end Wilson did not give any aid to the Soviets.

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[19] See Edward H. Carr. 1952. (*A History of Soviet Russia*), *The Bolshevik Revolution (1917-1923)* Vol. 3, Norton Paperback Editions, New York, 1985 (Macmillan, 1953) chapter 21, pp; 12-13, note 3.

[20] See in particular, https://en.wikipedia.org/wiki/Allied_intervention_in_the_Russian_Civil_War

[21] Lloyd George reported these talks in his memoirs: Lloyd George, *War Memoirs*, IV, 1934, 2081-2107. See Edward H. Carr. 1952. (*A History of Soviet Russia*), *The Bolshevik Revolution (1917-1923)* Vol. 3, Norton Paperback Editions, New York, 1985 (Macmillan, 1953) chapter 22.

[22] See Edward H. Carr. 1952. (*A History of Soviet Russia*), *The Bolshevik Revolution (1917-1923)* Vol. 3, Norton Paperback Editions, New York, 1985 (Macmillan, 1953) chapter 28, p. 308.

[23] See Edward H. Carr. 1952. (*A History of Soviet Russia*), *The Bolshevik Revolution (1917-1923)* Vol. 3, Norton Paperback Editions, New York, 1985 (Macmillan, 1953) chapter 23, pp. 126-7.

[24] *Ibid.*, chapter 23, p. 111.

[25] E. H. Carr, Vol. 3, p. 308.

[26] Quoted by E. H. Carr, vol. 3, p.128.

[27] On the Russian Civil War, see among other scholarly studies Evan Mawdsley, *The Russian Civil War*, Pegasus Book, 2007.

[28] See *The New York Times*, 2 April 1921 quoted by Alexander N. Sack, "Diplomatic Claims against the Soviets (1918-1938)", in *New York School of Law Contemporary Law Pamphlets Series 1 No.7*, N Y University Quarterly Review, 1938.

[29] See: Alexander N. Sack, "Diplomatic Claims against the Soviets (1918-1938)", in *New York School of Law Contemporary Law Pamphlets Series 1 No.7*, N Y University Quarterly Review 253, 1938-1939.

[30] Quoted in Jeff King. 2016. *The Doctrine of Odious Debt in International Law: A Restatement*, Cambridge University Press, p. 84.

[31] Edward H. Carr. 1952. (*A History of Soviet Russia*), *The Bolshevik Revolution (1917-1923)* Vol. 3, Norton Paperback Editions, New York, 1985 (Macmillan, 1953) pp. 311-312.

[32] Founded in 1863, the *Crédit lyonnais* is best known for the scandal surrounding its bailout by the French state at the end of the 20th century. More or less bankrupt since the 1990s, after the mortgage crisis in the property sector, the bank was nationalized and recapitalized before being taken over by the *Crédit agricole* in 2003. The bailout is thought to have cost tax-payers 14.7 billion euros.

[33] A business bank founded in 1904, which merged with the *Crédit du Nord* in 1973.

[34] Landon-Lane J., Oosterlinck K., (2006), "Hope springs eternal: French bondholders and the Soviet Repudiation (1915-1919)", *Review of Finance*, 10, 4, pp. 507-535.

[35] When the Conference of Genoa took place, the Union of Soviet Socialist Republics did not yet exist. It was founded in December 1922 and officially dissolved in December 1991. At the Conference of Genoa, the Soviet delegation officially represented the Russian Soviet Federative Socialist Republic, which we have abbreviated in the present text to "Soviet Russia".

[36] French troops occupied Düsseldorf, one of the main towns of Rhineland, in March 1921 (see Carr, T. 3. page 345). From January 1923 to July-August 1925, French and Belgian troops occupied the Ruhr Valley and its industrial production sites in order to seize industrial products and raw materials such as coal and minerals, in lieu of payment for the reparations that Germany was slow to pay. See https://en.wikipedia.org/wiki/Occupation_of_the_Ruhr

[37] The recognition of a new State is either definitive in which case it is called *de jure* recognition (i.e. as of right) - or it is provisional, or restricted, in which case it is called *de facto* (i.e. in fact, whether by right or not) recognition. Great Britain recognized Soviet Russia *de facto* in 1921, and *de jure* in 1924.

[38] *Les Documents de la Conference de Genes*, Rome, 1922, 336 pages, p. IX. (No English version of the Convocation found.)

[39] Op. Cit.

[40] Op. Cit.

[41] Op. Cit., p. 13.

[42] See full text at https://moodle2.units.it/pluginfile.php/78252/mod_resource/content/1/1922_Genoa_Conference_papers.pdf

[43] An international Commission of financial supervision to repay public debts was imposed on Tunisia in 1869, on Egypt in 1876, on the Ottoman Empire in 1881 and on Greece in 1898.

[44] See Carr, *The Bolshevik Revolution 1917-1923 Volume 3* (Macmillan, 1953) Norton, 1985, p. 376.

[45] Treaty of Rapallo, 16 April 1922, Article 2, see http://avalon.law.yale.edu/20th_century/rapallo_001.asp

[46] J Saxon Mills, *The Genoa Conference*, London: Hutchinson, 1922, pp. 277-8:
https://archive.org/stream/genoaconference00milliala/genoaconference00milliala_djvu.txt

[47] *Idem.*, p. 284

[48] Carr, op. cit. T. 3, p. 355.

[49] Mills, op. cit., p. 254.

[50] Carr, t. 3, p. 436-440.

[51] Article 9 of the Anglo-Soviet trade agreement stipulated: "*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.*" https://wwi.lib.byu.edu/index.php/Anglo-Soviet_Trade_Agreement. On this topic see also E. H. Carr, *The Bolshevik Revolution*, Vol. 3, pp. 286-9.

[52] Sack, "Diplomatic claims Against the Soviets (1918-1938)", in *New York University Law Quarterly Review* 15 (1937-1938), pp. 524-5.

[53] Sack, "Diplomatic claims Against the Soviets (1918-1938)", *New York University Law Quarterly Review* 16 (1938-1939), note 209, p. 270.

[54] Sack, *ibid.*, p. 277.

[55] Sack, *ibid.*, pp. 281-2.

[56] On this issue, see the article in French, Éric Toussaint, "Lenin and Trotsky confronting the bureaucracy - Russian revolution and transitional societies. Â» Published Saturday 21 January 2017 <http://www.europe-solidaire.org/spip.php?article37717>

[57] See the website of the French Senate ACCORDS RELATIFS AU RÈGLEMENT DÉFINITIF DES CRÉANCES ENTRE LA FRANCE ET LA RUSSIE ANTÉRIEURES AU 9 MAI 1945 <http://www.senat.fr/seances/s199712/s19971210/sc19971210010.html>

[58] Stiglitz in Barry Herman, José Antonio Ocampo, Shari Spiegel, *Overcoming Developing Country Debt Crises*, OUP Oxford, 2010, p. 49.