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Part 8 of the Series: Centenary of the Russian Revolution and the Repudiation of Debt

In 1922 creditor powers again attempt to subjugate the Soviets

- Features -

Publication date: Saturday 7 October 2017

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."

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 â€˜Russian Debt Commission' and by â€˜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. [2] 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 1stAugust 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."*

Translated by Vicki Briault and Christine Pagnoulle (CADTM)

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

[2] 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.

