

Repudiation of debt at the Russian Revolution - Parts IX to XII

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Part 9: 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 [1]. 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" [2]. 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.

Translated by Christine Pagnouille and Vicki Briault (CADTM).



Part 10: Genoa (1922): proposals and, counter-proposals on the Tsarist debt

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 in 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.”

Translated by Mike Krolikowski with Christine Pagnouille (CADTM)



Lloyd George

Part 11: 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." [3]

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". [4]

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. [5] 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". [6]

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. [7]

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El Lissitzky, "Beat the Whites with the Red Wedge", 1919

Part 12: 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. [8] 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."* [9]

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..."* [10].

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." [11]

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, [12] 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. [\[13\]](#) 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 WB'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." [14]

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.

Eric Toussaint

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<http://www.cadtm.org/Debt-Lloyd-George-blames-the>
<http://www.cadtm.org/Reasserting-debt-repudiation-ends>

Footnotes

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

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

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

[4] Idem., p. 284

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

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

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

[8] 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.

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

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

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

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

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

[13] 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>

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