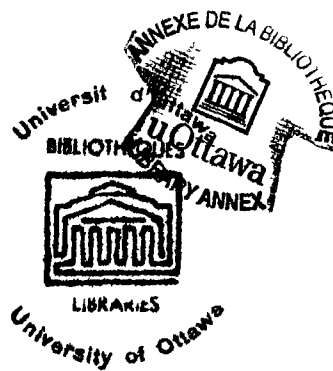


MACKENZIE KING AND THE SOVIET
TRADE MISSION TO CANADA
1924-1927

by Ronald A. Adams

Thesis Presented to the Department of History
at the University of Ottawa in Partial
Fulfillment of the Requirements for
the Degree of Master of Arts



Ottawa, Canada, 1970

UMI Number: EC55240

INFORMATION TO USERS

The quality of this reproduction is dependent upon the quality of the copy submitted. Broken or indistinct print, colored or poor quality illustrations and photographs, print bleed-through, substandard margins, and improper alignment can adversely affect reproduction.

In the unlikely event that the author did not send a complete manuscript and there are missing pages, these will be noted. Also, if unauthorized copyright material had to be removed, a note will indicate the deletion.



UMI Microform EC55240
Copyright 2011 by ProQuest LLC
All rights reserved. This microform edition is protected against
unauthorized copying under Title 17, United States Code.

ProQuest LLC
789 East Eisenhower Parkway
P.O. Box 1346
Ann Arbor, MI 48106-1346

TABLE OF CONTENTS

<u>CHAPTER</u>		<u>PAGE</u>
	PREFACE	i
	INTRODUCTION	1
I	FIRST CONTACTS	17
II	RECOGNITION AND THE LITERATURE AFFAIR	38
III	THE HUNDRED DOLLAR MISUNDERSTANDING	66
IV	EXTRACURRICULAR ACTIVITIES	102
V	THE DEMISE OF THE AGENCY	124
	CONCLUSION	142
	BIBLIOGRAPHY	150

Preface

Recent confrontations between Canadian fishermen and their Soviet counterparts on the high seas off British Columbia have served to remind the Canadian public that in spite of large wheat contracts Canadian-Soviet relations are about as warm as the finny subjects of that dispute. Since Canada is a capitalist country and capitalism is anathema to the Soviet regime, a lack of cordiality is to be expected. If one inferred from Soviet actions that Canada ranks near the bottom of Moscow's list of capitalist undesireables, he would probably be right. Not only has the Communist Party of Canada failed ignominiously; it was in Ottawa in 1945 that the famous defector Igor Gouzenko made his embarrassing expose of the extent of Soviet espionage in the West. But troubles began much earlier than 1945. In the following pages I will attempt to trace the origin and development of the first uncomfortable contact between Canada and the U.S.S.R. - the Soviet Trade Mission to Canada 1924-27.

Much of this thesis is based on documentary evidence found in the W.L.M. King Papers, the Governor General's Papers, R.C.M.P. Records and External Affairs Papers made available through the Public Archives of Canada in Ottawa. I would like to take this opportunity to thank the friendly

and efficient staff at the Public Archives for their assistance locating pertinent files on the subject. I would also like to thank my director Senator Paul Yuzyk, Ph.D. for writing letters on my behalf through which I received permission to see a number of classified files, and for his valuable assistance in the preparation of the manuscript.

In works dealing with various aspects of Canadian foreign policy it is customary also to thank the people at the Historical Division of the Department of External Affairs in Ottawa. I regret to say that cooperation received from that Department was minimal. It was only with great reluctance that officials there granted permission for me to see a number of External Affairs files on Canadian-Soviet relations in the 1924-27 period. This occurred despite the fact that these papers fell well outside the new "thirty year rule" which permits public access to Government papers after thirty years have elapsed. I was refused permission to see files on several "sensitive" (i.e.: potentially embarrassing) topics including those on Doukhobors, passports and the 1927 Arcos Raid in Britain. One can only surmise at the arbitrariness of the decision to withhold this latter file since the material in it can be had for the price of a plane ticket to London where the corresponding British files have been open to researchers for several years now.

At the outset of the research for this thesis, I was told by an official at External Affairs that the papers of one of the principle protagonists in early Canadian-Soviet relations, Dr. O.D. Skelton, had unfortunately been destroyed in a fire. Dr. Skelton was Secretary of State for External Affairs after 1925 and had figured prominently in almost every Government decision on the Soviet Trade Mission. To the author's considerable annoyance, when the final draft of this thesis was being typed, the Department of External Affairs saw fit to finally release these same Skelton Papers to the Public Archives. Although most of the material found in the pertinent Skelton files had come to my attention through other scattered sources, several items made revisions necessary. Thus while most of the footnote references made below are to the King or the Governor General's Papers, duplicates of many of the items cited can now be found together in the Skelton Papers files 106 (I-R-28) and 598-99. It goes without saying that if these files had not been "burned" when I first inquired after them, the problems of research would have been greatly uncomplicated. Students of Canadian history who have had similar experiences with the bureaucratic intransigence of this federal department - and there seems to be quite a few such students - will be interested to learn that thanks to the present Government's

austerity policy the position of Archivist at External Affairs has recently been declared redundant.

I got an even chillier reception from Scotland Yard in London, attempting to trace information on the alleged Soviet plot to counterfeit Canadian currency. When I wrote to inquire about several pieces of correspondence which had passed between a Captain Miller of the Yard and the Director of the Imperial Bank of Canada in Toronto in 1926-27 and which I knew existed from certain items in the R.C.M.P. Records, my director was curtly informed that not only did Scotland Yard have no record of any such forgery case, but it had been impossible "to identify a Captain H.M. Miller as having served in the Metropolitan Police."

Fortunately not all Government departments and agencies were so uncommunicative. In a move which can only be described by historians as enlightened, the Royal Canadian Mounted Police have decided to turn over their defunct Criminal Investigation Files to the Public Archives. Thanks to information made available from this source, I was able to establish a new interpretation of the appearance in 1925 of a batch of forged hundred dollar Canadian banknotes that were once thought to have originated with the Soviet Trade Agency in Montreal. Officials at R.C.M.P. headquarters in Ottawa were glad to help clear up several details and expressed

an encouraging interest in my work. I hope the result meets with their approval.

My thanks also to Mr. J. Donald Simpson at the Canadian Imperial Bank of Commerce in Toronto. Mr. Simpson was kind enough to answer my inquiries with a lengthy memorandum on the Imperial Bank's role in the forgery affair along with a number of newspaper clippings on subsequent developments in the case. I regret that in spite of this help my assessment of the Bank's role had to be so unfavourable. Perhaps if the files on the forgery case had not been "destroyed in a disastrous fire at the Bank's old premises on Wellington Street some years ago," that assessment could have been more complete.

Needless to say it was impossible to obtain access to any Soviet files on the first Soviet Trade Mission to Canada. A spokesman at the Soviet Embassy in Ottawa stated that all such files had been destroyed after the Mission was evicted from the country in 1927. A full explanation of Moscow's behaviour in the forgery case must therefore await the release of secret police and Comintern files to non-Communist historians - an event not likely to occur in the near future.

To plug the gaps left by lack of documentary evidence I was obliged to rely on unverifiable published material from a variety of secondary sources, and occasionally it was impossible to do more than hypothesize on the most likely

explanation of events. The reader must judge for himself the merits of such explanations. Throughout this thesis I have attempted to provide enough background information on the peculiarities of Soviet and Canadian politics to make it intelligible to the general reader. All too often historical works of this nature elude the interest of all but a handful of specialists. An attempt has also been made to objectively analyze both the Soviet and Canadian logic lying behind the various incidents dealt with. If the reader detects a bias it is only because the talent and not the intention is unequal to the task.

INTRODUCTION

I

Although, as we shall see, the Soviet Trade Mission to Canada 1924-27 became involved in some rather irregular extracurricular activities, an analysis of those activities must necessarily begin with a brief explanation of the fabric of the Soviet regime and more particularly of the peripheral role that Canada played in its fiery inception.

When Lenin and his tightly organized cadre of supporters seized power in the power vacuum that characterized war-torn Russia in November, 1917, he had a crystal clear picture of the future. Marx's prophecies were correct. The capitalist property-oriented social and political system which blindly exploited and enslaved so many millions of working class people around the globe, was on the verge of destruction. The Great War was the catastrophic culmination of all the evils of the aggressive imperialist governments and it would shortly turn into a class war pitting the exploited proletarians against the wealthy bourgeoisie. The inevitable end of the struggle would be (according to Marx) a victory for the working classes and peace, real freedom and an equally bountiful standard of living for all.

Lenin believed that the fate of the Revolution in Russia was inextricably tied to the success of similar revolutions in Europe and the rest of the world. The forces of

capitalism, he reasoned, would never permit the separate existence of a Socialist Russian state which breathed hostilely at them from every political pore. A struggle to the death was inevitable. The Bolsheviks therefore had to utilize every opportunity to encourage the working class in other nations, particularly within the belligerent powers, to rise up and overthrow their Governments. Military assistance, political advisors, financial aid and trainloads of Socialist propaganda were from the beginning considered to be legitimate means of fomenting the universal proletarian cause.

There is something noble about this simplistic concept of political messianism, for the abuses propagated by rampant early industrialization were (and in some cases still are) many. Millions of the long-suffering Russian people were enthused at the prospect of playing the Red Robin Hood to the world's deprived. Part of Lenin's success in imposing a Socialist regime on the vast Czarist Empire lay in his ability to mould the powerful forces of Russian nationalism into a visionary proletarian internationalism. It is perhaps one of the greatest misfortunes of our time that in the long run the repressive oligarchical traditions of five centuries of Czarist rule had a far greater impact on the subsequent development of Socialism in Russia than he and the early Bolshevik leaders could have foreseen.

Initially, Lenin's prediction that the capitalist Western Powers would try to destroy the Moscow nucleus of the Socialist Revolution was born out by Great Power intervention in the civil war that followed hard upon the Soviet takeover in European Russia. The radical and often harsh policies of the new Bolshevik Government made powerful enemies both inside and outside the country. For more than two years Lenin and his colleagues struggled to consolidate their power in the face of vigorous opposition from various foreign supported counter-revolutionary and nationalist "White" forces. The Allied Powers, particularly Britain and France provided the disorganized Whites who were led by a number of ex-Czarist officers like Generals Denikin, Yudenich, Wrangel and Admiral Kolchak, with money, arms and ammunition, military advisors and in several instances actual troop support for their campaigns against the Bolsheviks. From 1918 to 1920, France, Britain, the United States, Japan and even Canada had army units stationed on Russian territory, many of which saw action against the new Red Army.

The story of the Allied Intervention in Russia and the motivations for it have been discussed at length by historians

and lies beyond the scope of this work.⁽¹⁾ For our purposes, however, we must take note of the fact that Canada, thanks to her uncomfortably close connections with the British Government and the visions of Prime Minister Sir Robert Borden, became one of the more active international participants in that little known struggle against Lenin's Bolshevik Government.

II

For Canada the Intervention began innocently enough in the early summer of 1918 when the British War Office requested Canadian reinforcements for two small British contingents which had been sent to protect the large supply dumps located in the north Russian ports of Murmansk and Archangel. With Russia out of the war the Allied Supreme Council feared that millions of tons of war material and foodstuffs shipped to

(1) William P. and Zelda K. Coates, Armed Intervention in Russia, 1918-1922, Gollancz: London, 1935; E.M. Halliday, The Ignorant Armies, Harper: New York, 1960; L.I. Strakhanovsky, Intervention at Archangel: The Story of Allied Intervention and Russian Counter Revolution in North Russia, 1918-20, Princeton University Press: 1944; John A. White, The Siberian Intervention, Princeton University Press, 1950. It is plain that the Soviets have placed considerable historical emphasis on the Intervention and civil war periods. The list of Russian titles on the subject is formidable. See: T.H. Hammond, Soviet Foreign Relations and World Communism: A Bibliography, Princeton University Press, 1965, pp. 24-63.

these ports would fall into German or Bolshevik hands. The request seemed reasonable and the Canadian Government agreed to commit some six hundred volunteers to north Russia from reserves stationed in Scotland.⁽²⁾ Although no Germans approached Murmansk or Archangel the Allied contingents there soon encountered Bolshevik opposition. They dug into a defensive perimeter around the two towns and hung on grimly and precariously through the winter of 1918-19 while the Allied Supreme Command and the peacemakers debated the Russian situation in more amenable Paris surroundings. In several minor skirmishes with Bolshevik irregulars the Canadian troops acquitted themselves well according to the army's official historian Colonel G.W.L. Nicholson.⁽³⁾

Canadian troops also became involved in the international intervention in Siberia, again at the instigation of the British War Office. In 1918, the Allies became convinced of the need to hold open eastern Siberia in order to protect supplies in Vladivostok and assist a motley force of Czecho-Slovak soldiers

(2) G.W.L. Nicholson, The Canadian Expeditionary Force, Queen's Printer: Ottawa, 1962, p. 513. The total Allied strength in northern Russia never exceeded 35,000, including about 8000 local-raised Russian troops.

(3) Ibid., pp. 513-517. There is evidence in the Borden Papers, OC 518 that suggests that some of the troops mutinied in the spring of 1919 and demanded to be sent home.

which was attempting to evacuate Russia on the Trans-Siberian Railroad and who were, it was preposterously rumoured, imminently threatened by freed German and Austrian prisoners-of-war. The British, American and Japanese Governments agreed to send a protective force to Vladivostok in mid-August 1918 and because of Canada's relatively close proximity to the Pacific coast of Russia the War Office asked Prime Minister Robert Borden if Canadian troops could be added to the small British force being sent to Siberia.⁽⁴⁾ Despite misgivings expressed by some members of his Unionist cabinet, Borden, who was in London at the time, decided to send Canadian troops to Vladivostok. The decision was not wholly based on military considerations. "Intimate relations with that rapidly developing country," he wrote, "will be a great advantage to Canada in the future... and our interposition with a small military force would tend to bring Canada into favourable notice by the strongest elements in that great community."⁽⁵⁾ Borden had become convinced that such intervention would facilitate future Canadian economic

(4) Director of Military Operations (Major-General P. de B. Radcliffe) to the President of the Privy Council of Canada, July 9, 1918. Borden Papers, OC 518.

(5) R.L. Borden to S.C. Mewburn (Minister of Militia and Defence), August 13, 1918. Ibid. The chief architect of this unrealistic Siberian development scheme was C.F. Just, the former Canadian Trade Commissioner in Petrograd.

development in eastern Siberia - a land advantageously similar to Canada in climate and topography. An expeditionary force of nearly four thousand men was assembled in Vancouver for that purpose in September and October of 1918.

To the Canadian Government's chagrin the first units arrived in Vladivostok just in time to hear the news of the general armistice in Europe. The Cabinet, led by C.C. Ballantine, T.A. Crerar, J.A. Calder and J.D. Reid pressed Borden for the immediate recall of the troops stationed in Russia. Borden at first refused, explaining that the commitment made to the British had to be honoured. By the end of the year, however, with public opinion against the Russian adventure steadily growing, Borden realized that further Canadian participation in the Intervention was both futile and dangerous. The economy of the Russian Far East was in shambles and the Canadian troops were anxious to return home. Worse, the British were attempting to commit the Canadian units to more active service in Siberia, and antagonism between the Americans and the Japanese in Vladivostok threatened to turn violent.⁽⁶⁾

(6) Gaddis Smith, "Canada and the Siberian Intervention," American Historical Review, vol. 64, 1959, p. 874.

Early in the new year (1919) Borden suggested to the Imperial War Cabinet that the Russian imbroglio might be solved if all the various political factions engaged in the Civil War were invited to a conference with the Allies. Perhaps an agreement could be worked out with them which would result in the restoration of an acceptable government in Russia and put an end to the need for intervention.⁽⁷⁾ Borden informed the British Prime Minister Lloyd George that the Canadian forces would be withdrawn from Vladivostok, Archangel and Murmansk as soon as spring permitted.⁽⁸⁾ Lloyd George was anxious to wind up the embarrassing Intervention and he broached Borden's proposal to the delegates at the Paris Peace Conference. There it was decided to invite the Russian factions to meet with the Allies on Prinkipo Island in the Sea of Marmora. Lloyd George asked Borden to become chief British delegate to the island conference.⁽⁹⁾ This may have been intended to honour the author of the plan, but one naturally suspects that the British P.M. was anxious to get the intransigent Borden out of Paris where he was making a nuisance of himself demanding that the Dominions be given direct representation and separate votes at the

(7) R.L. Borden, Memoirs. Toronto, 1938, vol. II, p. 890.

(8) R.L. Borden to S.C. Mewburn, February 13, 1919. Borden Papers, OC 518.

(9) R.L. Borden, Memoirs, II, p. 904.

Versailles peace table. Unfortunately none of the Russian groups heeded the call and the Prinkipo scheme came to nothing.

Borden nevertheless carried out his decision to withdraw the disgruntled Canadian troops from Russia in spite of vigorous opposition from Winston Churchill, the Secretary of War. By the summer of 1919 all the Canadian units had sailed for home. They were followed a few months later by the British and the Americans, leaving behind only the land-hungry Japanese who lingered on in Pacific Russia until 1924.

From the Soviet point of view the Allied Intervention could be considered fortuitous. If anything it helped galvanize the disorganized Bolshevik ranks into an effective centralized governing unit and doubtlessly enhanced its popularity as the defender of the country from the foreign invader. The successful defence generated a plethora of historical myth and miles of effective propaganda as a sideproduct. More important, however, the Intervention seemed positive proof to the new Soviet Government that Capitalism and Socialism were jointed in a life and death struggle.

III

During the halcyon months of 1918 and 1919 Lenin did not anticipate the necessity of establishing trade or diplomatic relations with the capitalist governments of the western powers. The Bolsheviks expected an imminent world revolution of the working classes similar to that which had occurred in Russia. But in spite of all the desperate Soviet efforts to foment revolution in Europe there were few tangible results. A single badly organized attempt by German communists to overthrow the new Weimar government in early 1919 was easily put down by the military. Similar uprisings in Budapest and Vienna also collapsed quickly. By 1920 it had become painfully obvious to Lenin and his supporters that the long expected world revolution was going to be indeterminately delayed. Capitalist economies unexpectedly showed every sign of complete recovery from wartime dislocation. If Soviet Russia was to temporarily co-exist with the unrepentant capitalist powers, some form of legal international relations had to be established.

This did not mean that attempts to undermine the enemy states were to be discontinued. Quite on the contrary. Conditions inside battered Russia simply dictated that interim relations be established with the principle world powers in

order to revive trade and forestall further aggression. Russia had suffered more than six years of devastating foreign and civil war. To make matters worse, the initial Bolshevik attempt to introduce "war communism" - the nationalization of all forms of private enterprise including peasant agriculture - was a spectacular failure. By the end of 1920 industry and transportation was almost at a standstill and serious food shortages threatened the cities. The Moscow Government now desperately needed a "breathing space" to consolidate its power and reorganize the disrupted economy of what was left to it of the former Russian Empire.⁽¹⁰⁾ The struggling proletariat in Russia, thought Lenin, had to mount a diplomatic and commercial defensive in order to prevent the irreconcilably hostile bourgeois governments from reforming a coalition against the unprepared Soviet state. At the same time, in order to undermine those bourgeois governments by winning the support of their labouring classes, the promulgation of the "gospel according to saint Marx" was stepped up under the auspices of the newly created Communist International.

(10) The First World War and the subsequent peace settlement resulted in a considerable territorial loss for Russia. Finland, the Baltic coast and Poland gained independence. Rumania annexed Bessarabia. Only with great difficulty was the Red Army able to suppress a separatist Ukrainian republic.

The Communist International or Comintern was established in 1919 in Moscow to direct the world revolutionary movement. Ostensibly, it was a democratic organization made up of voting delegates from over forty foreign Communist parties who convened once a year to discuss policy. The effective power in the Comintern was from the beginning invested in its Executive Committee which was invariably made up of the top Russian party leaders. Despite all claims to the contrary, the Comintern thus became little more than a thinly disguised agency of the Soviet Government.

Lenin hoped to utilize western industry to help in the task of rebuilding Russia. He calculated that the exploitive capitalist economies would oblige the bourgeois states to seek trade with the Bolsheviks even though they made no secret of their intention to destroy capitalism and all it stood for.⁽¹¹⁾ When the Allies finally lifted the trade blockade on Soviet Russia in early 1920, Lenin immediately dispatched a commercial mission under Leonid Krassin to the Scandanavian countries to reconnoiter trade prospects. Krassin was besieged with private business offers as visions of vast Russian markets danced in the heads of many European manufacturers. Ironically, it was Great Britain which established the first formal trading agreement with Moscow, thereby encouraging other states including Canada to consider their Russian business prospects.

(11) E.H. Carr, The Bolshevik Revolution, vol. III, p. 277, quoting Leninskii Sbornik, vol. 20 (1932), p. 169.

Although Britain had emerged as the dominant European power after the war her economy had also suffered a considerable upset. Many of the pre-war British markets had been lost to the United States and the shift to peacetime occupations resulted in severe unemployment. Bolshevik Russia, however distasteful politically, offered a potentially unlimited market for British agricultural machinery, railroad equipment, textiles and consumer goods, all of which Moscow was eager to purchase at competitive prices. So when Krassin and his delegation applied for permission to come to London in May, 1920, to sound out trade possibilities, Lloyd George bowed to considerable pressure from the Labour Party and several large British business firms and granted entrance visas to the Russians. Upon arriving in London the Soviet delegation offered to purchase large quantities of British manufactures if a suitable trade treaty could be worked out.

Considering the ideological differences between the two countries, arranging such an agreement proved very difficult. The British Foreign Minister, Lord Curzon, informed Krassin that the Government would discuss a commercial treaty only if Moscow agreed to recognize the debts of the former Czarist and Provisional governments of Russia and refrained from any and all forms of propaganda or other subversive activity in the Empire. The latter condition was, of course, easily met with a paper declaration, but it was neither economically possible nor ideologically acceptable for the Soviet regime

to honour billions of roubles worth of defunct Czarist securities and the huge loans which had been advanced to St. Petersburg during the war. Krassin offered to discuss the debt claims if the British Government would accept responsibility for the war damages caused by the British intervention in the Russian civil war. Did not the widows and orphans of English bullets, he intimated, deserve compensation just as much as the rich English investors? Curzon was furious. Nevertheless, talks continued. Too many people in Britain were interested in the lucrative Russian trade offers to dismiss the Krassin delegation lightly.

Negotiations for a trade agreement dragged on in London for several months. There was much haggling over the wording of a propaganda clause and the privileges to be extended to trade representatives of each country in the other. Both sides feared that commercial privileges and immunities would afford the other an opportunity to engage in unbusiness-like subversion. Britain refused to back down on the debt question. There were far too many voters holding valueless Russian securities for that. At length, however, a compromise was reached and on March 16, 1921, the long awaited Anglo-Soviet Trade Agreement was signed.⁽¹²⁾

(12) The complete text of the Treaty is given in: W.P. and Z.K. Coates, A History of Anglo-Soviet Relations, London, 1945, vol. 1, Appendix 1.

The Agreement consisted of a preamble, fourteen terms and an annex or postscript on the debt claims. The preamble described the document as the preliminary to a general peace treaty and was to be conditional on the fulfillment of a mutual guarantee that neither nation would conduct hostile acts or propaganda against the other. The details of trade relations were set out to include the exchange of permanent representatives who were to be immune from arrest and have certain diplomatic mailing privileges. Britain guaranteed not to confiscate Soviet property in lieu of former debts and the annex settled the debt problem by postponing settlement until negotiations for the future general treaty. At that time both governments agreed to negotiate on the vague principle that they were "liable to pay compensation to private persons who have supplied goods or services for which they have not been paid." Provision was made for either party to terminate these arrangements upon six months notice. The Anglo-Soviet Trade Agreement was ultimately to become very significant for Mackenzie King and the Canadian Government.

There is no doubt that the signing of this trade pact was a milestone in Soviet diplomacy. It meant de facto recognition of the Bolshevik regime by one of the world's foremost powers and within a few months several other European states followed the British example and negotiated similar provisional trade arrangements with Soviet Russia.

Before the year was out the Soviet state trading organizations like the All-Russian Cooperative Society (Arcos) and Centrosoyus had set up shop in London and other European cities. Business immediately became brisk. It looked as though Lenin's breathing space policy aimed at using the capitalist world to strengthen the Russian Communist nucleus until prospects for world revolution improved was going to be successful.

Of course we should not assume that the Soviet leadership intended to honour the mutual non-interference pledges written into these commercial treaties. According to socialist theory the respite from capitalist aggression was only temporary, and in any case Moscow still had its unshirkable mission to free the "oppressed workers and colonial slaves" around the world. Wherever possible the foreign comrades were to be utilized as fifth columnists. In the summer of 1921 Lenin and Trotsky exhorted foreign delegates to the Third Comintern Congress to redouble their efforts to promote revolutionary ideas and the class conflict in their homelands. At the same time they were urged to put pressure on their governments to adopt favorable commercial and diplomatic policies toward the Soviet regime. The British soon discovered that business with the Bolshevik Government was strictly a caveat emptor affair.

FIRST CONTACTS

I

Bringing about trade relations between Canada and Soviet Russia proved to be very difficult even with the British example before the Dominion. The Canadian Government was so well alerted to the dangers of Communism that their attentions were occasionally ludicrous. Again, it was only natural that the changeover to peacetime occupations should produce some economic dislocation in Canada. Many returning veterans found it impossible to find suitable jobs, while inflation sent prices spiraling without a corresponding increase in wages. Although Canada had been no stranger to the strike and lockout, the apparent success of the revolutionary government in Russia and the increasing use of what might be described as Bolshevik vocabulary in workingmen's associations made labour unrest appear very ominous in the eyes of many responsible Canadians. To head off revolutionary activity in the Dominion the Union Government in September, 1918, had outlawed the U.S. based Marxist labour group known as the Industrial Workers of the World and several other reputedly seditious political and ethnic organizations.⁽¹⁾

(1) Castell Hopkins (ed.), The Canadian Annual Review 1919, pp. 308-9. These included the Russian Social Democratic Party, The Russian Social Revolutionists, the Russian Workers Union, the Ukrainian Revolutionary Group, the Ukrainian Social Democratic Party and the Chinese Nationalist League and Labour Association among others.

But fed by a wide variety of legitimate grievances labour unrest continued to grow in Canada, culminating in the famous Vancouver and Winnipeg General Strikes in the spring of 1919. After six chaotic weeks of civic paralysis in Winnipeg, the federal government ordered the Royal North West Mounted Police into the city to arrest the surprised strike leaders on a battery of charges including conspiracy to introduce a Soviet form of government.⁽²⁾ A nervous rump Cabinet thought the situation in British Columbia so grave that they advised Borden in Paris to ask the British Navy to send a cruiser to Vancouver or Victoria to forestall a Bolshevik revolution that they thought was being planned in early June!⁽³⁾ Such was the tone of the "Red Scare" that gripped Canada and especially the United States in the immediate post-war period.

It is difficult to judge just how much of the labour difficulty can be traced to Bolshevik inspiration. There is no doubt that youthful idealists, most of them recent arrivals from Great Britain or the Continent, were genuinely

(2) D.C. Masters, The Winnipeg General Strike, Toronto, 1950, p. 115.

(3) Acting Prime Minister Sir Thomas White to R.L. Borden, Apr. 16, 1919. Borden Papers, OC 559, nos. 60923, 60926.

caught up in the revolutionary spirit. By 1920 the R.C.M.P. had arrested about fifty such agitators for possessing prohibited Bolshevik literature or for belonging to one of the illegal organizations. All were released after serving short sentences.⁽⁴⁾ It would appear from the vantage point of several decades that the unrest in the trade unions and labour community can be primarily attributed to a desperate need for economic and social reform rather than clandestine efforts of a band of devoted revolutionaries. This, at any rate, is D.C. Masters' conclusion on the causes of the Winnipeg General Strike.⁽⁵⁾ Nevertheless, Churchmen, veteran's organizations and the large business-oriented urban dailies relentlessly informed Canadians of the latest Bolshevik atrocities and the dangers of international Communism. It is to the credit of Borden's government that in spite of the great wave of anti-Bolshevik hysteria it did not embark on the kind of Communist witch-hunt that occurred south of the border. It would not be an understatement, however, to say that all activities of the Soviet Russian Government came to be regarded in Ottawa with unconcealed suspicion and hostility.

(4) Department of Justice Memorandum on Sedition 1918-19. Ibid., nos. 60974-60978.

(5) Masters, op. cit., pp. 128-130.

The Borden administration at first ignored any suggestion that Canada might profitably trade with the Bolsheviks. The first such offer came in early 1920 from C.A.K. Martens, an admitted revolutionary who had been appointed official Soviet representative to the United States.⁽⁶⁾ The American Government refused to recognize Martens position and at the time he wrote to Sir George Foster suggesting the feasibility of Canadian-Soviet trade his activities and those of his New York City commercial and publishing offices were under close scrutiny by a U.S. Senate investigating committee. Foster, Borden's Minister of Trade and Commerce informed Martens that although there was no legislation prohibiting trade between the two countries, the Canadian Government did not wish to become involved in official arrangements and would not guarantee contracts Moscow might make privately with Canadian firms.⁽⁷⁾ Martens was deported from the United States a short time later but continued negotiations with Canadian firms as a member of Krassin's trade delegation in London.

(6) Dokumenty Vneshnei Politiki SSSR, H.K. Deev, E.M. Zuhkov et al. Moskva, 1958, Vol. II, p. 500.

(7) Ibid.

In September, 1920, Arthur Meighen (who had become Prime Minister upon the resignation of Sir Robert Borden the previous July) refused even to appoint a trustee to handle some four million dollars worth of gold bullion which the Soviets agreed to make as the down-payment on the purchase of thirty million dollars worth of railway equipment from the Allis-Chalmers Ltd.⁽⁸⁾ Meighen was put on the spot a month later when Krassin formally requested permission to send a commercial representative to Canada.⁽⁹⁾ The Prime Minister immediately referred the matter to the British Government and Lord Milner, the Colonial Secretary, advised him to stipulate to the Russians that they must desist from hostile propaganda against any part of the British Empire before trade arrangements were made with Canada. Meighen decided to consult his colleagues and postpone any decision on Russian trade until the outcome of the Anglo-Soviet negotiations.

The signing of the Anglo-Soviet Trade Agreement in March, 1921, uncomplicated matters. If Britain were going to trade with Soviet Russia, why couldn't Canada? Meighen was soon subjected to pressure from many directions to come to

(8) Arthur Meighen to General Hepburn, September 4, 1920. Meighen Papers, file 187, no. 026754.

(9) L. Krassin to Sir George Perley (Canadian High Commissioner in London), November 28, 1920. Ibid., no. 026758.

suitable terms with the Russians. Several groups, including the Trades and Labour Council of Fort William and the prestigious Canadian Manufacturers Association wrote the Prime Minister declaring their support for any such plans. In London Krassin informed Meighan's friend H.J. Daly, the President of the Home Bank, that Moscow was "intensely interested" in opening trade and intended "to place in Canada large orders for agricultural machinery, railway materials and various metallic goods," and pay for them with gold bullion provided Canada would accept permanent Soviet commercial representatives to handle the transactions.⁽¹⁰⁾ Krassin was so interested in Canada that he stated that he intended to travel to Ottawa in person to settle the details.

In July, 1921, a British court decision recognized the legitimacy of the Soviet claim to confiscated Czarist gold reserves, thus giving additional strength to Soviet trade offers.⁽¹¹⁾ When Meighan travelled to London to attend the Imperial Conference that same month, he was approached several more times by the Russian delegation. The Prime

(10) L. Krassin to H.J. Daly, March 11, 1921. Ibid., no. 026797.

(11) The case is summarized in The Times (London), July 14, 1921.

Minister, who candidly admitted that he was not familiar with Russian matters⁽¹²⁾ decided that the proposed trade would probably do more good than harm, and on July 21st he cabled the Cabinet in Ottawa that he was convinced that the Dominion should adhere to the Anglo-Soviet Trade Agreement.⁽¹³⁾ The Cabinet concurred although the Minister of Finance expressed reservations over dealing with the bankrupt Russians. Learning of the decision, the Soviet Government expressed its satisfaction and warmly accepted Colonel H.J. Mackie, M.P., and L. Dana Wilgress, the former Canadian trade commissioner to St. Petersburg as Ottawa's representatives on the British Trade Mission which had just opened in Moscow.⁽¹⁴⁾ It looked as though Canadian-Soviet trade would get underway with a minimum of red tape. Negotiations for a permanent exchange of commercial missions were in process of negotiation through the British Foreign Office when a general election in Canada in December, 1921, turned out the Conservatives under Meighen and brought the Liberals with their new leader William Lyon Mackenzie King to power.

(12) Arthur Meighen to H.J. Daly, March 24, 1921. Meighen Papers, file 187, no. 026790.

(13) Arthur Meighen to G. Foster, Ibid., no. 026825.

(14) G. Berzin to Lord Curzon, August 29, 1921. Governor General's Papers, file 34691, vol. 1(a).

II

W.L. Mackenzie King was, in his own way something of a reformer. Born in 1874 in Kitchener, Ontario, he was the maternal grandson of the famed Upper Canada rebel William Lyon Mackenzie. He thus inherited a lively family interest in the political and social questions of the day. Educated at the University of Toronto and Harvard (from which he obtained a doctorate in sociology in 1909) the precocious King became a specialist in labour-management relations. He joined the federal civil service in 1900 and helped organize the Department of Labour, rising quickly to become its Deputy Minister. By 1908 his organizational abilities had come to the attention of Sir Wilfrid Laurier who invited him to seek election to the House of Commons that year. Elected as a Liberal member in his home riding, King entered the Laurier Cabinet as the Dominion's first Minister of Labour in 1909.

A promising political career was cut short, however, with King's defeat in the bitterly contested election of 1911 which brought Robert Borden and the Conservatives to power. Thereafter King joined the Rockefeller organization in New York City as a consultant and was responsible for settling several major labour disputes in the cumbersome Rockefeller empire. He retained his connection with the Liberal Party but was fortuitously defeated again

in the 1917 general election. When the Liberal Party split down the middle on the conscription issue, King wisely and unobtrusively sided with the Laurier faction and because he was not politically active at the time he remained largely untouched by the bitter recriminations that accompanied the Liberal debacle. On the death of Laurier in early 1919 Mackenzie King, therefore, suddenly found that in spite of his lack of parliamentary experience he was a prime compromise candidate for leadership of the dilapidated Liberal Party. He was chosen leader at the August 1919 convention largely through the support of the Quebec wing of the party which refused to vote for other candidates because of their disloyalty to Laurier. So, in December, 1921, an untested and unimposing Mackenzie King at the age of forty-seven became Prime Minister of Canada.

Mackenzie King did not have any particularly strong antipathies toward Soviet Russia. He regarded the violence and social chaos produced by the Bolshevik Revolution as the unsurprising nemesis of autocratic political systems that long resisted the kind of political evolution that had occurred in England, France and the United States.⁽¹⁵⁾ He believed that state socialism was essentially unworkable

(15) W.L.M. King, Industry and Humanity, New York, 1918, p. 401.

because it failed to take human nature like the "instinct of ownership" into consideration and merely replaced the feudalistic industrial monoliths with equally undesirable state monopolies. Either way the working man was put at a disadvantage.⁽¹⁶⁾ Because of his association with the conservative fringe of the social reform movement the new Prime Minister was better versed in the development of events in Russia since 1917 than Meighen. He had certainly not succumbed to the Red Scare and for that reason, or perhaps because he was far too busy with other more important matters, King decided not to make any change in the previous administration's decision to adhere to the Anglo-Soviet Trade Agreement.

The postal services between Ottawa, London and Moscow were cumbersome enough to delay final settlement of the matter until July 3, 1922. On that day an exchange of notes between representatives of Canada and the Soviet Trade delegation in London formally extended the terms of that agreement, thereby affecting Canadian de facto political recognition of the Moscow regime.⁽¹⁷⁾ Canada and Soviet Russia were now free to exchange trade delegations provided that each party refrained from ~~"hostile action or undertakings~~

(16) Ibid., pp. 410-413.

(17) Governor General's Papers, file 34691, vol. 1(a), no. 364 et. seq.

against the other and from conducting outside of its own borders any official propaganda direct or indirect against the institutions of the ... [other].⁽¹⁸⁾ Unfortunately for Canada the nature of Soviet foreign policy dictated that this clause be honoured more in the breach than in the observance.

We have seen that the Soviet Government was particularly anxious to establish trading relations with Canada even though all the manufactured items that the Soviets required were readily and more easily available from British or European sources. Why the great interest in the thinly populated and still agriculturally oriented Dominion? The answer is not difficult to find. The Moscow leaders viewed trading delegations or diplomatic missions as additional weapons in the desperately empty socialist arsenal. While commercial contracts were badly needed to alleviate the economic anarchy in battered Russia, Soviet missions sent abroad to handle the business details provided the Kremlin with an excellent opportunity to distribute the good revolutionary news to foreign proletariats and to direct the organization of Communist parties around ~~the~~ world. But in spite of the considerable publicity given the nefarious activities of the Comintern, the Communist movement in Canada and the United States was, by 1922, an

(18) Quoted from the preamble of the Anglo-Soviet Trade Agreement, p. 3.

obvious flop. There were no more than a few hundred assorted radicals in Canada who might be termed Bolshevik sympathizers and the tiny Communist Party of America, which had been founded with great enthusiasm in New York City in 1919 was split into several squabbling factions, all ruthlessly persecuted by U.S. authorities.⁽¹⁹⁾ Since the deportation of Ludwig Martens from the United States in 1920 there was no effective and reliable contact between Moscow and its North American followers. It was therefore calculated that a permanent trade mission, or better yet a consulate or an embassy set up in sleepy Canada and operating under the protection of the usual diplomatic immunities, would help fill this glaring communications gap.

III

Although the Canadian codicil to the Anglo-Soviet Agreement went into effect in July, 1922, almost two years passed before the Soviets managed to open a commercial office in Montreal. There were several reasons for the delay. One was simply the bureaucratic bog into which all routine communications haplessly fell. Official correspondence and cables from Ottawa to London usually took the

(19) Theodore Draper, American Communism and Soviet Russia, New York, 1960, pp. 17-22.

following circuitous route. They were first handed over to the Governor General's Office from where they were mailed or wired to the Canadian High Commission in London. From there they were sent around to the Dominions Office to be acted on or passed along to the Foreign Office or other authorities. Correspondence sent to Ottawa travelled the same route in reverse ultimately being distributed by the Governor General's Office. Since the material was properly scrutinized and often reworded at one or more of these stages, one did not expect immediate answers. To further complicate matters the British Government was apparently anxious to make it appear as though the Dominions were being carefully consulted on all- especially the trivial- subjects that concerned them. All the housekeeping details of Canadian-Soviet trade were duly forwarded to the King Government for action even though the decisions had already been made in London.

The Soviet Government soon discovered that this Imperial postal service resulted in lengthy and annoying delays. The first list of traders Moscow proposed to send to Canada, which was handed to the Foreign Office in September, 1922 made all the rounds. It was eventually forwarded to the Department of External Affairs along with a British note suggesting that all of the people named were undesirable because of their past revolutionary activities - records of which were carefully being preserved in the files

of New Scotland Yard. Sir Joseph Pope, the Undersecretary of State for External Affairs passed the list and the note along to the Minister of Trade and Commerce for a decision and after several weeks delay the Acting Deputy Minister rubber-stamped the Foreign Office decision and refused permission for those proposed delegates to enter Canada.⁽²⁰⁾

The Soviet Government did not learn of the rejection until the middle of December. Understandably annoyed, they asked the Foreign Office whether Canada was now reneging on the Agreement or whether ^{it was} just the delegates that were not wanted.⁽²¹⁾ This question was again unnecessarily forwarded to Canada. To put a stop to the extra paperwork, Sir Joseph Pope informed the Foreign Office that Canada was prepared to accept any and all delegates approved by His Majesty's Government.⁽²²⁾ Strangely enough, in spite of this blanket permission the British Government continued to play the game of apparent Canadian sovereignty by allowing Ottawa to **decide formally** the desirability of each Soviet Citizen that the Foreign Office cleared to travel to the Dominion. The irony was that Canada had no visa system and all foreigners

(20) J. Pope to Lord Milner, November 21, 1922. External Affairs Papers, file 1119/22.

(21) H. Klishko to Lord Curzon, January 10, 1923. Ibid.

(22) J. Pope to Lucien Picaud (Secretary of the Canadian High Commission in London), March 13, 1923. Ibid.

were routinely permitted to enter the country as long as they were not going to become immigrants.

The Soviet Government attempted to pressure the King administration to accept a suitable delegation of traders by threatening to cancel some nearly defunct shipping concessions that had been granted to the Canadian Pacific Railroad under the Czarist regime.⁽²³⁾ The Prime Minister just ignored it.

Another reason for the long delay in getting the trade delegation to Canada was a new dispute between London and Moscow. When in the spring of 1923 the Foreign Office protested the Soviet conviction of two prominent Russian Roman Catholic clergymen on charges of treason, the soviet **Government** delivered up a sarcastic note scoffing at humanitarian appeals made by a nation that brutalized thousands of men, women and children in Ireland, Egypt and India.⁽²⁴⁾ Curiously enough the Soviet note was signed by Grigori Weinstein, a man who had been named as one of the original trade delegates to Canada. The British Foreign Minister Lord Curzon was infuriated by the Weinstein note and relations with the U.S.S.R. were nearly terminated

(23) M. Hodgson (British charge d'affaires in Moscow) to Lord Curzon, April 2, 1923. King Papers, no. C103773.

(24) The full text of the Soviet note is found in Jane Degras (ed.), Soviet Documents on Foreign Policy, Oxford 1951, vol. 1, pp. 384-92.

because of it. The affair subsided only after Leon Trotsky carefully apologized for the insult and agreed to certain compensations in May, 1923. It was only then that the game of proposing new delegates for the Canadian trade mission resumed.

By September, 1923, a suitable group of candidates had been assembled - that is to say none of the new personnel had records known to Scoland Yard. The Mission was to consist of Ivan J. Kulik, P.D. Pavlov, Nikolai N. Kostritsin and A. Divilkovsky and to be headed by a minor functionary in the Commissariat of Foreign Trade, Alexander A. Yazikov. This group sailed for Canada early in the new year.

Since the Government in Ottawa was primarily interested in having the Russians buy Canadian products and not the reverse, the opportunity provided by the Trade Agreement to send Colonel Mackie and Dana Wilgress to Moscow was never taken up. Thus Canada continued to rely on the Foreign Office and more particularly the British charge d'affaires in Moscow to handle commercial and diplomatic matters at the Soviet end.

IV

Before attempting to elaborate on the activities of the Trade Mission a word of caution is necessary. There is very little substantial evidence to work with. Lack of sources is one of the major problems facing the historian's approach

to Soviet topics. Naturally the Trade Mission kept files, but those files have long since been destroyed or removed to the U.S.S.R.⁽²⁵⁾ Because of the uncommunicative nature of the Soviet regime and the probability that few of the principals survived the purges of the 1930's, it is doubtful that the whole story of the Agency will ever be known. There are, however, certain fairly reliable indications that its activities were not limited to mere commercial transactions. A closer examination of the original list of "traders" provides proof of this.

It will be recalled that the first list was submitted to the Foreign Office in September, 1922, and was eventually forwarded to the Department of Trade and Commerce. It included the following names: Peter L. Voikov, Grigori Weinstein, Samuel Kahan, Maxim Divilkovsky and someone called simply Mr. Tulaikov. A few days later a junior member of the Soviet Trade Mission in London came around to the Foreign Office and inquired verbally for reasons which will soon become apparent, whether Canada would accept as well Mr. Nuorteva and Mme. Kollantai. Most of these people were rather unlikely candidates for a commercial mission.

(25) According to a spokesman at the Soviet Embassy in Ottawa, the files of the Trade Agency were destroyed in 1927.

Peter Voikov who was first named as head of the mission was a hard core revolutionary and one of a handful of Lenin's original cadre in Switzerland during the war. British sources considered him an anglophobe and a rather brutal and dangerous man.⁽²⁶⁾ Soviet Scholars note only that he was an energetic political organizer in the halcyon days of the Bolshevik Revolution. He entered the "diplomatic profession" after 1921 and was assassinated in mysterious circumstances in Poland in 1927.⁽²⁷⁾ Grigori Weinstein, mentioned above in connection with the Weinstein note was more obviously a man of special talents. A one time editor of the American Communist broadsheet Novoi Mir, he became one of Ludwig Martens' New York City party organizers and was deported along with Martens in early 1921. By 1922 Weinstein had become head of the Anglo-American section of the Soviet Commissariat for Foreign Affairs. Samuel Kahan was Weinstein's right hand man in the Narkomindel and was considered by Scotland Yard to be more capable and more devious. Santeri Nuorteva was another of Martens' lieutenants who was suspected by the American authorities of carrying on subversive activities. According to police

(26) Secretary of State for the Dominions to Sir J. Pope, October 9, 1922. External Affairs Papers, file 1119/22.

(27) Bolshaia Sovetskaia Entsiklopediia, Moskva, 1954, vol. 8, p. 570.

records he had surreptitiously entered Canada in 1919 for purposes unknown. The following year he was deported from Britain for the usual reasons. Among other undesirable qualities, noted Courtland Starnes the High Commissioner of the R.C.M.P., Nuorteva was fat, bald and had eyes like a snake!⁽²⁸⁾ Alexandra Kollantai enjoyed considerable prestige as a revolutionary and a journalist in Soviet Russia. She had travelled extensively in the United States during 1915-16 delivering lectures on socialist, feminist and anti-war topics to radical groups. Many of the people she had met at those gatherings were now key figures in the Canadian and American Communist Parties in 1922.⁽²⁹⁾ As an outspoken member of the Petrograd Soviet and the Executive Committee of the All-Russian Communist Party, she had become, by 1921, an extreme leftist and even opposed Lenin's New Economic Policy. As if this were not enough to make her unwelcome in western countries, she was also an ardent advocate of free love in her writings. In 1923 she was appointed the first Soviet ambassador to Norway and went on to fill similar posts in Mexico and Sweden. Strangely enough

(28) Courtland Starnes to J. Pope, December 4, 1922.
External Affairs Papers, file 1119/22.

(29) William Rodney, Soldiers of the International.
University of Toronto Press, 1968, p. 43.

this same woman was named to serve in a "subordinate capacity" on the trade mission to Canada!

Out of the names submitted only Maxim Divilkovsky and Tulaikov were unknown quantities. Perhaps they were the real employees of Commissariat of Foreign Trade, although someone with the name Divilkovsky was known to be a ranking official in the propaganda division of the Soviet Publishing Department. The rest had several interesting things in common. They all spoke English. They all were experienced organizers familiar with North American conditions. Weinstein, Nuorteva and Mme. Kollontai had previously developed extensive contacts with Communist sympathizers in the U.S. In this capacity Nuorteva was especially useful because he was a former Citizen of Czarist Finland, and a large section of the American and Canadian Communist Parties were made up of Finnish or Baltic emigrants.

Originally the Soviet Government named another Finn, J. D. Janson to head the mission to Canada and after due process he was accepted by the Canadian authorities.⁽³⁰⁾ Unknown to the Foreign Office and the Department of External Affairs, Janson was the brother of Carl Janson, a man known to Canadian communists as Charles E. Scott, a leading Toronto

(30) The pertinent correspondence is found in: Governor General's Papers, no. 34691, vol. 1(b).

party member and the acknowledged representative of the Comintern in Canada.⁽³¹⁾ At the last moment the name of J.D. Janson was withdrawn without explanation and that of Alexander A. Yazikov was substituted. Either the Soviet authorities had a remarkable dirth of suitable traders to send to Canada or they hoped to use the experience and talents of this mixed bag of party stalwarts to help organize the proletarian forces in Canada and the U.S.

(31) Scott's activities are well documented in Rodney, op. cit., p. 66 ff.

RECOGNITION AND THE LITERATURE AFFAIR

I

Alexander Alexandrovich Yazikov and his party reached Montreal at last in March, 1924, and took up temporary residence in a suite of rooms in a downtown hotel. Here, the Soviet Trade Agency officially opened for business in an anteroom under the benevolent gaze of a large photograph of Lenin. Yazikov at once telegraphed the Prime Minister to inform him of his arrival and asked for an appointment to present his credentials.⁽¹⁾ Under ordinary circumstances foreign business representatives could not expect such a red-carpet audience. The presentation of credentials was a formal procedure usually limited to dignitaries of consular or ambassadorial rank. But the Soviet Government knew Yazikov's position as its first legal representative to Canada was unique and was apparently determined to make the most of it. Mackenzie King, however, was not in Ottawa. He was taking a short rest from the rigours of Parliament on the Boardwalk in Atlantic City, New Jersey, and was not expected back for a week. The Prime Minister's private secretary informed Yazikov that the Acting Prime Minister George Graham and Sir Joseph Pope would receive him as

(1) A.A. Yazikov to W.L.M. King, March 11, 1924. External Affairs Papers, file 814/24.

requested but the Russian decided to await the genuine article.⁽²⁾ The audience was duly arranged for the afternoon of March 19th.

As if to underscore the diplomatic nature of the Yazikov Mission the credentials presented to King that afternoon were signed by the Soviet Minister of Foreign Affairs, Georgy Chicherin.⁽³⁾ The conversation between King and Yazikov on the 19th was limited to formalities except that the Soviet representative expressed a desire to learn the Canadian Government's position on recognition of the Soviet Union. King, of course, was noncommittal on this question because it involved a delicate issue in imperial relations.

The Labour Government of MacDonald which took office in January, 1924, officially extended de jure recognition to Soviet Russia. But the question was raised whether this was merely a British statement of policy or did it commit the entire Empire including the self-governing Dominions? To Canadians like Mackenzie King who were acutely concerned with the question of national sovereignty vis-a-vis Great Britain, this was a very important point. Canada, like the United States and other western nations might not want to recognize the Bolshevik regime. Was the Dominion Government, a Liberal

(2) F.A. McGregor to A.A. Yazikov, March 11, 1924. Ibid., file 1119/22.

(3) Yazikov's original credentials which were personally addressed to the Prime Minister are found in External Affairs Papers, file 814/24.

one at that, to be legally bound by the decisions of a Labour cabinet in London? Mackenzie King thought not. Already, in 1922, he had refused Canada's support for the dubious British decision to launch military intervention against Turkey over the famous Chanak incident. Again in 1923, he insisted on Canada's right to sign the Halibut Treaty with the U.S. without the paternal covering signature of the British Ambassador in Washington. The same principle was in question here for obviously the British Government intended that the February note bind the Empire as a whole. They admitted as much to the Soviet Trade Delegation in London during the course of negotiations in May, 1924.⁽⁴⁾ So when the Progressive M.P. for Calgary, William Irvine rose in the House on March 20, during a lengthy debate on Canada's constitutional powers to ask whether the Liberal Government had automatically recognized the U.S.S.R. via the British decision, the Prime Minister informed Parliament that Canada would take its own position "... just as he would take our position in regard to anything else."

When Great Britain takes a certain position in an international matter, the Dominion Government, may for the same reason, take a similar position; but so far as the question of whether or not Canada in any

(4) As reported in The Times (London) May 3, 1924.

particular matter affecting its own people and their relations with other countries is concerned, we will exercise in these matters the same rights as the Parliament of Great Britain would exercise in relation to their people and their relations to other countries.(5)

The message was **unmistakable**. Canada would decide herself whether to recognize the country whose trade representatives were already open for business in Montreal.

In reality, however, Mackenzie King did not have very much choice in the matter. He had to grant de jure recognition of the Soviet Union. If he used this issue to assert Canadian sovereignty by openly disavowing the British decision as he had done before over Chanak, he would then be obliged to either independently recognize the U.S.S.R., or, more logically, declare Canadian non-recognition of that country. This latter course was not only inconsistent with Canada's 1922 application to be included in the terms of the Anglo-Soviet Trade Agreement, but it made the existence of Yazikov and the Montreal Mission somewhat embarrassing for the King Government and was sure to be interpreted in London as a low blow to Imperial solidarity and good will. The ever cautious King whose position both in Parliament and as leader of the Liberal Party was far from secure, had no desire to **poke unnecessarily this**

(5) Canada, Debates of the House of Commons, March 20, 1924. p. 523.

political hornets' nest. So faced with only one real alternative the Prime Minister decided to extend official recognition of the Soviet Union in such a manner as to imply to all those interested that the decision had been made independently by Canada. If nothing else this would prevent parliamentary opponents from throwing up the recognition question as another example of what J.S. Woodsworth called the "colonial mindedness" of the Government and might in the future be used as another precedent in the assertion of the principle of Dominion independence in foreign affairs. The problem was how to communicate Canadian recognition, for the Government had no real diplomatic machinery of its own and had never exercised its right to send a trade representative to Moscow. An opportunity presented itself at the end of March, however, when Yazikov wrote the Prime Minister asking again whether de jure British recognition meant recognition of the U.S.S.R., by Canada.⁽⁶⁾ On March 24, 1924, King sent this carefully worded note to Mr. Yazikov:

Following up my conversation of a few days ago, and with special reference to your letter of the 20th instant, I have the honour, in the best interests of both countries, to represent that Canada is prepared to recognize the Union of Soviet Socialist Republics.⁽⁷⁾

(6) A. Yazikov to W.L.M. King, March 20, 1924. King Papers, J1 Series, no. 94397.

(7) W.L.M. King to A. Yazikov, March 24, 1924. Ibid., no. 94398.

This then was to be the Government's formal announcement on the matter and the Department of External Affairs answered subsequent inquiries about the status of the Montreal Agency from the U.S., Germany, Sweden and a number of Canadian businessmen by bringing the contents of this note to their attention.(8)

II

The Russians lost little time making themselves suspect in the eyes of the Canadian Government. Already, two weeks before Yazikov's arrival Prime Minister King had been informed by an official of the C.P.R. that a large consignment of books was en route to the Mission by sea. It was decided to intercept this shipment of some twenty crates and give it a thorough examination in case it contained propaganda. Customs officials in St. John, N.B. where the ship concerned was scheduled to dock on April 3rd, were instructed accordingly. Examination of the consignment revealed that the twenty crates and twelve parcels shipped from Moscow did contain literature that the authorities considered subversive.

(8) These inquiries are found in External Affairs Papers, file 229/24.

Altogether the shipment contained more than three thousand items including books, pamphlets and a small number of posters, and while most were harmless some contained material that vigorously propounded the Marxist-Leninist line.⁽⁹⁾ But then one could hardly expect Yazikov to bring in the works of Adam Smith or Rudyard Kipling. To the P.M. and many of his colleagues though, this kind of literature could appear to be nothing less than highly dangerous propaganda. According to the 1921 Trade Agreement the Soviet Government had undertaken to refrain from "conducting any official propaganda direct or indirect against the institutions of the British Empire." Yazikov was therefore summoned to Ottawa to give an explanation.⁽¹⁰⁾

It was a cool cloudy April day in the Capital when Yazikov arrived by train for his meeting. In the Prime Minister's East Block office an almost formidable array of Canadian officialdom had been assembled. In addition to the Prime Minister, there were present Ernest Lapointe the newly appointed Minister of Justice, the Minister of Customs and Excise Jacques Bureau, the Minister of National Defence E.M. Macdonald and Courtland Starnes the High Commissioner

(9) O.D. Skelton, "Memorandum on the Detention of Library of Russian Official Agent", March 20, 1925. King Papers, nos. C104100 - C104103.

(10) W.L.M. King to A. Yazikov, April 12, 1924. Ibid., J1 Series, no. 94399.

of the R.C.M.P. King informed Yazikov that unacceptable political and anti-Christian propaganda had been found in the baggage consigned to the Soviet Delegation. The Russian explained that as far as he knew the boxes contained only his personal library and some scientific works intended for exchange with universities and libraries in Canada. He denied any knowledge of hostile posters or pamphlets and when shown a roll of posters taken from the consignment, he said that they might have been put into the crates as packing by employees of the C.P.R. office in Moscow. Shown several booklets which the Customs inspectors had singled out for their revolutionary themes, Yazikov explained that while such ideas might seem terrible to the "old" Canadian Government, they were an integral part of the new Soviet order. In any case they too were intended only for his personal use, an argument that made some sense since only single copies of each article had been sent. King asked him if he would agree to let the shipment be searched more thoroughly and realizing that he had little choice, Yazikov consented, but not without vigorously protesting that the entire procedure was a violation of his status as a diplomatic representative. To this Jacques Bureau coolly informed him that he had no diplomatic status and if he did, Canada would end it immediately in view of the highly suspicious beginning of the Mission. Yazikov hastily promised his future cooperation and agreed to let the Customs

inspect any and all other publications shipped to the Trade Mission.⁽¹¹⁾ As it turned out Mr. Yazikov and his books and pamphlets were not to meet again for more than a year.

The Official Agent was understandably anxious to retrieve the literature for he read but little English or French. Having had time to collect his wits and consult his colleagues, the following day he wrote the Prime Minister again complaining that the Government's actions were an infringement on the reciprocal immunity extended to official representatives of Britain and the Soviet Union by Articles IV and V of the 1921 Trade Agreement.⁽¹²⁾ This, however, was stretching a point for the paragraphs in question permitted no more than the importation of household effects and foodstuffs and the only material specifically exempted from inspection was correspondence contained in the sealed dispatch bags limited to no more than three kilograms (107 oz.) per week. No mention was made of diplomatic status or privileges. Yazikov's complaint was therefore ignored.

The Customs Department hired Dimitri Ter-Assatourov, a former official with the Imperial Russian Consulate in Montreal, to carry out the more thorough examination. In early May Mr. Ter-Assatourov completed his task and submitted

(11) Memorandum of Interview with A.A. Yazikov, April 16, 1924. Ibid., nos. 94400 - 94401.

(12) A. Yazikov to W.L.M. King, April 17, 1924. Ibid., no. 94402.

a rough list of the contents. Some fifty per cent he judged to be completely harmless. Although no **complete** list of titles has survived (if one was ever made) we can assume that this innocuous half was made up of pre-Revolutionary literature and other works of a non-political or non-polemical character.⁽¹³⁾ Of the remainder, thirty five to forty per cent was declared to be "rather dangerous and undesirable" and probably consisted of Soviet periodicals and the booklets and manuals of the type all government departments are so fond of endlessly publishing. Ten to fifteen per cent Assatourov decided was "absolutely dangerous" and it is this batch that undoubtedly contained the anti-religious diatribes and various revolutionary texts and booklets urging workers and peasants of the world to rise up and overthrow their intolerable bourgeois or colonial governments in favour of Socialism.⁽¹⁴⁾ While this might seem like dangerous and seditious propaganda to contemporaries, with hindsight we can see that its impact rarely if ever produces the results expected by either the propagandist or the hapless victims.

(13) If such a detailed catalogue was ever made it never reached the Prime Minister's Office or the Department of External Affairs. All files in the Department of Customs and Excise were routinely destroyed after fifteen years.

(14) A summary of Ter-Assatourov's report dated May 6, 1924, is found in the King Papers, J4 Series, no. 104217.

The question is whether the material had been shipped to the Montreal Agency with the expectation of undermining Canadian capitalism. The answer has to be a qualified no. Almost all of the books, pamphlets and posters were printed in Russian, a language hardly calculated to reach Canadian 'workers and peasants'. The fact that only single copies were sent supports Yazikov's contention that it was simply his personal library. Indeed it was necessary then, as now, for aspiring Soviet civil servants to keep up appropriate appearances by lining bookshelves with revolutionary literature and plastering walls with patriotic posters. But it would be naive to accept Yazikov's explanation entirely at face value. His library was rather large to say the least and no doubt part of it was intended not as a thoughtful gift to universities, but rather to provide orthodox resource material for Canadian and American Communist organizations. North American Communist journalists, isolated far from the center stage of the socialist movement, were ever eager to hear the latest pontifications from Moscow and fresh news on the successes of distant proletarian political and economic programs. Like all good libraries it was hoped that this one would serve the widest possible reading public.

But bourgeois journalists were also interested in breezy Bolshevik items and shortly after Yazikov's uncomfortable meeting in the Prime Minister's office, someone leaked a garbled version of the confiscation to the press. Appropriately,

on Easter Thursday the Montreal Star ran a front page story describing how the so-called Soviet Trade Emmissaries had been caught red-handed with a large supply of lurid anti-monarchical anti-Christian literature.⁽¹⁵⁾ Yazikov quickly called a press conference and stated that the Government had mistakenly seized his library containing nothing more dangerous than a little information on the U.S.S.R. intended for the enlightenment of Canadian politicians and businessmen. It was little wonder, he dryly observed, that so many false stories about the Soviet Union were being circulated when the Government library that he had visited in Ottawa contained no information on Czarist Russia let alone Soviet Russia.⁽¹⁶⁾ He had no way of knowing that Mackenzie King's files were filled with all the latest British intelligence and Foreign Office dispatches on the Moscow regime.

The Official Agent wrote King a week later complaining that the irresponsible press reports were an embarrassment to the Mission and could hamper Canadian-Soviet trading prospects. He was not the only one to think so.

F.H. Clergue, powerful Canadian industrialist and president of Algoma Steel cabled the Government from London on April 22nd to ask that the Soviet explanation of the harmless

(15) Montreal Star, April 17, 1924.

(16) Ottawa Citizen, April 19, 1924, p. 2; Montreal Star, April 19, 1924. Yazikov was referring to the Library of Parliament, of course.

nature of the literature he accepted. "It would be unfortunate," he said, "if trade discussions here were unfavorably influenced by hasty action by Canada."⁽¹⁷⁾ Clergue need not have worried that his potential deals with the U.S.S.R. would be jeopardized by any precipitate action on the Prime Minister's part. A more cautious man was hard to find. Besides, King had his hands full with more pressing political problems in the spring of 1924, among them the presentation of a new less protectionist budget, the open split in the ranks of the Progressive Party and the consequent reorganization of his cabinet. Protests and pressures notwithstanding the litigious library gathered dust in a Montreal Customs shed.

III

In May the Delegation moved to larger rented quarters at 212 Drummond Street, on the fringe of that bastion of capitalism, McGill University. As the summer recess of Parliament approached, no decision had been made on the future disposition of the literature or whether to make public the actual state of Canadian-Soviet relations.

(17) Telegram from F.H. Clergue to Senator R. Dandurand, April 22, 1924. External Affairs Papers, file 672/24.

During the question period in the House of Commons on June 16, J.S. Woodsworth asked if Canada had definitely recognized the Soviet Union and whether it also recognized the Ukrainian Republic.⁽¹⁸⁾ Woodsworth was apparently attempting to embarrass the Prime Minister because the Ukrainian Republic was a short-lived pro-western nationalist government of the Ukraine which had been swallowed by the Bolshevik Revolution. In recognizing the U.S.S.R. Canada automatically disavowed the nationalist group for both claimed control over the same area, and although the Republic was defunct, it was wistfully remembered by many Ukrainian emigrants in Western Canada. King asked for time to give the matter some little thought before undertaking to give an answer." The trouble over Yazikov's library now made the P.M. hesitant to endorse in Parliament the private commitment he had made to the Official Agent the previous March. The Department of External Affairs would have to be consulted. As for the ill-starred Ukrainian Republic, just three days earlier Sir Joseph Pope had received a queer contact from its self-styled official representative in Canada.

After the Red Army had reconquered the Ukraine in the summer of 1920, a mixed group of emigré nationalists had attempted to keep a provisional Republican government alive

(18) Canada, Debates of the House of Commons, 1924, p. 3329.

in the United States. They engaged a small time Montreal businessman M.M. Campbell to act as their agent in Canada. The enterprising Campbell, who incidently operated the Merchants Protective Association, the Montreal Commercial Trust and the Republic of Estonia Information Office out of his one room office on St. James Street, discovered the profit potential in bootlegging official documents. He issued Republican passports and visas to Russia and the Ukraine to anyone who could pay the five dollar fee. These documents were, of course, completely worthless. Unfortunately for Campbell the arrival of the Trade Delegation complicated matters. Learning of Campbell's operation Yazikov decided to advertize the Agency as the only proper authority to issue papers to Russia. But Campbell was not a man to give up easily.

In June, 1924, the Department of External Affairs received an officious letter from Campbell. The man was either very naïve or extremely audacious for he blithely announced that the Trade Agency was illegally preempting his business. Was there some kind of agreement, he asked, between Canada and Russia which permitted Yazikov to issue papers on behalf of Russia?⁽¹⁹⁾ Sir Joseph Pope evidently suspected something fishy for he curtly replied that Britain

(19) M.M. Campbell to J. Pope, June 12, 1924. External Affairs Papers, file 733/24.

(and therefore Canada) did not recognize the Ukrainian Republic and therefore Campbell was not entitled to any information on relations between Canada and Soviet Russia.⁽²⁰⁾

The news that the Agency was prepared to issue visas and various credentials for the U.S.S.R. was somewhat disconcerting for the Canadian Government. Although the Trade Agreement specified that Official Agents had the power to issue entrance visas to their respective countries (part V), the Department of External Affairs was unpleasantly surprised to learn that a mere trading house had assumed such legal activities. In view of the fact that there was no other Soviet Agency in North America with comparable semi-official status, it was only natural that Yazikov and his staff assume these more or less routine duties. Those people who had reason to obtain papers granting entrance to and exit from the U.S.S.R. were, however, not always candidates for good citizenship awards.

In spite of the unresolved library question and the news that the Agency was taking the role of a consulate, Mackenzie King decided that he could not delay a public statement of the real nature of Canadian-Soviet relations any longer. On June 23, 1924, he informed the House that Canada ~~had~~ adhered to the Anglo-Soviet Trade Agreement in July of 1922, and further that:

(20) J. Pope to M.M. Campbell, June 13, 1924. Ibid.

Canada's formal recognition of the Union of Soviet Socialist Republics was conveyed to their official agent in Canada, Mr. A. Yazikov, in a letter from the Prime Minister dated March 24, 1924 ... Canada has recognized the ... Ukrainian Socialist Soviet Republic ... but has not, however, recognized the Ukrainian People's Republic.(21)

A few months later Campbell was arrested by the Montreal police and charged with fraud.

IV

The next move in the library fiasco was made by F.H. Clergue. Scheduled to travel to Moscow to arrange for sales of his company's railway equipment, Clergue made a special trip back to Canada from London to try to "ameliorate the strained relations between the Delegation and the Government." (22) In a lengthy conversation with Mackenzie King, Clergue again expressed his opinion that the propaganda had been sent without Yazikov's knowledge, approval or consent. The industrialist's representations on behalf of the Agency did not seem to have much effect on the Prime Minister for Clergue came away from the interview convinced that not only did King intend to keep the entire consignment, but if Yazikov insisted on its return, he would request the Soviet

(21) Canada, Debates of the House of Commons, June 23, 1924, p. 3503.

(22) F.H. Clergue to W.L.M. King, July 12, 1924. King Papers, J1 Series, no. 83584 et. seq.

Government to recall its Mission. Clergue explained all this to Yazikov in Montreal and suggested that the Russian resign himself with good grace to a libraryless future in Canada in the interest of friendly relations between the two countries.⁽²³⁾ Back in London again at the end of July, Clergue wrote to King to say that the Soviet Ambassador designate to Britain, C.G. Rakovsky had told him that Moscow intended to withdraw the Agency if matters remained unresolved.⁽²⁴⁾ There is no doubt that several members of the Cabinet would have applauded such a move. Nevertheless, the P.M. decided in view of this pressure to seek a fresh opinion from his newly appointed advisor in the Department of External Affairs, Dr. O.D. Skelton.

The choice of Dr. Skelton had been a good one. Skelton brought considerable academic and administrative experience to his new post. The former Dean of Students at Queen's University, he was also a ranking Canadian historian and a recognized authority on socialism. Dr. Skelton's nationalist view of Imperial relations was similar to Mackenzie King's and the two men had become good friends in the early twenties.⁽²⁵⁾

(23) Ibid.

(24) F.H. Clergue to W.L.M. King, July 25, 1924. King Papers, no. 83589.

(25) James Eayrs, The Art of the Possible, University of Toronto Press, 1961, pp. 39-40. Dr. Skelton was appointed Under-Secretary of State for External Affairs on the retirement of Sir Joseph Pope in 1925.

O.D. Skelton carefully examined all the correspondence relevant to the confiscation of the library and in a memorandum to the Prime Minister, he suggested that it would be unwise to make a major break with the Soviet Union over the incident because of the British Labour Government's favourable attitude to Moscow and the possibility of a greatly increased export trade that might come via the Official Agency. In his opinion most of the material was just what it was reported to be - the Agency's library. If any of it had been intended for propaganda use, no doubt the Agency personnel had been taught a lesson by now. Skelton therefore suggested that the shipment be returned to Yazikov on the understanding that the Government could keep any conspicuously offensive items as souvenirs. "Perhaps fifteen years of close study of the socialist movement," he added, "... have made me less apprehensive of heretical socialist or communist doctrines than many others." (26)

Mackenzie King decided to take this more expedient and charitable view of the affair and Yazikov was invited again to Ottawa to learn that the Government was going to take no further action against the Agency. This time only the Prime Minister and Skelton were present at the interview. Yazikov assured them that he had no thought of undertaking

(26) O.D. Skelton to W.L.M. King, July 29, 1924. King Papers, J4 Series, nos. C104086-104089.

anything other than legitimate business affairs which he intimated were already quite brisk. As for his books, he gave King a list of the titles that he expected to receive and again denied knowledge of any subversive material sent by mail. The posters which had come in crates he said were old and had been included only as samples of the crude method of printing from bark blocks which had been adopted in some parts of rural Russia. It was an ingenious if somewhat improbable explanation. On his part, the Prime Minister promised to have the list of titles carefully reviewed but made no promises on the future disposition of the books. The interview ended on a more cordial note when Yazikov expressed satisfaction over the way in which his inquiries were being handled by some government departments. He had just one small unofficial complaint. His mail was being opened and examined before it reached the Agency. The Prime Minister promised to have the matter investigated.(27)

This last complaint was a legitimate one. According to Montreal Chief Postal Inspector H.E. Atwater, several letters addressed to the Soviet Agency had found their way to the offices of the Canadian Pacific Railway Company

(27) O.C. Skelton, "Memorandum of Interview with Prime Minister by A. Yazikov, Agent of the U.S.S.R.", August 7, 1924. King Papers, no. C104093.

because of improper addresses.⁽²⁸⁾ By coincidence Dimitri Ter-Assatourov worked for the Colonization Department of the CPR in Montreal and the letters were brought to his attention. Ter-Assatourov recommended they be opened since they might contain objectionable matter. This was done by Montreal Customs officials apparently with the permission of the Minister of Customs Jacques Bureau.⁽²⁹⁾ The letters were then carelessly resealed and returned to the Post Office for delivery to 212 Drummond St.

This explanation eventually reached O.D. Skelton who suggested to the Prime Minister that in future all forms of mail surveillance against the Agency be discontinued. Skelton also recommended that the bulk of the library be turned over to Yazikov since in his opinion most of it was relatively harmless.⁽³⁰⁾ After consulting with members of the Cabinet King ordered that the harmless portion of the literature be returned and that henceforth the Agency's mail was not to be opened.

The Montreal Post Office or the Customs Department apparently did not get the message for the Agency's letters

(28) Memorandum for the Postmaster General Re: Mail Matter Addressed to the Soviet Agency, Montreal, Ottawa, August 9, 1924. Skelton Papers, file 599.

(29) Ibid.

(30) O.D. Skelton to W.L.M. King, August 14, 1934. King Papers, no. 93012.

and parcels continued to be tampered with, although a little less conspicuously. When Yazikov complained again several months later and forwarded two letters to Skelton which had obviously been steamed open and crudely resealed, the Post Office was again instructed to make an inquiry.⁽³¹⁾ At length, the General Superintendent of Postal Services wrote Skelton and offered another ingenious, though improbable explanation to the effect that the shoddy quality of the envelopes made damage inevitable on the long overseas journey to Canada.⁽³²⁾ If the letters had been opened, he explained, it had probably been done outside Canada, a theory somewhat compromised by the fact that one of the letters was carelessly resealed with a small strip of gummed stamp sheet marginal paper. In any case, these clandestine inspections carried on by persons unknown (the pertinent Post Office files have been destroyed) did not unduly concern the Russians who were undoubtedly much more familiar with such procedures. Besides, all really secret and confidential correspondence could be sent to the Agency through the sealed courier service.

(31) A. Yazikov to O.D. Skelton, April 29, 1925. External Affairs Papers, file 637/25.

(32) P.T. Coolican to O.D. Skelton, June 24, 1925. Ibid. As if to prove the point Coolican sent along a strong linen envelope that had been badly mangled on a journey from no further than New York City. One wonders if the postal service will ever improve!

According to the Prime Minister's instructions, at the end of the summer the Customs Department again sorted through Yazikov's literature. Assisted by Dimitri Ter-Assatourov, they filled four of the crates with the more volatile Bolshivik items and lumped the remainder in the other 16 crates. Some fifty of the worst books and pamphlets were shipped to the Canadian High Commission in London to be turned over to the proper British authorities.⁽³³⁾ They were never heard of again.

On September 10th, Yazikov was surprised to find a Customs truck at his front door with the remaining sixteen boxes of his books. Strangely enough his pride prevented him from accepting this partial handout. He grew angry when he realized that the Government was holding back a substantial part of the original consignment and he decided that it would be all or nothing. He refused to accept delivery of the literature until all twenty boxes and assorted packages were included.⁽³⁴⁾ He soon realized the foolishness of trying to pressure the ponderous federal bureaucracy which had taken nearly six months to decide to make even a partial delivery. The books were returned to the warehouse pending a new decision from Ottawa and in the meantime events across the

(33) O.D. Skelton, "Memorandum on Russian Official Agent: Detention of Library," March 20, 1925. King Papers, no. C104100.

(34) Ibid.

Atlantic combined to discredit the Soviet representatives in Canada, making final settlement of the literature problem even more difficult.

V

The drowsy summer of 1924 passed without any further complication to Canadian-Soviet relations. The Agency negotiated several small contracts with Canadian manufacturers and quietly carried out whatever instructions were passed down from the Comintern. In any case it was an inopportune moment for trouble because the long-standing Anglo-Soviet talks in London had finally produced some significant results.

Negotiations for a broader commercial and diplomatic agreement between Britain and the Soviet Union had been in progress since the previous April. MacDonald's Labour Government was naturally less squeamish than its Conservative predecessor in dealing with the Russians, but the bargaining was nonetheless difficult. Mackenzie King was kept informed of the progress of the talks but since no change in the trade relations between Canada and the U.S.S.R. was suggested, King was content to have someone

from the High Commission attend the discussions as an observer.⁽³⁵⁾ After months of haggling over the debt claim issue the two powers reached a tentative solution. The Soviet Government agreed to partially reimburse private British stock and bondholders for their old Russian securities provided the British Government guaranteed a substantial loan to the U.S.S.R.⁽³⁶⁾ MacDonald was not particularly happy with this solution but he agreed on the principle that half a loaf was better than none. On their part the Soviets agreed to accept the three mile limit for offshore fishing (the British position). The standard pledge of mutual abstention from propaganda and interference in the other's internal affairs was added and the commercial and naval details were set out in a separate convention.⁽³⁷⁾ This treaty and discussions for a full fledged exchange of Ambassadors were up for Parliamentary approval when the bottom dropped out in October, 1924.

(35) Correspondence outlining the progress of these talks is found in the Governor General's Papers, file 34691 vol. 1(b).

(36) Great Britain, Foreign Office, General Treaty Between Great Britain and Northern Ireland and the U.S.S.R. (Unratified), August 8, 1924, Cmd. 2260 (Russia No. 4 1924).

(37) Russia No. 5 (1924).

Unlike Canada, in Britain recognition and trade with the Soviet Union had always been a contentious political issue. The Labour Party and its Trade Union supporters were far more anxious to come to terms with the Soviets for economic reasons than either the Liberal or Conservative party organizations. MacDonald's administration, it will be remembered, owed its existence to support of the Liberals in the House of Commons, and the Liberals were growing increasingly disenchanted with the Prime Minister's seemingly pro-Soviet policy. The so-called Campbell case proved to be the final aggravation. In early October, R.J. Campbell the editor of a communist paper was accused of subversion. The evidence was inconclusive and the Attorney General at MacDonald's suggestion decided ^{NOT} to press charges. This was too much for the Liberals who deserted the Labour coalition and voted with the Conservatives on a motion of non-confidence in the Government. Suddenly MacDonald was forced to fight an election.

During the short and bitter campaign that followed, a letter allegedly written by Comintern Chief Grigori Zinoviev made a mysterious and dramatic appearance in the press. In this letter Zinoviev advised Communist Party organizers on election tactics and among other things stressed the need to step up agitation and propaganda work among the British armed forces and transport workers in order to "paralyze

all military preparations of the bourgeoisie in the event of war."⁽³⁸⁾ It was nothing less than a red flag to the John Bull patriots! C.G. Rakovsky the Soviet Charge d'affaires protested that the letter was a forgery, but its effect on public opinion went unmitigated. On election day, October 29, the British voters brought the Conservatives under Stanley Baldwin back to power. The "pro-Soviet" attitudes of the British Government changed dramatically. On November 21st, Austen Chamberlain the new Foreign Secretary informed Rakovsky that the pending treaties would not be ratified.⁽³⁹⁾

The decisive change in the British approach to the U.S.S.R. had no drastic effect on the somewhat strained relations between Canada and the Official Agency. MacKenzie King, however, no longer had any reason to think he was obliged to accommodate the Agency for fear of disturbing the British-Soviet accord. The Zinoviev letter also served to remind the Canadian Government that the U.S.S.R. aimed not just to trade with the West but expected to eventually dominate the world. Thus the Prime Minister became more

(38) The letter is reprinted in Russia No. 3 (1927, no. 7. Most historians have accepted the explanation that it was a forgery probably concocted by Polish 'white' emigres. Its content, however was doubtlessly of the type of correspondence that frequently passed between the Comintern and the C.P.G.B.

(39) A. Chamberlain to C.G. Rakovsky, November 21, 1924. Governor General's Papers, 34691, vol. 1(b)

suspicious than ever of Yazikov's real purposes now that the fifth column duties of domestic Communists had been exposed. The library remained on ice even though Yazikov told King in December that he would be willing to accept anything the Customs Department saw fit to deliver.⁽⁴⁰⁾ And when the Agency fell under another cloud of suspicion a few months later, the Prime Minister was prepared to believe the worst.

(40) O.D. Skelton, "Memorandum of Interview Between Prime Minister and A.A. Yazikov ...", December 18, 1924. King Papers, J4 Series, no. 104094.

THE HUNDRED DOLLAR MISUNDERSTANDING

I

In the early months of 1925 a serious and little known episode arose which seemed to confirm the worst fears of the Russophobes. The events of this bizarre affair unfolded in the following manner. In November, 1924, Yazikov received instructions from the State Bank of the U.S.S.R. asking him to obtain specimen sets of Canadian bank notes.⁽¹⁾ This was not a particularly unusual request for governments often purchased such sets in order to protect themselves against the circulation of forged foreign currency. So, in early December Yazikov went down to the main branch of the Royal Bank of Canada and asked if his government could be provided with twenty sets of the various issues of paper currency then in circulation in the Dominion. In 1925, there was still no uniform currency in Canada and more than a dozen banks printed and circulated their own paper money. On December 11th the manager of the Royal Bank informed Yazikov that the total cost of twenty such sets would come to more than \$100,000. If only the notes more actively in circulation were sent, the cost would be about \$50,000.⁽²⁾ The

(1) Yazikov later provided a resumé of the correspondence for the Prime Minister. King Papers, no. C104105.

(2) Royal Bank of Canada to A. Yazikov, December 11, 1924. King Papers, J4 Series, no. C104150.

State Bank acknowledged receipt of the currency in a letter to the Royal Bank dated in Moscow, January 21, 1925.

In the meantime Yazikov received from the Soviet State Bank a one hundred dollar note of an Imperial Bank of Canada issue and he was instructed to ascertain whether it was genuine. If it was, it was to be credited to his account. The note had no serial number and was immediately recognized to be a crude forgery. Apparently there was forged Canadian currency circulating in the U.S.S.R. or at least Canadian authorities were supposed to think that. This poor quality note and the specimen set of currency had, it seems, crossed in the mail.

Although counterfeiting was a federal offence, officials of the Imperial Bank did not consider the appearance of the Soviet note sufficiently serious to inform the R.C.M.P. even though the latter had requested that all such cases be reported immediately. The presentation of this bogus hundred dollar note alerted officials of the Imperial Bank to the possibility that others might be expected. On March 9, 1925 they got a most unpleasant surprise.

In 1925 international exchange facilities were much more limited than they are today and it was common for Canadian businessmen and tourists to spend their Canadian currency abroad. This money was collected by large London banking houses and routinely shipped back to the Dominion and redeemed by the various issuing banks. On March 9th the Toronto-Dominion

Bank received a shipment from its clearing house in London and turned over a bundle of hundred dollar Imperial notes to the head office of the Imperial Bank in Toronto for redemption. A close examination of these bills revealed that all eight hundred and twenty were forgeries.⁽³⁾ And the counterfeiting was so good that only an expert could tell the difference between them and the genuine article! A hasty check of previous shipments by the Imperial Bank turned up another \$20,000.00 worth of bogus hundreds which had similarly been redeemed from the Bank of Montreal in October, 1924.⁽⁴⁾

The General Manager of the Imperial Bank immediately called in the R.C.M.P. The bad bills were all of the January 2, 1917 series "A" issue and had serial numbers running as high as 75,000. If the serial numbers on the forgeries were consecutive there could be over seven and one half million dollars worth of bogus hundreds still undiscovered!

Counterfeiting so perfect and on such a large scale was very unusual and the directors of the Imperial Bank assumed that the Soviets were responsible. During the tumultuous

(3) Supt. H.M. Newson to Courtland Starnes, March 9, 1925. R.C.M.P. Records, file 1925 HQ-761-Q-1 (Vol. 2).

(4) Ibid.

civil war period in Russia, there had been some talk in Bolshevik circles of attempting to sabotage the economies of the enemy bourgeois interventionist powers by flooding them with counterfeit currency. The idea was not a new one. Napoleon had unsuccessfully tried to use it to disrupt the British war effort after the Battle of Trafalgar in 1805. Faced with financial chaos the Bolshevik Government, like its predecessors found itself obliged to print up vast amount of paper roubles to meet the expenses of "War Communism". This, plus the fact that the immediate post war era saw a great upsurge in counterfeiting from the European underworld tended to convince some financial authorities that the Bolsheviks were planning to swamp the world with bad money. Rumours to this effect had circulated occasionally in the press during the Red Scare period 1919-20, fed by men like Frank A. Vanderlip, American author-financier and self-styled expert on European diplomatic and economic affairs, who sensationally announced to a group of New York businessmen that the Bolsheviks had turned the talents of Czarist engravers to counterfeiting vast sums of British, French, Italian and American money.⁽⁵⁾ It was thus quite natural for officials of the Imperial Bank of Canada to conclude that the

(5) New York Times, January 5, 1920, p. 1.

appearance of the near perfect counterfeit hundreds was the first manifestation of such a plan. To forestall further loss they immediately announced that the Imperial Bank was withdrawing from circulation all its hundred dollar notes of the 1917 and 1920 issues to be replaced by bills of a new design.⁽⁶⁾

Since the notes were reaching the Dominion through British clearing houses the Bank asked Scotland Yard to investigate at that end. The federal Department of Finance decided to get in on the action as well and they appointed one of their employees, a clerk named Walter Duncan, to act as a special investigator in the case. The High Commissioner of the R.C.M.P., Courtland Starnes, advised all detachments to carefully and quietly investigate the source of any of the bills that appeared in their districts. Within a few days some interesting information came to light.

The first person apprehended for passing a bogus Imperial hundred dollar note was none other than Charles Hannah, the federal Liberal Member of Parliament for Belleville Ontario.⁽⁷⁾ A nervous Hanna was suspiciously unable to explain just how he came by two of the notes although he implied that he

(6) The Mail and Empire (Toronto), March 12, 1925, p. 1.

(7) D/Const. P.H. Miller to Supt. T.S. Belcher, March 16, 1925. R.C.M.P. Records, file 1925 HQ-761-Q-1 (Vol. 2).

frequently received large sums of money from several sources for "election purposes". He told the investigating officer that he would immediately return to Ottawa to take the matter up with the proper authorities.⁽⁸⁾ Another bill turned up in the less influential hands of a Montreal hotel porter, and several others appeared in a Saskatchewan post office. These cases the Mounted Police were able to trace and it was discovered that each of the bogus bills had been obtained in the very first instance from a bank. Where was the Bolshevik counterfeit organization? Special investigator Duncan of the Finance Department had the answer.

While the R.C.M.P. had been idly checking up M.P.s and porters Duncan had gotten to the heart of the matter. Interviewing banking people in Montreal, he soon learned of Yazikov's request for specimen sets of Canadian bank notes the previous December. He too concluded that the Trade Agency was implicated in some kind of Soviet scheme to flood Canada with professionally forged currency. Yazikov's request was the key piece to the puzzle. What a coup for the Department of Finance if he could expose it!

Duncan was not a man to do things with circumspection. He swiftly went around to 212 Drummond Street and in an apparently overbearing manner demanded some explanations from Yazikov. When the Russian refused to show him the Agency's

(8) Ibid.

files on the original State Bank request and instead showed him the door, Duncan's suspicions were confirmed.⁽⁹⁾ He reported everything to the Prime Minister and suggested that proof could be obtained if a police raid was made on the premises of the Delegation.

After the literature affair Mackenzie King was prepared to believe the worst about Yazikov and the Agency. He immediately consulted members of the Cabinet and it was agreed that a raid would be organized as soon as possible. On Friday, March 20th, Courtland Starnes was summoned to a secret meeting with Prime Minister King, the Minister of Justice Ernest Lapointe, the acting Minister of Finance J.A. Robb and Walter Duncan.⁽¹⁰⁾ O.D. Skelton was conspicuous by his absence. The Commissioner was instructed by King to provide Duncan with several men, and under the Finance clerk's command this force was scheduled to descend upon the Agency that coming Monday, March 23rd.⁽¹¹⁾ Afterwards, the incriminating evidence that was gathered in the raid would be brought back to Ottawa for inspection.

(9) Duncan's actions were related to King in a subsequent interview. King Papers, April 16, 1925, no. C104115.

(10) No official record was kept of this secret meeting, perhaps because of the security issue involved, but Courtland Starnes wrote a confidential memorandum of it on March 26. R.C.M.P. Records, file 1925 HQ-761-Q-1 Supp. A.

(11) Ibid.

Fortunately, the Prime Minister's lapse into daring did not last long. O.D. Skelton was apparently informed of the plan sometime during the weekend and we can only speculate on the Undersecretary's reaction to a raid which could hardly help but bring down the combined wrath of the U.S.S.R. and its International supporters on the Dominion. He managed to convince King that it would be best to postpone the raid until he first checked with the British Foreign Office. So, on the fateful morning of March 23rd, King sent off two coded priority telegrams to London. "We are led to believe", he cabled, "that seizure of contents of office of Soviet Agent ..." would implicate the Russians in a vast forgery scheme

... on a scale which might tend to destroy confidence in entire paper currency of Dominion. We would like to be informed whether in opinion of British Government the premises of the Agent are immune from search, also whether agent or members of his staff are immune from arrest and search.(12)

"We would greatly appreciate immediate reply", the Prime Minister urged, "as quick action may be necessary". In the second cable King asked again for an opinion on the propaganda literature which had been sent to the colonial office the previous fall and about which nothing more had been heard.(13) By the time London got around to answering these crucial cables

(12) W.L.M. King to Secretary of State for the Colonies, March 23, 1925. Governor General's Papers, file 34691, vol. 2(a).

(13) Governor General to Secretary of State for the Colonies, March 23, 1925. Ibid.

it was too late and word of the possibility of a raid had leaked out to a number of people, including the Delegation at 212.

The Agency apparently learned of the raid as early as Wednesday, March 25th. Early that afternoon the President of McGill University, General Sir Arthur Currie, whose office was just around the corner from 212 Drummond Street, telephoned R.C.M.P. Chief-Inspector J.W. Phillips and informed him that the Russians at that very moment appeared to be hastily moving out.⁽¹⁴⁾ Phillips immediately had the house put under surveillance but not in time to discover the nature or the final destination of whatever it was that Yazikov and the others were anxious to keep hidden. Shortly thereafter Currie learned of the raid and began rather indiscreetly confiding the plan to friends and acquaintances. One of these, a western journalist named John Nelson, confided the confidence back to the R.C.M.P.⁽¹⁵⁾ Secrecy was not the Government's forte.

(14) Confidential Memorandum of Courtland Starnes, March 26, 1925. R.C.M.P. Records, Supp. A.

(15) Secret Memorandum by Col. C.F. Hamilton to C. Starnes, April 23, 1925. Ibid., vol. 2. Afraid that General Currie might be somehow compromised by this memorandum, he placed it in wax-sealed envelope marked "Not to be opened without authority of Commissioner".

II

In the latter half of March, news of the discovery of the bills reached the press and several of the large circulation dailies, including the Toronto Mail and Empire, the Toronto Star and the Ottawa Citizen ran sensational stories on the appearance of the forgeries in Britain and Canada. A currency expert with the Imperial Bank was quoted as saying that it was the most dangerous piece of counterfeiting that he had ever seen. "Without a magnifying glass or date regarding the genuine issue," he stated, "I could not have recognized them as forgeries myself. This is very different from the more or less clumsy work of the ordinary counterfeiter, and it must have necessitated a staff of experts."⁽¹⁶⁾ Bolshevik Russia was named in no uncertain terms as the probable author of such an expert piece of economic aggression against the Dominion of Canada.

The prestigious Canadian Bankers' Association was apparently a little nervous that talk like this would undermine public confidence in all currency, and it was decided at the beginning of April to issue a statement reassuring everyone that their dollars were safe, come what may.

(16) Toronto Star, March 14, 1925, p. 1. A description of the skilled techniques which must be employed in this type of forgery operation is found in the R.C.M.P. publication Law and Order in Canadian Democracy, King's Printer: Ottawa, 1949, lecture 17, "Counterfeiting."

A veiled threat had recently come out of Russia, said Sir John Aird the President of the Association, that some sort of counterfeit skulduggery could be expected. Banks all over the world had been put on the "qui vive" and thus a masterly attempt to debauch Canadian money had been nipped in the bud by alert banking officials.⁽¹⁷⁾ Sir John neglected to explain exactly how the Royal Bank in Montreal could blithely send all that fresh specimen currency to Moscow when it was supposed to be on the qui vive to a counterfeit threat or why the Imperial bank failed to spot the first batch of bogus hundreds and had even put some of them back into circulation in Canada.

On April 6, two weeks late, no less than three coded cablegrams arrived from the Colonial Office in answer to King's March 23rd request for advice. In the opinion of the British Government, the Agency and its members were immune from search and arrest under the articles of the Trade Agreement. However, if the evidence of criminal activity was sufficiently strong the Canadian Government could make the raid if it was prepared to accept sole responsibility for the consequences. If the search were to prove fruitless Canada had better be prepared to meet Soviet protests with "handsome apologies and redress on a generous

(17) Montreal Standard, April 4, 1924, p. 1.

scale."⁽¹⁸⁾ In order to emphasize the very uncertain nature of the evidence against Yazikov, the second cable advised King that inquiries made by the Foreign Office had established that a large number of the hundred dollar bills had been obtained through the Bank of Persia in Teheran. Officials there were presently investigating the source which was presumed to be in the Soviet Union. It was therefore unlikely that the Montreal Delegation was directly involved. As for the matter of Yazikov's library, the Colonial Secretary advised that while the principle of inspection of goods and materials other than the contents of the sealed courier bags was considered legitimate, in practice it had been deemed expedient to relax or cease such inspections.⁽¹⁹⁾ Even a Conservative Government in London was cautious enough not to unduly antagonize the Soviet Union unless conclusive evidence of subversive activity was available. Well, it was too late to make the raid now in any case.

Alexander Yazikov was alarmed by the sensational newspaper stories of the forgeries and on April 7th he telephoned Ottawa for another interview with the Prime Minister.⁽²⁰⁾

(18) L.S. Amery to Byng of Vimy, April 6, 1924. Governor General's Papers, file 34691, vol. 2(b).

(19) Ibid., no. 2.

(20) O.D. Skelton, "Interview with Official Agent, U.S.S.R.," April 9, 1925. King Papers, no. C104106-10.

King evidently had not yet decided what course to take now that the Foreign Office had returned surprisingly cautious counsel, so he avoided making any reference to the matter, waiting instead to hear what Yazikov had to say. Nor was the Agent much inclined to talk much about it. As though to imply that he had been down to business and business only, Yazikov brought with him a memorandum on the purchases that the Soviet Union had made in the previous four months.⁽²¹⁾ Most of the interview was spent discussing trade and other routine matters although Yazikov did complain that the irresponsible press reports were hampering Canadian-Soviet trade because Canadian banks were consequently reluctant to grant credit for the Agency's purchases. Neither King nor Skelton made any comment.

After a week without any further developments in the case the Prime Minister decided to confront Yazikov with the evidence and demand an explanation. The Official Agent was summoned to Ottawa again on April 16, for another less cordial East Block audience. Yazikov, of course denied any knowledge of the forgeries and explained the circumstances of the State Bank request for specimen currency.⁽²²⁾ The P.M. was plainly

(21) A. Yazikov, "Memorandum of Purchases Made in Canada . . .," April 9, 1925. Ibid., no. C104111.

(22) O.D. Skelton, "Memorandum of Interview of U.S.S.R. Official Agent with Prime Minister", April 16, 1925. King Papers, J4 Series, nos. C104114-104116.

not impressed with mere verbal assurances of innocence. He observed guilt in the Russian's mannerisms.

I noticed [wrote King after the interview] he kept moving his feet about in a nervous way. It seemed to me he felt the situation as one involving strain. His whole demeanor was cool collected and deliberate; there was nothing in it to indicate indignation at the charge against his Government or any anxiety to have it freed from imputation.(23)

At King's request Yazikov agreed to inform Moscow of the forgeries and ask that an investigation be carried out in the U.S.S.R. to determine their origin. In order to reassure the Canadian Government of his innocence, Yazikov promised to return to Ottawa within a few days with the Agency's files on the specimen currency matter.

This second interview took place on April 21st and Dmitri Ter-Assatourov was on hand to translate the Russian correspondence.(24) Assatourov declared that in his opinion the files were well kept and the letters from the State Bank were genuine. Perhaps the Agency was not implicated after all. When Yazikov took the opportunity to ask again for the delivery of all or part of his library, the Prime Minister remembered the British position on such examinations and

(23) W.L.M. King, "Memorandum of the Prime Minister's interview with Mr. A.A. Yazikov", April 16, 1925. Ibid., no. C104118.

(24) O.D. Skelton, "Memorandum of Interview between Prime Minister and Official Agent, U.S.S.R., April 21, 1925. King Papers, nos. C104125-104127.

decided to relent a second time. He promised to give instructions to return "whatever could be handed over" within a few weeks.(25)

The official Soviet explanation of the forgeries turned out to be rather strange. At the end of April, Yazikov wrote to Skelton to say that Moscow had determined that a number of the forgeries had filtered into the U.S.S.R. from Persia. As early as March, one of the State Bank's representatives on the Moscow Stock exchange - whatever that curious institution may have been - had been offered five thousand dollars worth of Canadian currency at a discount. When the notes were examined, so the story went, they were discovered to be counterfeit. The seller was arrested and when questioned he revealed that he had bought the notes from a Persian merchant named Chiachi. Chiachi was put under surveillance and a search of his quarters produced another \$15,000 in similar notes. Meanwhile identical bills began turning up at various branches of the State Bank in southern Russia. The State Bank forwarded one of the hundred dollar bills (it not specified from which batch) to London where it was declared counterfeit. Chaichi was arrested in Baku along with another Persian citizen Sadyk-Emin-Zade, but

(25) Ibid.

as yet the source of the bills had not been discovered although investigations were still being carried out.⁽²⁶⁾

Despite the U.S.S.R.'s reputation for police efficiency no further explanation of the case was ever offered. The State Bank announced that henceforth no Canadian paper money was to be accepted by any of its branches in the U.S.S.R., a retaliatory move that Dr. Skelton considered to be unnecessary and spiteful.⁽²⁷⁾

Through the spring and summer of 1925, the R.C.M.P. maintained an exhaustive investigation into the counterfeits and some rather queer events found their way into the police files on the case. On the evening of April 16, for example, an unidentified man and woman - probably Ivan Kulik and his wife - went to see a Russian film playing at the Capital theater in Montreal. They were picked up and taken home by a young cab driver H.B. Rosen. Rosen later explained that after dropping off his passengers he was hailed by a mysterious man standing on the corner. The man identified himself as an American Secret Service agent investigating \$100 counterfeit Imperial Bank Bills being circulated by a secret organization

(26) This was the official Soviet explanation conveyed by Yazikov to O.D. Skelton in two letters dated April 28th and May 4th. It also appeared in the Russian Review, July 1, 1924, a Soviet subsidized periodical published out of New York City at that time.

(27) O.D. Skelton to W.L.M. King, April 28, 1925. King Papers, J4 Series, no. C104138-104139.

and said that he was interested in 212 Drummond Street. He asked Rosen for information on the man and woman the cabby had just dropped there. When Rosen explained that he knew nothing of them, the man asked him to drive down the back lane so they could reconnoitre the house from the rear. He then tried to enlist the young driver in a plan to contact the service employees of the Agency to try to get more information. Arrangements were made for Rosen to meet this alleged secret service man the next day in room 4090 of the Mount Royal Hotel for further instructions.⁽²⁸⁾ Rosen was thoroughly frightened by all this and immediately contacted the R.C.M.P. An officer was sent along the next day with Rosen for the meeting but the American "agent" was out and did not show up again - at least on the police reports.⁽²⁹⁾ It would be an understatement to say that the presence of the Agency generated some strange vibrations.

The Mounties ran down dozens of leads in the investigation of the source of the notes. Reports piled up in headquarters from almost all of the major cities in Canada

(28) Chief-Inspector J.W. Phillips to Courtland Starnes, April 17, 1925. R.C.M.P. Records, 1925 HQ-761-Q-1 (Supp A).

(29) Ibid., Phillips was apparently not very anxious to uncover any American undercover agents in this already complicated case. At the end of the letter he wrote:

I am unable to give you the name of this man at the moment, but he registered at the Mount Royal Hotel on April 7th from Winnipeg. I will get his name as soon as possible, but I do not wish to make an inquiry if I can help it.

and from such unlikely places as Grande Prairie, Alberta, Prince Albert, Saskatchewan and Haileybury, Ontario.⁽³⁰⁾ Special attention was given anyone found passing the counterfeit notes that had a Russian sounding name. In each case the source of the notes was the same - a chartered bank. Even more surprising was the information they received, that branches of the Imperial Bank were accepting known counterfeits as legitimate currency!⁽³¹⁾ Usually bank confiscated forgeries and either destroyed them or returned them perforated "counterfeit". The Imperial Bank, of course, realized that some if not all counterfeits popping up across the country had originated from clearing house currency shipments from abroad and had been mistakenly put back into circulation through its Head Office in Toronto. To avoid embarrassment and legal complications, the Head Office ordered all branches to exchange the counterfeits for good bills. And so after several months of intensive

(30) The various reports are found in the R.C.M.P. Records, HQ-761-Q-1, vol. 2.

(31) Ibid., (vol. 1). The unfortunate role played by the Imperial Bank in this embarrassing affair is one which its present managers are apparently anxious to forget. The author's request to the Imperial Bank of Commerce for access to the files on the case was politely declined because "... much of the Archives of the Imperial Bank of Canada, was destroyed in a disastrous fire in the old premises on Wellington Street [Ottawa] some years ago.

investigation into the origin of the counterfeit Imperial hundred dollar bills, the R.C.M.P. came up with precisely nothing more than the bank knew in the first place.

Courtland Starnes must have been a little peeved with such a glaring lack of cooperation for on April 12, 1926, the R.C.M.P. billed the Imperial Bank \$59.53 for incidental expenses incurred during the investigation. This brought prompt action. W.G. More the Secretary of the Imperial Bank promptly paid up and belatedly advised the R.C.M.P. that they were "satisfied that there is nothing to be gained by persuing investigations on this side and we would prefer that no further charges be incurred in this respect without our specific consent being first obtained" (32)

Nor did the Mounties have any better luck with their "secret shadow" on the Trade Agency. 212 Drummond Street was kept under close surveillance night and day for nearly four months without so much as a hint of an extraordinary event occurring. The Russians of course realized that they were being watched and were careful to stage nothing more compromising than a May Day luncheon for local sympathizers. Indeed, C.P.C. leaders were conspicuous by their absence from 212 Drummond, while the watch was maintained. Then, on the afternoon of May 26th, a suspicious looking unidentified

(32) Ibid.

red wagon drew up in front of the Agency. According to the surveillance officer's report it was powered by:

... a bay horse weight about 1200 lbs., with two marks of white hair on the right ribs, driven by a man about 23 years of age, 5'6" ... the wagon contained packing cases marked "Hold" on the side and C.P.R. They were about two and a half feet long. They were quite heavy as it required two men to unload them and take them in.

There was nothing to indicate who owned the outfit and it did not return again.

Nothing else happened during my tour of duty."(33)

Were the Russians bringing back cases of counterfeit money in their red vehicle. Hardly. Without knowing it the R.C.M.P. had just observed the remains of Yazikov's library finally being delivered to the Agency in a mail express wagon!

In mid-July Courtland Starnes finally asked the Prime Minister, if the twenty-four hour watch could be discontinued since no important discoveries had been made. King hastily agreed. "I had assumed," he confided to Skelton at the bottom of Undersecretary's memorandum on the subject, "that it (the watch) was only for the days the seizure of documents was contemplated."(34) He had simply forgotten that the Agency was still under surveillance.

The investigation carried out by Scotland Yard proved somewhat more informative. It was learned that a large quantity

(33) Detective Sergeant E.N. Bird to J.W. Phillips, May 26, 1925. Ibid.

(34) O.D. Skelton, "Memorandum on Watch on Soviet Headquarters in Montreal," July 16, 1925. Skelton Papers, file 106 (I-R-28).

of the notes had been paid for goods bought the previous summer in the Persian coastal town of Rasht by merchants suspected of being Soviet Russians. The counterfeits were forwarded by the Rasht branch of the Imperial Bank of Persia to its head office in London and eventually found their way back to the Imperial Bank of Canada. Another set of bills similarly originated in the Persian town of Hamadan. Rasht is situated on the south shore of the Caspian Sea about eighty miles from the Soviet border, and Hamadan is in the mountains, south of Rasht on the main road from Teheran to Baghdad. Both towns at that time thrived on trade and were used to dealing in the currencies of various nations. Although the bulk of the notes came from Rasht, it was found that others were forwarded from cities all over the world including: Peking, Hong Kong, Harbin, Hamburg, San Francisco, Strasbourg, Berlin and Paris. Tracing their source proved impossible. There were no further developments in the case for over a year.

Then, in the spring of 1926, a group of men negotiated or attempted to negotiate a large sum of \$100 dollar Imperial notes at banks in Harbin, Manchuria and Peking. A man by the name of Oscar Meyer (alias Oscar Marcel, Oscar Morgan and Oscar Matias) was arrested in Peking by the police of the Legation Quarter and handed over to the local Chinese authorities to be tried for counterfeiting.⁽³⁵⁾ Meyer, it was

(35) Captain H.M. Miller (New Scotland Yard) to Courtland Starnes, August 25, 1926. Ibid.

discovered, was something of an international criminal. An Argentinian by birth, he had emigrated to Australia as a young man. According to Australian police records, Meyer had a long record of criminal offences dating from 1911 to 1921. He had served time in prison on several counts of uttering false pretences (29 months), fraudulent misappropriation (18 months) and forgery (18 months) in that period.⁽³⁶⁾ The Australian authorities lost track of him after 1922, when he undoubtedly decided to seek a less 'confining' location for his talents and he was not heard from again until his arrest in Peking.

Northern China in the twenties was the ideal setting for criminal activities. It was the ceaseless battleground for several brabbling warlords, law and order being tenuous even at the best of times. Unfortunately, the key link in the counterfeit operation, Oscar Meyer, jumped bail in Peking and escaped to Darien. He was never heard from again. Darien, incidently, was an important white Russian sanctuary in northern China at this time.

III

How are we to interpret this complicated series of events? Was the Soviet Government the author of some devious scheme to

(36) H.M. Miller to C. Starnes, October 13, 1926. Ibid.

undermine Canadian currency as contemporaries believed? There can be no final answer until Soviet Archives are opened for unrestricted historical investigation - an event not likely to occur in the immediate future. We can, however, reach some probable conclusions on the basis of the information presently available.

First there is little doubt that Duncan was completely wrong in assuming a raid on the Trade Agency would have produced incriminating evidence. Many familiar with the details of Yazikov's request for specimen currency, assumed that the sets forwarded in January 1925, were used by Soviet engravers to counterfeit the hundred dollar bank notes. But as we have seen the Head Office of the Imperial Bank without knowing it had redeemed a shipment of the bogus bills in the summer of 1924, some five months before Yazikov's request. And if the Soviet Government was planning to forge large amounts of Canadian currency, why ask for specimen sets so obviously and risk drawing the attention of Canadian authorities? It would make even less sense to forward samples of hundred dollar Imperial notes suspected of being counterfeits to London and Montreal for authentication. As we have seen, it was just such a crudely forged hundred that Yazikov produced in March which alerted the Imperial Bank to the possibility of further forgeries. A counterfeiter would be crazy to show up at the bank asking that his work be

checked for authenticity. Whatever else one may say about the Soviet Government, its clandestine international activities have a reputation for ruthless efficiency. It would appear, therefore, that the State Bank and probably the Soviet Government itself had no direct knowledge of the counterfeits. The material that Sir Arthur Currie observed being removed from the Agency on March 25, 1925, was probably nothing more than the confidential files and "propaganda" similar to that which had previously been confiscated by Customs.

There is no doubt in the author's mind that a considerable portion of the banknotes originated inside the U.S.S.R. The Soviet Government admitted as much in its official explanation describing the attempt to pass the bills at the Moscow stock exchange and the subsequent arrest of the two Persian merchants. But parts of the Soviet explanation don't add up either. There was, of course, no such thing as a stock exchange in Moscow, although it would be reasonable to suspect that this term was mistakenly used to describe the unofficial "Black Bourse" Street Exchange for currency which still existed in Moscow at the time.⁽³⁷⁾ It

(37) The term Stock Exchange was a Soviet misnomer. A State Bank Official told a member of the British Trade Mission in Moscow that the Persian had been arrested trying to sell Canadian currency on the Black Bourse Exchange. R.M. Hodgson to Austen Chamberlain, June 19, 1925. Skelton Papers, file 106 (I-R-28).

seems unreasonable to believe that the notoriously efficient Soviet police system was unable to obtain more information on the case. The fact that no further explanation was made only leads one to suspect that they were somehow implicated in the affair. Chances are this was indeed the case, although perhaps not in the manner one would suspect.

Let us suppose for a moment that the counterfeits did originate from some other source outside the U.S.S.R., possibly Persia. The claim that Persian merchants in the first place had been found in possession of the bogus bills in Baku and Moscow is not implausible because in the mid-twenties, under Lenin's New Economic Policy, trade between Iran and the Soviet Union was relatively free of restriction. Persian merchants travelled through Russia quite freely to make commercial transactions with Soviet institutions or individuals, and actively participated in the famous fairs of Nizhi Novgorod and Baku still functioning at that time.⁽³⁸⁾ Foreign currency was, thanks to the instability of the rouble and the Nansen Famine Relief Fund, not an uncommon sight in the U.S.S.R. If the Imperial Bank of Canada was unable to spot its own bad money, it is possible that Soviet banks or state trading monopolies had accepted large quantities of the Imperial notes as legal tender during the summer

(38) C. Lenczowski, Russia and the West in Iran 1918-1948, Cornell University Press, 1949, p. 92.

and fall of 1924. Since the Soviet Union imported huge quantities of foodstuffs and raw materials from Persia, it is also likely that this currency found its way into Persian Banks and was then forwarded on to London and ultimately Toronto. If the notes did come from Russia in the course of legitimate trade the Soviet Government would be understandably reluctant to explain all the details and thereby assume responsibility for making the mistake in the first place.

Admittedly this whole hypothesis is guesswork, but logical guesswork at least. If it is accepted, other pieces of the counterfeit puzzle such as Yazikov's specimen currency request fall into place. If large quantities of Canadian currency began appearing inside the U.S.S.R. one would naturally expect the Soviet authorities to request specimen currency sets to check its authenticity.

The Soviet failure to communicate additional evidence that was doubtlessly gathered on the case could also be attributed to the peculiar xenophobia that characterized the regime then as now. More than one responsible Canadian assumed immediately at the first appearance of the bills that the "dastardly Communists" were behind a gigantic conspiracy to destroy the economy of Canada. It is entirely possible that Moscow similarly viewed the appearance of the counterfeits as part of some dire foreign scheme to defraud "the workers and peasants of their hard earned kopeks." We

must remember that the Kremlin viewed the leaders and businessmen of the western world as co-conspirators in a huge capitalist plot to suppress the world's working classes. They considered that they owed explanations to no-one, least of all an interventionist British colonial Canada.

Is there any evidence to substantiate the contention that Persia, the U.S.S.R. and Canada were the victims of a straightforward criminal attempt to counterfeit Imperial Bank notes? The answer is yes. The most obvious clue is the arrest of Australian forger in Peking in 1926. One has to stretch the imagination to connect some secret Soviet counterfeiting agency with this pathetic jail-prone figure. It is far more likely that Meyer, because of his criminal background was drawn into an independent counterfeit ring operating in the lawless East. His Australian connections made him the obvious first choice to pass Canadian notes for such a ring. According to Scotland Yard, Meyer's "confederates" disappeared with him when he escaped Peking that summer.⁽³⁹⁾ During the twenties the police in a number of European countries uncovered several extensive forgery rings of a purely criminal nature.⁽⁴⁰⁾ There was

(39) Capt. H.M. Miller to C. Starnes, August 26, 1926.
R.C.M.P. Records, file 1925, HQ-761-Q-1, vol. 1.

(40) The implication of several important Hungarian political figures in a giant forgery scheme discovered in 1926 nearly brought down the Hungarian Government.

so much forged American currency circulating in Poland in 1921, that Polish banks stopped taking any American money. American currency was especially popular among counterfeiters because of its stability and the fact that no-one outside the United States was familiar with the genuine article. The U.S. underworld apparently found Europe and Asia prime areas in which to pass their dubious products.⁽⁴¹⁾

There is at least one case which illustrates that the U.S.S.R. with its insatiable appetite for foreign exchange was possibly the victim of "capitalist" counterfeiters rather than the author of a calculated attack on Western currencies. In September, 1927, two Georgians named Basilius Sadathieraschvili and A. Karumidze, and several German citizens were arrested in Germany and charged with attempting to pass forged chervonetz or 5-rouble notes.⁽⁴²⁾ When their case finally came to trial in early 1930, in the Moabit Criminal Court in Berlin the defendants testified that they had forged the money to finance the nationalist movement in the Russian dominated Soviet Republic of Georgia.⁽⁴³⁾ The defence based its case on the contention that the crime was political rather than criminal in

(41) New York Times, April 23, 1925, p. 6.

(42) Ibid., September 5, 1927, p. 23; Nov. 30, 1927, p. 1.

(43) The Times (London), Jan. 7, 1930, p. 13.

motivation. Sadathieraschvili stated that his scheme was organized in retaliation for a similar Soviet plot to flood the world with counterfeit currency. He further testified that Stalin had authorized the manufacture of millions of dollars worth of English pounds and American dollars in the Soviet Government's printing houses in Leningrad and on the Don River and that they had been put into circulation all over the world. The defence promised to produce proof of these allegations but failed to do so on the appointed day.⁽⁴⁴⁾ In spite of this, and the fact that none of the supposed forgeries ever appeared (except for the ones discussed above) the Georgians and their friends were acquitted. If anything, it would seem as though the Russians had far more reason to fear economic aggression from the West than vice versa.

There is one other point which tends to indicate that the Soviet Government was not responsible for the forging of the Imperial Bank of Canada notes and perhaps other currency. To the author's knowledge, nowhere is there any evidence other than rumour and innuendo to support such claims and all forgeries which were unearthed were traced to criminal sources. This is a very significant point. If such a Soviet scheme existed, we can safely assume that it could not have been kept secret. The Soviet Government has

(44) The New York Times, January 29, 1930, p. 9.

never been a model of corporate solidarity. If anything, the opposite is true. During the thirties and forties dozens of high and low ranking officials defected to the West with lurid stories of deprivation and secret police persecution. And while all were quick to denounce each and every crime of the regime, none has ever mentioned a Soviet attempt to counterfeit Canadian currency. In our case there are two such disaffected former citizens of the U.S.S.R. who would have doubtlessly been aware of the counterfeiting of the Imperial notes. George Agabekov, former chief in the Eastern Section of the O.G.P.U. who spent a great deal of time organizing the Red espionage network in Afghanistan and Persia defected in 1930 and subsequently wrote a searing denunciation of the Secret Police and their methods, made no mention of such activities.⁽⁴⁵⁾ Neither did Alexander Barmine who was Consul General in Rasht Persia in 1925, where the bogus Imperial notes first appeared.⁽⁴⁶⁾ Similarly a 1927 raid on the office of the Soviet Military attache and other buildings in the Soviet Embassy compound in Peking conducted by Chinese police and gendarmes under the direction of the anti-Russian warlord Chang Tso-lin failed to yield any evidence that Chinese

(45) George Agabekov, O.G.P.U., Brentano's: New York, 1931.

(46) Alexander Barmine, One Who Survived, G.P. Putnam: New York, 1945.

revolutionary groups were receiving counterfeit money for support from the Soviets although many other phases of the Soviet involvement in the Chinese Communist movement were exposed by the confiscated documents.⁽⁴⁷⁾ If Oscar Meyer had somehow been connected with a Soviet inspired forgery scheme, evidence of it should have appeared here.

All this evidence leads us to the conclusion that the Soviet Government was not responsible for any grandiose scheme to counterfeit Canadian or any other types of currency. The author has no doubt that such tactics were regarded by the Kremlin as legitimate means to the world revolutionary end but did not to put them into practice for fear of providing the divided capitalist enemy states with a cause to reunite in a premature attack on the 'citadel of the proletariat'. Moscow undoubtedly realized that such currency warfare at the very least have destroyed the critical economic assistance that the capitalist powers were inadvertantly providing the Soviet regime via the vast Russian trade. The Second World War put an end to such restraint and both the Germans and the Soviets attempted to disrupt the economies of their enemies by trying to flood them with spurious currency. But 1925 was hardly the time and Canada certainly not the place to start such a dangerous scheme.

(47) C.M. Wilbur and J.L. How (eds.), Documents on Communism, Nationalism and Soviet Advisors in China 1918-1927; Papers Seized in the 1927 Peking Raid, Columbia University Press, New York, 1956.

There is but one detail in this curious Imperial note episode that eludes explanation. Where did that single badly forged hundred dollar note that Yazikov received from the State Bank in early 1925 come from? Did the Soviets produce this bill themselves to divert suspicion? Did some independent and less talented forger in the east try to take advantage of the real gang's success? The reader is left to ponder the origin of this loose end.

IV

It is fortunate that King changed his mind and called off the planned raid on the Trade Agency. A raid would not have produced the required evidence and would have plunged an unsuspecting Dominion into a fierce diplomatic incident with the U.S.S.R. One can only speculate on the effect such a confrontation might have had on the unassuming Prime Minister and his rather cautious policy of asserting Canadian sovereignty in foreign affairs. As we shall see, Baldwin's Conservative Government failed to follow their own good advice in 1927 and ordered a raid on the London offices of Arcos for similar reasons, thus precipitating the very crisis that Canada was able to avoid thanks to the good sense of O.D. Skelton and the cautiousness of Mackenzie King.

The Prime Minister though, remained convinced that Yazikov and the Soviet Government were responsible for the forgeries and the Cabinet seriously considered ordering the Agency out of the country.⁽⁴⁸⁾ In order to fully weigh all events in perspective, King asked O.D. Skelton and H.M. Urquhart to write extended chronological precis on the literature and currency affairs and to give an opinion on the exact value of Canada's trade with the U.S.S.R. and how much of it was due to the Trade Mission. Urquhart advised that although the Soviet Government was like a "riderless horse in a crowded thoroughfare," it had already purchased over twenty million dollars worth of flour, farm machinery and aluminum in Canada, and more could be expected. Urquhart agreed with Skelton that the Agency in Montreal should be retained for the time being at least.⁽⁴⁹⁾ This advice, plus the fact that there was no real proof of Soviet complicity in the forgery plot kept King from taking further action against the Delegation.

Curiously enough, Yazikov managed to get the last word on the library affair. After examining the boxes he had received, he drew up a list of 304 missing items and billed

(48) R.O. Campney (Private Secretary to the P.M.) to O.D. Skelton, May 26, 1925. King Papers, no. C104140.

(49) H.M. Urquhart to W.L.M. King, July 1, 1925. Ibid., nos. C104158-104179.

the Government \$126.97 for the loss!⁽⁵⁰⁾ To add insult to injury the list included the following titles:

Chekhov - Selected Stories for Children
Karrick - The Rooster and the Cat
Zhukovski - The Sleeping Beauty
Stevenson - Children's Garden of Verses
The Huckleberry Grandpa.

Subsequent pages revealed slightly more ominous but probably no less imaginative works like:

Joffe - Peaceful Advance
Plekhanov - Marxian Fundamental Questions
Kamenev - History of the Communist Party in Russia
Bukharin - Class Warfare and Revolution
The Red Riding Hood.⁽⁵¹⁾

The Red Riding Hood notwithstanding, it is difficult to avoid the conclusion that the Government's decision to confiscate the literature in the first place was, to say the least, unnecessary. And needless to say Skelton ignored Yazikov's claim for damages.

The only person to really suffer from these unfortunate incidents was the peppery Official Agent. The Soviet Government was dissatisfied with his actions and it was decided to replace him with someone less notorious. We can only guess at Yazikov's disappointment when he learned that he was being recalled from decadent luxurious Canada. His wife and child had been scheduled to join him in Montreal in a few months.

(50) A.A. Yazikov to O.D. Skelton, June 10, 1925. Skelton Papers, file 599.

(51) The complete list of titles is found in the Skelton Papers, file 599.

He asked for a final interview with the Prime Minister to pay his respects, but when he arrived in Ottawa for the last time on June 30th, King was too busy to see him. Yazikov explained to O.D. Skelton that Ivan Kulik had been appointed temporary head to the Mission until he returned or his successor was chosen. Considering the Government's grave suspicions of the Official Agent and his activities, Skelton must have been a little chagrined to learn that Yazikov had just completed the translation of a volume of Canadian poems into Russian and that he thought Robert Service's "The Shooting of Dan McGrew" to be the high-water mark of Canadian poetry.

"It is to be hoped that all their activities will prove equally innocuous," the Undersecretary added at the end of a memorandum on the final meeting with the Official Agent.⁽⁵²⁾ Yazikov sailed for Leningrad in July, 1925, never to return. He was eventually replaced by Longin F. Gerus more than a year later.

After Yazikov's departure the affairs of the Trade Agency ceased to cause King or the Canadian Government further concern. Kulik directed the public business at 212 Drummond Street with quiet efficiency. Although Longin Gerus the new

(52) O.D. Skelton, "Memorandum of Interview with Mr. Yazikov", July 2, 1925. King Papers, no. C104226.

Official Agent who arrived in Montreal in November, 1925, was met by a "cheering throng of five hundred Russians,"⁽⁵³⁾ he soon proved to be a much less flamboyant man than Yazikov. There were no further problems until the spring of 1927.

(53) The Montreal Gazette, November 23, 1926, covered Gerus' arrival. Gerus was described as formerly having been "acting president of the Gostorg or Government Export and Import Bureau of the R.S.F.S.R."

EXTRACURRICULAR ACTIVITIES

I

The King Government certainly suspected the Agency people of unintended treachery in the service of international Communism; yet we would be naive to think that they spent all their idle hours translating poetry. While there is no direct proof that they actively engaged in promoting Communism in Canada, it is likely that the Trade Agency and the Communist Party of Canada were closely connected in the period under study.⁽¹⁾ There was certainly no lack of contact between the members of the Delegation and leaders of the CPC. In the spring of 1924, a number of the top Party leaders in Canada like Tim Buck and John J. MacDonald travelled to Montreal to meet and perhaps receive instructions from the Russians. Some of those instructions must have been to play down the very existence of the Agency, because in the local Communist press which could be counted on to note even the most trivial items of socialist inspiration, completely ignored the Delegation. The Russians knew that their position in Canada was a delicate one. Ivan Kulik attended meetings of

(1) Links between Soviet trade agencies and local Communist parties are well documented in the case of Britain, France and Germany. In Canada no arrests of known Communists or raids against the Soviet Agency were carried out in the period under study. Hence there is no similar documentary evidence available and the conclusion that the Agency and the CPC were closely connected is based on inference and the largely circumstantial evidence discussed below.

the Montreal branches of the Communist Party, but did not publicly take part in the proceedings.⁽²⁾ He was wise to remain silent. The R.C.M.P. kept a close watch on all overt Communist activities in the country.

The successes of Canadian Communism in the early twenties were nothing to brag about. The Communist Party of Canada (alias the Workers Party of Canada) had been founded by a small group of radicals in 1921 at a secret convention on a remote farm in southern Ontario. At that time it had been decided to affiliate the new party with the Communist International.⁽³⁾ The Workers Party of Canada was organized with a rather devious double structure. At the street or "A" level it was organized to function in the normal fashion - recruiting new members, electing officers, collecting dues and planning lectures and various social activities to further the cause. Behind that the leadership formed a secret "Z" cadre to resist police infiltration and control the A party according to the dictates of the Comintern without the knowledge of the rank and file. Key figures in the "Z" operation were party leaders John J. MacDonald, Tom Bell, Malcolm Bruce, Tim Buck, Michael and Rebecca Buhay, Florence Custance, Jack Kavanagh, William Moriaty, Mathew Popowich and Maurice Spector among others. It is interesting

(2) C. Starnes to J. Pope, June 1924. External Affairs Papers, file 733/24.

(3) William Rodney, Soldiers of the International, Toronto, 1968, p. 39.

to note that all of these people except for the last two had been born in Great Britain of working class parents while almost all of the rank and file members were recruited from the large Finnish and Ukrainian populations of northern Ontario and southern Manitoba respectively.⁽⁴⁾ The Communist Party of Canada was thus almost completely divorced from the mainstream of Canadian political life in membership, philosophy and leadership, a factor which largely explains its obvious lack of appeal in the Dominion.

The Party published a small circulation four-page weekly known as The Worker from its Toronto headquarters. Edited by the young Maurice Spector, this paper gives us an oblique look at the effect of the establishment of the Trade Delegation in Montreal. In the first two years of its existence the weekly issues were filled with local items of oppression and stories of Party events in the United States, Britain or Germany sent direct by mail from comradely correspondents. There were few stories or letters directly traceable to Moscow. CPC leaders who visited Russia waited until they returned to tell of their experiences. It is clear that the line of communication with the Holy Grail of Revolution was tenuous. By the summer of 1924, however, that had changed. More and more space was given over to international stories, less and less to the local union

(4) Ibid.

squabbles, picnics and other day-to-day trivia of the Canadian Party. The Worker began printing lengthy articles by famous Moscow figures like Zinoviev, Trotsky, Bucharin, Radek and others - many of which were in weekly serial form. In addition, reports from Tim Buck and Malcolm Bruce who attended the Fifth Comintern Congress in Moscow in the summer of 1924, found their way almost immediately into the paper. The Comintern's circular International Press Correspondence (Inprecorr) material became a regular feature. Communications with the U.S.S.R. had suddenly and not so mysteriously improved. Within a few months of the arrival of the Soviet Trade Mission the number of inspirational books and pamphlets advertised for sale in The Worker went from about a dozen to over seventy. No doubt there would have been more were it not for the fact that the Government had confiscated the "library" of the Agency.

Among the first instructions for the Canadian Communist Party which arrived from Moscow via the Agency was the Comintern's call for the foreign comrades to reorganize themselves on the old Bolshevik factory cell model.⁽⁵⁾ Known as "Bolshevization", this process was to prove unpopular and debilitating for the CPC because it was not

(5) Up until 1924 the American and Canadian Communist Parties were organized loosely around the various foreign language federations which were territorial rather than industrial in structure.

matched to Canadian conditions where much of the support for Communist organizations came from ethnic groups that had little contact with the giant factories that Moscow imagined to exist in the Dominion. In another directive forwarded through the Agency, the local supporters were permitted in April, 1924 to change the name of the Workers Party to that of the Communist Party of Canada.

Apart from these rather routine communication tasks, there is reason to believe that the Agency or at least some of its members were assigned more sinister duties. Again, only sketchy evidence is available and we must assume more than the usual risks interpreting it.

II

From the beginning of the Russian Revolution, the Bolshevik leadership considered a systematic intelligence network mandatory. Not only was it necessary to clear Soviet Russia of counter-revolutionary sympathizers, but the Revolution had to be defended against those who sought to overturn it from beyond the borders. In late 1917, a secret police force was organized to combat such enemies of the people. Known as the Cheka, under the direction of Polish revolutionary Felix Dzerzhinsky it quickly became one of the most feared agencies of the new regime. By 1921, most of the

foreign supported anti-Bolshevik forces had collapsed and the Cheka went over to the offensive with the establishment of a Foreign Department (INO) under Meyer Trilisser.⁽⁶⁾

At first the INO concentrated its resources infiltrating and disrupting the militant "White" emigre organizations that had taken root across Europe. Before long, however, the Foreign Department expanded their activities to revolutionary agitation among local Communist organizations, surveillance of Soviet citizens abroad and collecting various types of industrial, military or political information on foreign powers for Moscow's enlightenment. Nor was the Cheka/OGPU the only Soviet agency to gradually develop an extensive secret "foreign service" organization. Leon Trotsky put together a more conventional intelligence agency known as the "Fourth Department" of the Red Army complete with military attaches and agents. Even the Comintern and the Commissariat of Foreign Trade developed extensive underground communication networks with supporters and staff abroad. All of this was done on the theory that the best possible defence against the still powerful capitalist states was to keep informed of

(6) David J. Dallin, Soviet Espionage, Yale University Press, 1953, p. 3. The Cheka (Extraordinary Commission to Fight Counter-revolution and Sabotage) was reorganized as the OGPU (United States Political Administration) in 1924. The OGPU was eventually dissolved during the purges in 1934, but its functions were taken over by a department of the NKVD (The People's Commissariat for Internal Affairs). Although the names changed the function of the secret police remained the same-state security.

their every military and diplomatic machination, and cultivate within them a useful Communist fifth column.

By the mid-twenties the OGPU and the Fourth Department had created large intelligence organizations in Europe and the East and a recognizable pattern to Soviet espionage was becoming apparent. There is ample evidence to prove that the offices of Soviet state trading organizations like Arcos in London and the Handelsvertretung in Berlin and, after 1925 the Amtorg Corporation in New York City, were used extensively as "covers" for intelligence work. These corporations, each with several hundred employees were ideal for the purpose, for western governments were usually reluctant to take action against them for fear of jeopardizing lucrative trade relations with the U.S.S.R. Soviet Embassies and consulates were considered even safer "roofs" for undercover work because of the diplomatic immunities and sealed courier privileges extended to them by the host nation. Though small by comparison, the Soviet Agency in Montreal had all these advantages going for it.

Once the Agency was established the Soviet Government continued to nominate additional personnel to it although the amount of business actually conducted there does not seem to have warranted such expansion. From time to time the R.C.M.P. noted the sudden appearance and disappearance of a number of mysterious Russians in Montreal, Toronto, Winnipeg and Vancouver, and suspected that they were agents of some sort.

Since we have reliable proof that the Fourth Department (GRU) began operations in North America in 1927,⁽⁷⁾ it is reasonable to assume that the larger and more powerful OGPU organization was already well established in Canada and the United States before that time.

It is certain that after 1920 each and every mission that the Soviet Government sent abroad included at least one and often several State Security agents.⁽⁸⁾ Their duties were varied - keeping an eye on Soviet diplomatic or commercial personnel, organizing and instructing the local Communist party, recruiting the locals into a clandestine information gathering network, or other special tasks for the OGPU or the Comintern. This so-called "legal" agent served in some subordinate capacity on the staff of a particular mission, but since he reported directly and secretly to OGPU headquarters in Moscow, his real power rivalled that of the Ambassador or trade official publicly in charge.

(7) According to testimony before the Congressional Committee on Un-American Activities in 1939, American Communist Nicholas Dozenburg admitted that he was recruited for military espionage work by GRU chief Alfred Tilton in 1927 in New York City. Dallin, op. cit., pp. 392-3.

(8) Georges Agabekov (OGPU, New York, 1931) is a good case in point. It was (and is) apparently not unusual for all or most of the employees in Soviet missions abroad to be agents of the State Security apparatus. See: P. Deriabin and F. Gibney, The Secret World, Doubleday, New York, 1959, pp. 279-80.

Official representatives of the Soviet State were an obvious target for police surveillance, so the OGPU from the beginning sought to establish "illegal" or resident agents who operated safely independent of any obvious contact with the U.S.S.R. In later years it became common for the Fourth Department and the OGPU/NKVD to send out highly trained spies in the modern sense of the word - equipped with false histories, identification papers and the latest mechanical or electronic gadgets for their espionage assignments. In the twenties, however, the usual practice was to recruit the illegals from among local Communist supporters. The person so selected dropped all overt Communist associations as a further guarantee against detection. Money was rarely a motive for people enlisted. Most, if not all sincerely believed they were serving an idealistic, exciting and important political cause.

We know that the OGPU had developed one or more of these illegal agents in Canada as early as 1924. A document removed from Soviet Embassy files in Ottawa in 1945 by the famous defector Igor Gouzenko described Fred Rose, a well known Communist Member of Parliament, as having "previously worked at the neighbours [cover name for the OGPU/NKVD] up to 1924."⁽⁹⁾ There is no doubt in the author's mind that

(9) Canada, Royal Commission Report on Communication of Secret Information ..., Ottawa, 1946, p. 112.

the Soviet Trade Agency in Montreal served the Kremlin in a number of unbusiness-like projects.

The secret police almost chose idealistic and ambitious young party members for its intelligence operatives and there is reason to suspect that the Montreal Mission's assistant Official Agent performed such duties in Canada in the mid-twenties. Ivan J. Kulik was perhaps the most enigmatic figure on the Agency staff and his name consistently turns up in the confidential R.C.M.P. reports of Communist activities in the period. No doubt he was a young man of considerable importance around 212 Drummond Street, for he was designated assistant Official Agent and chosen to replace Yazikov temporarily when the latter was recalled in the summer of 1925.⁽¹⁰⁾

Kulik's origins are somewhat obscure. Described by the Soviet Government as an Ukrainian "employed in economic work in Kharkov,"⁽¹¹⁾ he was introduced by Winnipeg Communist leader Matthew Popowich as a Ukrainian Jew of high literary standing who had published several revolutionary plays and had been active in the Polish Communist underground.⁽¹²⁾ A

(10) According to Soviet information Kulik was born in 1900.

(11) Secretary of State for the colonies to the Governor General, December 19, 1923, relaying Soviet biographical information on the delegates Moscow proposed to send to Canada. External Affairs Papers, file 1119/22.

(12) C. Starnes to O.D. Skelton, March 20 and April 1, 1925. Ibid., file 379/25.

recent emigrant from the Soviet held Ukraine, Ivan Voloshin, remembered him in less flattering terms. Voloshin told the editor of Saturday Night that the same Ivan Kulik had been an ardent Bolshevik propagandist and an agent of the Cheka in the Ukrainian town of Kemenetz who in 1921 presided over a revolutionary tribunal that had ordered the cellar execution of one hundred and six destitute peasants for showing "bourgeois tendencies."⁽¹³⁾ It is difficult, however, to put much weight on this kind of evidence since the name "Ivan Kulik" roughly translates to the English equivalent "John Smith" and almost certainly was an alias.

Whatever his personal history, there is no doubt that Kulik entered the country under suspicious circumstances. He arrived in Montreal accompanied by a teen-aged girl officially described as his wife. Several months later another woman slipped into Canada from the United States on Soviet papers identifying her as Miss Piontek, a Ukrainian poetess, and went to live with Kulik. Piontek was apparently the real name of the younger girl, and just before returning to the Soviet Union in 1927, Kulik revealed to a confidential gathering of Canadian friends that the poetess was really his wife.⁽¹⁴⁾ Why did he go to such trouble to conceal her

(13) Saturday Night, April 16, 1924, p. 2. As a result of these accusations Kulik started a libel suit against the magazine in 1925.

(14) C. Starnes to O.D. Skelton, January 15, 1927. External Affairs Papers, file 379/25.

identity? Courtland Starnes assumed that he had switched their names so that the real Mrs. Kulik could carry out propaganda work without compromising her husband or the Agency. No doubt there was some good reason for the deception. O.D. Skelton's reaction on belatedly learning of this curious fact is worth quoting. "As you indicate," he wrote to Courtland Starnes, "this is certainly an act of discourtesy if not fraud and would appear to imply a consciousness of some policy or actions which require to be concealed. A more charitable interpretation, that is from the political point of view would be that it was simply an instance of the flexibility of Soviet domestic relations."(15)

From fragments of information gleaned from R.C.M.P. sources⁽¹⁶⁾ we know that Kulik and his wife travelled a great deal in connection with the commercial affairs of the Agency. He visited Winnipeg in August, 1924, and was described as having addressed enthusiastic gatherings of Ukrainians on the virtues of the new Soviet regime. He visited several Doukhobor communities and announced that the Soviet Government would grant real freedom and good land to members of the Sons

(15) O.D. Skelton to C. Starnes, January 18, 1927. Ibid.

(16) In Canada in the twenties there was no police agency similar to the OGPU/NKVD or CIA. The various detachments of the R.C.M.P. watched several radical organizations like the CPC and the Klu Klux Klan and reported activities which might be considered criminal to the Commissioner Courtland Starnes. Starnes in turn reported what he considered to be the important political items to O.D. Skelton. These reports were filed in the External Affairs Papers which were made available to the author.

of Freedom sect who wished to return to their homeland.⁽¹⁷⁾ There was in the twenties a severe shortage of skilled agricultural labour in the U.S.S.R. and Moscow was anxious to reclaim the western expertise and the bankrolls of former Russian and Ukrainian immigrants.

A small number of these western farmers expressed interest in the plan and arrangements were made through the Agency for several of their number to visit the Ukraine in order to report to the others on the feasibility of the offer. All or most returned disillusioned and at least one publicly reported that conditions there were deplorable and that Doukhobors in the Soviet Ukraine were clamouring to be allowed to emigrate to Canada.⁽¹⁸⁾

Perhaps with a view to the future development of a Canadian fifth column, Moscow instructed the Agency to advertise the fact that those former residents of the Russian Empire who wanted to activate the protection of Soviet citizenship had to register themselves with the Montreal comrades within a year. Detailed registration forms were mailed out to those who asked for them but judging from the violent exception that most Ukrainian immigrants took to the Bolshevik regime it is doubtful that very many such forms found their way to Moscow files.

(17) C. Starnes to O.D. Skelton, April 8, 1925. Ibid.

(18) The Montreal Gazette, May 16, 1925. The observer was Sam Semeonov, a Saskatchewan farmer of Ukrainian extraction.

Ivan Kulik and "Miss Piontek" travelled west in March, 1925, and Kulik again addressed cultural gatherings and spent some time secretly conferring with Communist party leaders in Toronto and Winnipeg. The R.C.M.P. were not able to learn the subject of these conversations although their special agent in Winnipeg who talked to the self-styled Ukrainian poet remarked that he spoke better Russian than Ukrainian.⁽¹⁹⁾ It was very difficult for the R.C.M.P. to uncover evidence that Kulik or the others were actively connected with the Communist Party of Canada for the Russians limited their contacts to only the trusted "Z" group of CPC leaders. Only once did the Mounties come close to catching Ivan Kulik in what could be considered genuinely subversive activity.

Unknown to the Delegation and the CPC one of the organizers of the French-Canadian wing of the Party doubled as a special agent and kept the R.C.M.P. appraised of Communist activities in the Montreal area.⁽²⁰⁾ The only trouble was that very little of anything happened, particularly in the Quebec branch of the party which counted only about a dozen active members. In order to remedy this deficiency the French branch petitioned the Central Executive

(19) C. Starnes to O.D. Skelton, March 20, 1925. External Affairs Papers, file 379/25.

(20) C. Starnes to O.D. Skelton, September 26, 1925. External Affairs Papers, file 1119/22.

Committee of the party in Toronto to appoint a paid organizer to bolster its fortunes. The Committee obligingly chose an English-Canadian Albert Graves (alias "Gravel") from London, Ontario for the position. The Quebec wing was not very pleased with the choice and our special agent sought and obtained an interview with Ivan Kulik to complain. It is significant that Kulik and not the Central Executive Committee was in this case considered to be the higher authority on the matter. The Acting Official Agent advised that the Quebec wing had to accept the services of Graves for the time being. He explained that if Moscow did not shortly forward instructions on a new organizer, he personally would secure one from France or the Ukraine when he returned to the Soviet Union at the end of the year.⁽²¹⁾ The author has not been able to ascertain the outcome of the affair. One thing is certain: the Soviet Government would have reacted sharply in a situation similarly involving an official Canadian representative in the U.S.S.R.

III

There is no evidence to suggest that Kulik or other members of the Agency provided Canadian Communists with much more than moral or organizational support. In late 1924

(21) Ibid.

rumours circulated among the comrades in Montreal that Moscow was shortly going to send the princely sum of \$100,000.00 to rescue the CPC from near insolvency, but it is unlikely that the money ever arrived for the Party showed no sudden signs of affluence in the succeeding months and continued to diligently pass the hat for nickels and dimes at every opportunity. The Comintern did not have a great deal of money to spend and tended to invest what it did have in areas of the world where there was some chance of reaping more immediate revolutionary rewards. The workers of Britain, Canada and the United States were considered rich by Soviet standards (which they were) and therefore it was thought that they should be self-supporting.

Only in special cases does Moscow money seem to have been available to the CPC, and then only in small amounts. In 1925 the RILU offered five thousand dollars to striking miners in Nova Scotia, but the miners' council wisely declined the gift because of its political overtones. The author suspects that the Comintern occasionally supplied The Worker with small subsidies, for it is unlikely that the two-cent weekly with its limited circulation could have been self-supporting.⁽²²⁾ Probably the only money paid to Canadian Communists came in the form of living and travel expenses for

(22) It is doubtful that the paper had more than a thousand regular subscribers and its advertising revenues, judging from the number of ads run, must have been minimal.

a few members who attended the yearly Comintern Congresses or the Marx-Lenin Institute of advanced revolutionary study in Moscow. The Comintern also paid small allowances for such members' families who remained behind. Full time party stalwarts like John MacDonald and Tim Buck seem to have lived for the most part in perennial penury.⁽²³⁾ Communist funds that did reach Canada during the 1924-27 period undoubtedly did so through the Montreal Trade Agency via Arcos.⁽²⁴⁾

The Agency issued the necessary visas and other papers for these journeys and made the travel arrangements. According to disillusioned U.S. Communist Party leader Benjamin Gitlow, he and a number of associates made their pilgrimages to Moscow equipped with Canadian identification papers and passports.⁽²⁵⁾ Although ample facilities for forging passports existed in Moscow at the time, the genuine articles were preferred because they were relatively easy to get and did not have to be renewed for five years. These

(23) U.S. Communist Party leader Earl Browder admitted to Theodore Draper that in the later period 1930-35, the Comintern provided all told only about ten per cent of American Communist funds. Theodore Draper, American Communism and Soviet Russia, Viking: New York, 1960, p. 207.

(24) Documents seized during the Arcos raid indicated that Joseph R. Brodsky in New York City was the recipient of "money, per bank" from the Comintern. Russia No. 2 (1927), p. 20.

(25) Benjamin Gitlow, I Confess, New York, 1939, pp. 418-19. Gitlow travelled under the alias James Hay, a Canadian merchant. The false passport and other accompanying documents are reproduced on the inside cover of the book.

passports were obtained, states Gitlow, "by a Canadian Communist, an OGPU contact in Montreal engaged in the import and export business." (26) The import-export house was operated by R.P. Mendelsohn of Montreal who had

excellent connections with the passport bureau of the Canadian Government ... we [U.S. Communists] would go through Canada to make out the [passport] application in Canada. Then the application was mailed to Ottawa, and then [the acquired passport] was mailed to us in New York and we used it in New York to board ship for Europe and into the Soviet Union. (27)

In order to issue the corresponding entrance visas to the U.S.S.R. the Official Agent in Montreal must have had full cognizance of (if he did not actually direct) such illegal activities.

Thanks to the existence of the Agency, Montreal appears to have become a convenient point of entry and exist for various special agents en route from the Soviet Union to the United States. In 1925, the Comintern sent a high ranking representative Sergei Gusev (alias P. Green) to mediate the factional disputes that had developed in the American party. Gusev apparently spent some time in Montreal and returned to the U.S.S.R. via Canada. (28) The R.C.M.P. took note of a

(26) Benjamin Gitlow, The Whole of Their Lives, New York, 1948, p. 147.

(27) Official Report of Proceedings Before the Subversive Control Board, Attorney General U.S.A. vs. Communist Party U.S.A., 1951-52, Washington, (1952) pp. 82-83. Quoted in Rodney, op. cit., p. 57.

(28) Gusev's commanding role in the U.S. dispute is described in Draper, op. cit., pp. 141-150.

number of suspicious callers at 212 Drummond Street including a "particularly smart looking Oriental" sporting the fashionable combination of "clean white duck pants, blue coat and straw hat."⁽²⁹⁾ It is to be hoped that some future historian with access to Soviet files will be able to enlighten us further on the details of the missions of these fascinating individuals.

All of the Agency's work was not quite so mysterious. Although complete figures are lacking, during their three year stay in the Dominion the Trade Delegation bought small quantities of wheat and manufactured goods. According to a statement made to the Prime Minister in April, 1925, the following purchases were made from December, 1924, to April, 1925:

Flour	\$18,750,000.00	
Farm machinery	\$ 145,000.00	
Aluminum products	\$ 100,000.00	
Seeds	\$ 12,000.00	
Total	\$19,007,000.00	(30)

All of these purchases were made with short term loans granted by American banks, and Yazikov explained that if longer credits were extended to the U.S.S.R. by Canadian banks, much more could be bought. Such credits were never granted probably because of the bad publicity the Agency received over the

(29) J.W. Phillips to C. Starnes, July 29, 1925. R.C.M.P. Records, file 1925 HQ-761-Q-1 (Supp. A).

(30) King Papers, no. C104111.

forgery and literature affairs.

The Canadian estimate of the value of this trade was not quite so sanguine. For the fiscal year ending March 31, 1922, Canadian exports to Soviet Russia were officially valued at \$2,617,739. The figure dropped to \$1,256,640 the following year and dropped again to a token \$115,980 for the fiscal year ending in March, 1924. This latter amount was probably a result of the Anglo-Soviet dispute that year and the difficulties raised over proposed personnel for the Montreal mission. During the first year the Agency was active in Montreal the value of Canadian exports to the U.S.S.R. increased to \$11,669,352. But for the fiscal years ending in March 1926 and 1927, the figures dropped again to \$3,788,266 and \$2,407,206 respectively. The trade was entirely one sided. Canadian purchases from the U.S.S.R. amounted to a mere \$350,000 in 1924, and were almost negligible in other years.⁽³¹⁾

While the total amount purchased through the Montreal Agency was not insignificant, it was certainly not equal to the expectations of businessmen like F.H. Clergue. Since the U.S.S.R. had little foreign exchange and depended heavily on credit to make purchases, Yazikov's contention that trade was hampered by the reluctance of Canadian banks to make the required loans is probably accurate. To overcome these

(31) These figures are reproduced in James Eayrs, Northern Approaches, Toronto, 1961, p. 137.

difficulties Yazikov told the Prime Minister that he planned to set up a "Cantorg" company in Montreal similar to "Amtorg" in New York City. Any such plans were postponed after the recall of the Official Agent in mid-1925.

IV

When they were not engaged in official duties of one kind or another, the members of the Agency found time to exercise their literary talents. The Kuliks occasionally contributed articles and poems to the Ukrainian language Communist press. The R.C.M.P. monitored all radical publications and duly forwarded items of interest to the Department of External Affairs. In August, 1925, O.D. Skelton received a copy of a "threatening" poem from the Assistant Commissioner that had appeared in Chervony Shlyakh [The Red Path] which was probably written by one of the Kuliks under the pen name Rolenko. (32) This curious poem is most revealing and its garbled translation should not be lost to Canadian literature.

Canada, you as Ukraina,
Is not the farmer a peasant?
And many civil wars
Are growing ripe in your spaciousness.

(32) G.S. Worsley to O.D. Skelton, August 4, 1925. External Affairs Papers, file 379/25. Several stanzas have been omitted and some liberty has been taken with punctuation.

Hey, fertile Alberta,
Over you will pass Machno [sic. Translator's note:
Let swirl, let twirl, Ukrainian leader of an-
You will rise renewed. archists and bandits]

Hey young Halifax,
You think it will be to you as it is,
Don't you want the same
As it was in Odessa? [several revolutions-Trans.]

Hey, lakes of Ontario,
You are making noise not in vain,
Angry mirages will spread over you
From the Red armoured ships.

Hey Saskatchewan,
In your Soviet household
Will careful work
The diligent Land Commissariat.

And even you Yukon,
Will not be able to hide under the snow in time,
Very soon you will be covered
With Red new Donbas.

And you roaring Niagara,
Is it enough to boast with laziness,
You will serve soon
The electrification of the Soviets.

And you capital of Ottawa,
In your proud House of Commons,
Will seizingly rule
All the Canadian Soviet Government.

Skelton's reaction to this amazing piece of propaganda also deserves quoting. "I would live in the hope that Mr. Rolenko might in time come to be content with Canada as it is, even without a few pogroms and Chekas and Soviet autocrats to make it seem like home." (33)

(33) O.D. Skelton to G.S. Worsley, August 6, 1925. External Affairs Papers, file

Here in a poetic nutshell are many of the ingredients that went into Canadian Communism in the twenties: a tiny, dedicated and naive group of supporters with roots in the former Russian Empire; an ultrasensitive but not very well informed federal police force; an Undersecretary of State for External Affairs with a sense of humour.

THE DEMISE OF THE AGENCY

I

The year 1926 saw none of the fireworks that characterized the first two years of the Soviet encampment in Canada. The Agency continued to function normally in Montreal, but as far as Mackenzie King was concerned it ceased to exist. From the summer of 1925 to the end of 1926, the attention of the Prime Minister, indeed of the entire Dominion, was distracted by an exciting series of political developments in the federal arena.

In July, 1925, King called an autumn election and for two months the country was plunged into that frenzy of campaigning peculiar to a parliamentary democracy. But in spite of vigorous efforts the Government's lacklustre record told against it and the Liberals lost heavily to Arthur Meighen's Conservatives when the September 29th ballot was counted.⁽¹⁾ Mackenzie King, however, clung desperately to power through the precarious support of the surviving Progressives. For five months the Prime Minister fought off Meighen's concerted attempt to bring down the wavering Liberal-Progressive Government. Then in June, 1926, a scandal in the Customs Department rocked the House.

(1) The standing before the September election when there were four vacancies is given in brackets. Total seats 245 (235); Liberals 101 (116); Conservatives 116 (49); Progressives 24 (63); Others 4 (3).

King lost his grip on the majority and attempted to force an election by asking that Parliament be dissolved. In a surprise move the Governor General Lord Byng refused to consent to dissolution and King chose instead to resign on June 28. There followed some of the most chaotic and dramatic hours in the history of the Canadian Parliament. Arthur Meighen attempted to form a makeshift Government but within three days he too lost control of the House. Parliament was prorogued and another election called for September 1926. This time, when the vote was counted Mackenzie King found that he was again Prime Minister and had at last gained solid control over the House of Commons.⁽²⁾

What the Russians in Montreal thought of such bourgeois politics can only be surmised, but they were doubtlessly grateful that the attention of the federal authorities and the press was focused elsewhere. Unfortunately for them, however, events were again developing in Britain which would dramatically effect their position in the Dominion.

Officially, relations between Stanley Baldwin's Conservative Government in London and the Soviet Government had remained frozen at the stage of unconsummated de jure recognition left over from MacDonald's administration which,

(2) Liberals 116 (101); Conservatives 91 (116); UFA 11 (0); Progressives 12 (24); Liberal-Progressives 10 (0); Others 5 (4). Although technically not in the majority, the Liberals could rely on the support of the Liberal-Progressives.

it will be remembered, had gone down to defeat in late 1924 in the "Zinoviev letter" election. Now that the London Cabinet was staffed with Conservative, anti-Communist figures like Lord Birkenhead, Winston Churchill and Sir William Joynson-Hicks, further trouble was inevitable. During 1925 and 1926 relations between Britain and the U.S.S.R. deteriorated steadily. The Soviet Government continued its scarcely concealed political missionary work around the globe and ran into growing British hostility in the sensitive eastern marches of London's Empire. Continued Soviet support of the Communist Party of Great Britain and the labour movement in general was another factor dimly viewed by Baldwin and his colleagues. The General strike of 1926 is a case in point.

In May, 1926 a miners' strike in Britain degenerated into general strike which brought the nation to a standstill for a fortnight. Excited Moscow leaders saw visions of an English "October" and for weeks the Soviet press heaped abuse on Baldwin's Government and urged the British proletariat to the barricades.⁽³⁾ Under the auspices of the Red International Labour Union movement (Profintern) the Soviet Government began "canvassing" its millions of members for contributions to the British strike fund. Strike support

(3) The May 8, 1926 issue of Izvestia is an excellent example of such moral support.

across international boundaries from associated labour unions was not that unusual, but when huge sums of Communist money began pouring into the country, the Conservative Government grew alarmed. Ironically, the Soviet funds helped turn public opinion against the strikers and Baldwin was able to take extraordinary legal measures to force them back to work. The fact remains that such actions could only be interpreted by the British as unwarranted Soviet interference in domestic affairs of the nation.

British protests were to no avail, and if anything Comintern activity particularly in Persia, Afghanistan, India and China was stepped up. The Commissariat for Foreign Affairs under Chicherin and Litvinov laboured to maintain equilibrium and in September the ailing Leonid Krassin was appointed the new charge d'affaires in London as a gesture of reconciliation. In an attempt to assuage British sensitivities he offered to negotiate a new general trade agreement, hinting that British business would benefit directly. But it was too late. Krassin died within a month and the anti-Soviet tone of the Foreign office grew more ominous. In February 1927, Austen Chamberlain directed a sharp note to Moscow threatening to abrogate the Anglo-Soviet Trade Agreement, if the U.S.S.R. did not immediately put a stop to these flagrant examples of propaganda and aggression against the U.K. and its Empire.⁽⁴⁾

(4) Sir Austen Chamberlain to M. Rosengolz, February 23, 1927. Russia No. 3 (1927), no. 14.

The long expected spark was provided by the disappearance of an important secret document from the War Office in London. Baldwin agreed to a police raid on the premises of the Arcos Trading Corporation at 49 Moorgate St., which occupied the lower floors of the building which housed the charge d'affaires A.P. Rosengolz and his diplomatic staff. On May 12, 1927, agents from Scotland Yard swooped down on the Arcos offices to find its employees hastily trying to burn the files.⁽⁵⁾

The missing War Office document was not found and even though Rosengolz scarcely a month earlier had advised Moscow to temporarily suspend sending correspondence from the "friends and neighbours" [Comintern, OGPU] in case of a raid, the discovery of two locked underground rooms equipped with photographic and cypher apparatus plus the confiscation of a number of compromising documentary items was damning enough.⁽⁶⁾ On May 23rd, Prime Minister King was informed that London was now certain that Arcos was being used "as a center of military espionage and of Communist activities both in this country and in the Dominions, and has been in

(5) An unpublished official description of the raid is found in telegrams of the Dominions Secretary to the Governor General, May 16 and 23, 1927. Sessional Papers, no. 180 (1928), pp. 12-20; Governor General's Papers, file 34691, Vol. 2(b), no. 60950 et seq.

(6) These documents were published by the Foreign Office in Russia No. 2 (1927).

close touch with the Soviet Diplomatic Agency for these purposes". Pending the approval of Parliament, Britain, therefore, shortly intended to terminate the Anglo-Soviet trade Agreement of 1921 and sever relations completely with the intolerable Soviet regime.⁽⁷⁾

Canada, of course, was a party to the Anglo-Soviet Trade Agreement, so the British decision immediately effected Canadian-Soviet relations as well. But while the British Government theoretically took the view that the abrogation of the Agreement did not necessarily imply a similar action by Canada, Dominions Secretary L.S. Amery added in the same breath that since Soviet aggression had been directed against all parts of the Empire

... we should like to suggest for consideration that as regards to the retention of Soviet representatives in Canada that this is a matter on which uniformity of action by various members of the Commonwealth concerned would present great advantages.⁽⁸⁾

This request put Mackenzie King in a quandary. He had consistently stood for Dominion independence from the decisions of the British foreign office. He had even gone as far as to quietly extend official Canadian recognition of the U.S.S.R. back in 1924. Now the Canadian Government

(7) Secretary of State for Dominion Affairs to the Governor General, May 23, 1927 (third cable). Sessional Papers, no. 180 (1928), p. 23; King Papers, no. C104235.

(8) Ibid., p. 21.

was being asked to evict the Russian trade representatives in Montreal in the interest of Imperial solidarity because Moscow had been charged with flagrantly violating the Agreement in the U.K. and China. Canadian-Soviet relations were presently in good order and the Montreal Agency provided the country with not invaluable trading prospects. On the other hand it would be almost unthinkable for Canada to remain the only English-speaking country to retain official representatives of the U.S.S.R. The Prime Minister decided to put the matter before Cabinet and he instructed O.D. Skelton to put together as soon as possible a comprehensive analysis of the Arcos break and its legal implications for the Dominion.

At Skelton's suggestion, he cabled Viscount Amery to ask whether any evidence had been uncovered which definitely proved that the Official Agency in Montreal was a center of espionage and subversive activity similar to Arcos.⁽⁹⁾ The Dominion's Secretary admitted the following day (May 24th) that the only evidence linking Arcos with Canada were some sealed envelopes that contained circular Comintern bulletins on various organizational matters which were found addressed to a number of Communists or party organizations in North and South America, a few of which were Canadian.

(9) Governor General to Secretary of State for Dominion Affairs, May 24, 1927. Sessional Papers, no. 180, p. 24.

The Cabinet met on the morning of May 25th to decide whether Canada should or should not follow the British lead and ask the Soviet Government to withdraw its Agency from Canada. Although O.D. Skelton did not attend this meeting, the Prime Minister went armed with the Undersecretary's hastily written memorandum on the difficult situation.⁽¹⁰⁾ In it Skelton reviewed the main reasons advanced for the British decision - evidence of Soviet propaganda and subversive activity, and went on to suggest the possibility of a more devious political motive. He pointed out that the Conservative Government, having found its anti-strike legislation of 1926 very unpopular, could conceivably be creating an emotional issue with which to discredit the Labour Party. "Another Zenovief letter election may be in prospect" he added. As for Canadian abrogation of the Trade Agreement, Skelton said that there were arguments on both sides:

In favour of retention may be urged the importance of Russia, as an export market, the desirability of keeping free from British political party manoeuvres, and the avoidance of any implication that the Canadian Government necessarily adopts all policies on foreign relations of the British Government. Against retention it may be urged that the action of the Soviet authorities is flagrant, that a large section of Canadian opinion would be much wrought up by a decision to retain relations which Great Britain had broken, and that diplomatic difficulties would follow any endeavour to retain the Agreement.

(10) O.D. Skelton, "Memorandum: Anglo-Soviet Relations," May 25, 1927. King Papers, Cl01039-43.

It may be added that as far as we are aware, there is no information indicating that the Trade Agency in Canada had participated in espionage or subversive propaganda.(11)

We can infer from the tone of the Memorandum that the Undersecretary of State for External Affairs preferred to retain the Agreement in spite of the contrary advice of the British Government.

Although the author has been unable to turn up any record of that crucial Cabinet meeting,(12) the decision does not appear to have ever been in doubt. The British and Canadian press had as usual given the U.S.S.R. a great deal of bad publicity over the Arcos raid and the volume of Canadian-Soviet trade was not significant enough for there to be serious concern over its loss. Doubtless too, King and his ministers remembered the previous problems over the importation of Yazikov's "library" and the fact that the Agency seemed to be implicated in some Soviet attempt to counterfeit Canadian money. It was therefore decided to concur with the British request for uniformity of action.

The Prime Minister had two options open with which to terminate Soviet-Canadian trade relations. He could, as

(11) Ibid.

(12) Minutes of Canadian Cabinet meetings have been kept only since 1940.

the British suggested, take the position that the exchange of notes which took place between representatives of the Foreign Office and the Soviet Trade Delegation in London in 1922 constituted a separate agreement and declare the abrogation of that agreement. Considering King's policy of Dominion sovereignty this choice was the most logical even though it did suggest that the Dominion Government was obligated to follow the whims of British foreign policy. On the other hand King . could take the view that Canada had simply signed a codacil to the original Agreement which now lapsed automatically as a result of the British decision. Skelton advised that this latter safer course be adopted but King opted for the former. The following day a cable was sent to London in which the Canadian Government expressed its agreement that the Soviet Government had by its subversive actions broken the essential pledge to "refrain from hostile action of undertakings and from conducting outside of its own borders any official propaganda direct or indirect against the institutions of the British Empire",

In order to remove any doubt as to whether the Agreement lapses automatically and having regard to all the Circumstances, they /the Prime Minister and Cabinet/ have accordingly decided to terminate the Agreement.(13)

(13) Governor General to the Secretary of State for Dominion Affairs, May 26, 1927. King Papers, no. C104256-7.

If the Prime Minister's position was timorous, at least he could not be accused of being inconsistent.

L. Gerus was invited that same evening for an interview with the Prime Minister to be informed of the decision. King carefully explained that although he found no fault with the new Official Agent's conduct and still hoped to encourage trade between Canada and the U.S.S.R., the Soviet Government had plainly failed to honour its moral commitments under the Agreement and the Canadian Government was therefore obliged to ask the Delegation to leave as soon as possible. Gerus pleaded his case at length, but to no avail, and he apparently left the interview quite upset. Without waiting to consult his Government he cabled one final emotional appeal to the Prime Minister the following day, releasing the text to the press as it was sent:

Pray, once more hesitate to abolish the treaty with the Soviet Union. If it is inevitable, let us abolish it in accordance with the Anglo-Russian Trade Agreement, which says: "Before taking any action inconsistent with the agreement, the aggrieved party shall give the other party a reasonable opportunity of furnishing an explanation or remedying the default." Give me an opportunity to present you with an explanation on behalf of the Soviet Government regarding the accusation made against it by the British Government ... On my way from Ottawa to Montreal, I read your statement that "no espionage by Russian office at Montreal found". Under different circumstances this statement would please me very much. But I carried in my heart the arrow of the injustice which your Government committed against the Workers' and Peasants' Government of the Soviet Union. I recollected that you once told me that your grandfather suffered for the sake of the poor people. I wish his spirit would advise you not to commit an injustice at the present tragic

time and to do your utmost not to break the relations between Canada and the Union of Soviet Socialist Republics - the two countries that have so many interests in common.(14)

One wonders with what emotion the Prime Minister received this extraordinary appeal. In any case it had no effect on the Canadian decision. For Gerus, however, the result was more unfortunate. He had sent the telegram and released its contents entirely on his own initiative. He communicated the text to Moscow the same day asking for further instructions on the situation. His superiors apparently did not like the suppliant tone of the note and Gerus was instructed to wind up the Agency's affairs and leave the country immediately.⁽¹⁵⁾ Within two weeks the Russians had sailed for home where a reprimand (or worse) doubtlessly awaited them.

Thus the curious and eventful first official contacts between Canada and the Soviet regime were severed unexpectedly and without much ado. Fifteen years were to pass before accredited representatives of the U.S.S.R. set foot in the Dominion again.

(14) L. Gerus to W.L.M. King, May 26, 1927. Sessional Papers, no. 180 (1928), pp. 40-41.

(15) L. Gerus to W.L.M. King, May 28, 1927. King Papers, no. C104266.

The removal of the Soviet Trade Agency was an unfortunate loss for the Communist Party of Canada. The Montreal comrades had been a very real link in the ideological chain that bound the Party to Moscow. Although the Agency represented the Soviet Government and not the Comintern, after 1925 the Moscow's dominance over its international organization was complete and hence Yazikov, Kulik and Gerus enjoyed the respect and the full confidence of Canadian Communist leaders. Now the Canadians were obliged to once again rely on information and directives brought in from Moscow by delegates to the Comintern Congresses or forwarded at length through the offices of the Soviet Amtorg Trading Corporation in New York City. After 1927 the Canadian Party entered one of the more unsettled periods in its history. In 1928 Ivan Spector, the editor of The Worker, came out openly in support of the Trotskyist opposition inside the U.S.S.R. and was expelled from the CPC. A few months later a dissident minority of pro-Stalin supporters led by Tim Buck, Stewart Smith and Malcolm Bruce managed to overturn long-time Party leader John J. MacDonald, weakening the Party even further.⁽¹⁶⁾ By 1929 the CPC had fallen under the direction of pliable Stalinist party hacks and its membership was down considerably, thanks to the attempted

(16) Rodney, op. cit., p. 155.

application of the Comintern's unpopular Bolshevization policy. Perhaps if the Agency had been allowed to remain in Montreal the Canadian Communist Party would not have entered the thirties so poorly prepared to capitalize on the economic and social discontent fostered by the Depression in Canada.

As expected, the termination of relations with Moscow, did have an adverse effect on Canadian-Soviet trade. At the time of the break the Agency was in the process of negotiating suitable terms for the purchase of a large order of farm machinery from Massy-Harris Company and several thousand horses from western ranchers. These orders were suspended and eventually cancelled. Some Canadians were therefore deprived of valuable cash transactions as a result of the Cabinet's decision.

In spite of these losses, Canadian public opinion backed the Government almost completely. The Soviet Government had made few friends by trading in the Dominion and virtually every large newspaper from Victoria to Halifax welcomed King's decision with varying degrees of enthusiasm.⁽¹⁷⁾ This time there was no intercession by Francis Clergue or other Canadian industrialists interested in Soviet business.

(17) A. Balawyder analyzes the press reaction to the break: Canadian-Soviet relations 1920-1935, pp. 86-88

Only a handful of left wing organizations like Senn Fein Club of Toronto, the Workers Party of Manitoba and the Workers and Farmers of Central Ontario criticized the Government for jeopardizing Canadian-Soviet trade and slavishly following the example of Great Britain when no evidence of subversion was found against the Drummond Street Agency.⁽¹⁸⁾ The only really violent reaction to the break came naturally from the Canadian Communist Party and for several weeks The Worker fulminated against the "iniquitous capitalist governments of Stanley Baldwin and his lackey Mackenzie King." Political squabbles of this nature have a way of quietly disappearing and in a few months most Canadians forgot (if they had known in the first place) that the official representatives of the U.S.S.R. had taken such an unceremonious leave of the country. Those that remembered did so in the hope of embarrassing the King Government when Parliament met again.

Parliament was not in session in May, 1927, when the Arcos affair broke and it was not convened again until late January, 1928. On February 16, A.A. Heaps, the Labour-Independent member for North Winnipeg, introduced a motion to have the Government put before the House copies of all the documents pertaining to the Canadian-Soviet break. King

(18) These letters of protest are found in Sessional Papers, no. 180 (1928), pp. 48-50, 54-56.

did not oppose the motion but noted that permission would have to be obtained from London before any of the British documents concerned were made public.⁽¹⁹⁾

The Prime Minister was not particularly anxious to reopen this touchy matter. By using the excuse that permission had not yet arrived from London, he managed to postpone tabling the pertinent correspondence, which was ready for presentation by mid-March, until the very end of the session. In order to be well prepared to answer any criticism of his action he asked O.D. Skelton to set out all possible defensive arguments in a memorandum.⁽²⁰⁾ On May 28, Henri Bourassa led off the attack against what he considered to be the Government's obsequious foreign policy. How ironic, he stated, that after all the mumbo-jumbo about equality of status and direct government-to-government channels of communication at the 1926 Imperial Conference, it should take so long to get permission to see documents that related solely to Canada. Bourassa then coolly reviewed those cables and pointed out that though the Government had admitted that they had no grounds for complaint against the Agency, it had broken the Agreement

(19) Canada, Debates of the House of Commons, 1928, p. 544.

(20) The memorandum found in the King Papers, nos. C104041-49 is unsigned. The style is O.D. Skelton's and it has been typed on the same typewriter used for most of his other work.

with Russia on the mere suggestion from the British that they had uncovered evidence of world wide Soviet subversion. And when this evidence finally arrived after the break, what did it amount to? No more than a handful of addresses of known Bolsheviks in that "holy, sanctimonious center, the Queen City of Toronto!"⁽²¹⁾ To this J.S. Woodsworth charged that the Arcos raid had been carried out because of pressure brought to bear on the London Government by the powerful British-owned Royal Dutch Shell Company, which was facing stiff Soviet competition in U.K. markets. Thus, Canada found itself in the unenviable position of meekly paying homage to the oil Kings of London.⁽²²⁾

After the supper recess Mackenzie King presented an elaborate defence of his action. He had never been happy with the relations with Bolshevik Russia he stated, but since the Trade Agreement had been approved by the previous administration and was clearly desired by some Canadian business interests, his government had retained it. From the beginning, however, the Agency had made themselves unwelcome in the Dominion. Here King related the story of how Yazikov had attempted to bring with him huge amounts of communist propaganda and had been let off "generously".

(21) Hansard, May 28, 1928, pp. 3445-50.

(22) Ibid., pp. 3462-63.

As for the lack of evidence in the Arcos raid, the Prime Minister hinted that because of dark events behind the Drummond Street Agency's walls he had nearly ordered a police raid on it himself. If anything it was only concern to avoid embarrassment to "other parts of the Empire" that Canada had maintained the trade relations as long as she did. As for slavishly imitating the British Government, King had this to say:

It was precisely because we wished our action to be understood as independent action that we did not wait until discussion had taken place in the British Parliament ... We were not following anyone, we were acting on our own initiative and taking action towards this particular trade mission which we felt justified.(23)

It was an effective ex post facto argument even if it did exaggerate the facts a little. Even R.B. Bennett concurred with the decision. When King concluded, Bennett rose and said "... the Prime Minister is entitled to congratulations from all right thinking Canadians for having taken that action".(24) Only a few left thinking Canadians were not quite so anxious to extend their thanks.

(23) Ibid., pp. 3468-70.

(24) Ibid., p. 3477.

CONCLUSION

I

Given all the circumstances, was the Prime Minister's decision to ask the Soviet Trade Agency to leave in 1927 an appropriate one? Considering the alacrity with which the Canadian Government met the British request to do so - a mere two days - and the fact that by their own admission the British had not turned up any evidence against the Agency in Montreal, it is difficult to avoid Bourassa's conclusion that in this case Canadian policy had slavishly imitated the British model. We must remember though that the Prime Minister and his cabinet were under the impression that the Russians were engaged in a number of nefarious projects. This, of course, was true to a certain extent although those activities were perhaps not quite the type the Government imagined them to be.

On the other hand it could be argued that retaining the Agency while the British had demanded the immediate withdrawal of all Soviet personnel in the U.K., would have been at least unpatriotic and unpopular in the Dominion. The Arcos Raid generated a great deal of anti-Soviet feeling in the Commonwealth and if King had retained the Agency, while it might have been welcomed by a few Canadians like Bourassa and Woodsworth as a gesture of Dominion sovereignty, there is no doubt that many others would have condemned it. Canada had

no official representatives in Moscow other than the British charge d'affaires and his staff, all of whom had been recalled to London when the Arcos affair broke. Therefore maintaining the semi-official Canadian - Soviet contacts would have been a difficult task and would have likely required the unprecedented appointment of some sort of Canadian official to Moscow. Being a prudent man, Mackenzie King chose the most prudent course of action.

There is but one small irony. In spite of the well advertised ten-day ultimatum, the British Government allowed Arcos with a limited staff to continue its operations in the U.K. after all of the diplomatic representatives had been sent packing. Baldwin's Conservatives were themselves far too sensitive to the importance of Anglo-Soviet trade to follow through with their announced intentions. Canada might have to terminate her trade with the Russians, but this was too much to ask of the British taxpayer. So the Canadian eviction of the Montreal Agency in the "interests of Imperial solidarity" became a meaningless gesture, and the British request falls into a class described aptly by the maxim "don't do as I do; do as I say".

In separately recognizing the U.S.S.R. in 1924, the Prime Minister thought he was asserting the right of a government of an independent Dominion to make foreign policy decisions on matters which effected it alone. But while the principle was an ideal one, paying lip service to it in this

fashion was also an empty gesture. Except for London and Washington, Canada maintained no official representatives in foreign capitals in the period under study. The Department of External Affairs had neither the expertise nor the staff to create and maintain the really independent policies that King and many others including Bourassa and Woodsworth imagined to be appropriate.

Canada, as we have seen, was obliged to rely heavily on the British Foreign Office for information on and contact with the Soviet Union. Built in imperfections in the channel of communication between London and Ottawa produced embarrassing delays on important matters like the signing of the Canadian codacil to the Anglo-Soviet Trade Agreement or the desirability of certain Soviet citizens named to the Montreal Trade Agency. In spite of these defects it should be noted that Mackenzie King was satisfied with this reliance. He pointedly refused to name Canadian trade representatives to the staff of the British legation in Moscow, preferring instead to rely on the charge d'affaires there to handle Canadian-Soviet contacts. Expanding the staff of the Department of External Affairs to include a number of foreign experts and additional foreign service officers did not make sense for a small Dominion that had at its disposal the vast British overseas diplomatic operation. Since the Canadian Government in the twenties and thirties was unprepared to pay the administrative costs of a foreign service of its own,

it was inevitable that in certain instances like the Arcos raid and its sequel Canada would fall prey to the very situation most of her legislators were anxious to avoid - a foreign policy dictated by the exigencies of British party politics.

One other aspect of the Prime Minister's approach to the Trade Agency is worth noting. In addition to his regular duties Mackenzie King was his own Minister of External Affairs until 1946. He was a man who did not readily delegate authority to others and in spite of a great capacity for work he was never quite able to attend to the details of this office. Part of the unusual delays in dealing with the U.S.S.R. and its trade representatives undoubtedly stems from this situation. Except for those times that some suspected sin of the Agency was brought to his attention, King does not seem to have given it or Canadian-Soviet relations much thought. Thus Yazikov's library, most of which was pronounced harmless by Dimitri Ter-Assatourov, was kept locked up in a government warehouse for over a year not because King was waiting for the outcome of some more exhaustive investigation but simply because it slipped his mind for long periods of time. King forgot that he had ordered the R.C.M.P. surveillance of 212 Drummond Street in 1925, and it dragged on uneventfully for several months. The fact that Mackenzie King was constantly inundated with the many tasks of government combined

with his relative inexperience in dealing with the U.S.S.R. may partly explain why he tended to overreact to the three brief situations where events seemed to indicate that the Soviet traders were engaged in various duties far beyond those specified by the Anglo-Soviet Trade Agreement: carrying on propaganda, forging Canadian currency and operating a subversive espionage network out of Arcos in London.

II

We should not exaggerate the importance of the Soviet Trade Mission to Canada 1924-1927. By international standards the amount of business Canada did with the Soviet Union in the period was next to negligible. That the Agency was not a very effective factor in the Communist Party of Canada is evidenced by the fact that the party grew increasingly stagnant as the decade progressed and like its American counterpart declined substantially in active membership.

There is no doubt the Agency engaged in various intelligence activities. We would expect that Yazikov, Kulik and Gerus sent exhaustive reports to their superiors in Moscow on the subject of Canadian politics, economics, education, military strength and Canadian newspaper reports on Soviet topics. This type of information gathering is

the bane of most diplomatic or pseudo-diplomatic representatives in a foreign country. It is very likely that the attention of the Delegation was for the most part taken up reporting on the Communist Party faithful and the activities of various ex-patriot groups of Finns, Ukrainians and Doukhobors. The U.S.S.R. has never had an equal in terms of the amount of filed information that is retained on the movements of its enemies, international supporters, and more important on the daily activities of its Citizens. In this respect the Soviet regime has inherited, and vastly improved the secret police traditions of the autocratic Czarist Empire.

The special diplomatic courier privileges extended the Agency made it an extremely useful two way channel of communication for the Comintern. Minutes of the Executive Committee of the CPC were sent off quickly to Moscow, and Comintern directives travelled the same safe route in reverse. Moreover, members of the Delegation notably Ivan Kulik, actively engaged in promoting the proletarian cause in Canada by giving inspirational lectures to anyone interested and lending their administrative talents to the CPC when required. Mackenzie King and the R.C.M.P. considered such acts to be on the borderline of subversion but tolerated them nonetheless - an approach that was prudent and wise. A nation that sets up universal freedom of speech and association must be on principle prepared to tolerate the inevitable small minority who express views contrary to the prevailing norm.

The role played by the Agency in aiding Comintern representatives and American Communist Party members and to circumvent the passport and immigration laws of Canada could certainly be considered much more serious. And if we have read the fragmentary facts correctly there is good reason to believe that the Agency was the center of a genuine espionage network headed or at least being developed by Ivan Kulik. It is unlikely, however, that such Soviet espionage was very extensive or a tenth as sophisticated as the several parallel networks exposed by Igor Gouzenko in 1945. The Agency was not in the Dominion long enough for it to develop the long term contacts necessary to an efficient undercover intelligence operation. We can reasonably suspect too that the prime target of such an operation would have been the United States, although D.J. Dallin notes that some time during 1927 or 1928 Soviet agents secured and photographed the plans of the British warship Royal Oak from Canadian sources.⁽¹⁾

When evaluating this kind of aggressive espionage behaviour we must remember that the Soviet Government had ample reason to believe that capitalist states were irreconcilably hostile to Communism. Examples of such hostility were patently obvious from the international Intervention against the Bolsheviks during the Russian Civil Wars. Moreover, as we have noted above, Canadian troops had

(1) Dallin, op. cit., p. 393.

actively if unwillingly campaigned with the Allies against the Red Army in North Russia and had assisted the Americans and the Japanese in Eastern Siberia. If the situation had been reversed and the Russians had similarly interfered in the Canadian northlands, no-one would blame the Canadian Government if it subsequently treated the Russians with scarcely concealed contempt. It is not without reason, therefore, that the Soviet Government canonized its Comintern and espionage activities with the mark of defensive necessity.

Western nations have come to expect industrial and military espionage from the Soviet Union as a matter of course. Indeed, such activities have only recently been made respectable by Hollywood. Whether the tasks are made any easier by the existence of diplomatic, commercial or cultural agencies must therefore be weighed carefully against the various advantages of direct contact and trade with the U.S.S.R.

CRITICAL BIBLIOGRAPHY

I. Primary Sources

1. Manuscript Documents:

Borden Papers, Public Archives of Canada, Ottawa.

External Affairs Papers, Government Records Center, Ottawa.

Governor General's Files, Public Archives of Canada.

W.L.M. King Papers, Public Archives of Canada, Ottawa.

Post Office Records, Public Archives of Canada, Ottawa.

R.C.M.P. Records, C.I.B. Files, Public Archives of Canada, Ottawa.

Sessional Papers, The Journal Section of the House of Commons, Public Archives of Canada, Ottawa.

O.D. Skelton Papers, Public Archives of Canada, Ottawa.

2. Printed Documents:

Canada, Debates of the House of Commons, 1922-28, Ottawa.

Canada, Royal Commission to Investigate the Disclosure of Secret and Confidential Information to Unauthorized Persons, King's Printer: Ottawa, 1946. The findings of the Royal Commission which investigated Soviet espionage activities in Canada following the disclosures of defector Igor Gouzenko in 1945. The classic illustration of the operation and organization of Soviet espionage in its early stages.

Degras, Jane (ed.), Soviet Documents on Foreign Policy, London and New York: Oxford, for the Royal Institute of International Affairs. Vol. I, 1917-24 (1951); vol. II, 1925-32 (1952). A massive collection of translated diplomatic documents from official Soviet and other sources which is invaluable for the student of Soviet foreign policy.

Degras, Jane (ed.), The Communist International 1919-1943; Documents, London and N.Y.: Oxford, for the Royal Institute of International Affairs. Vol. I, 1919-22 (1956); vol. II, 1923-28 (1960). The most comprehensive and reliable collection of documents on the Comintern and Communist Parties throughout the world.

Great Britain, Foreign Office, A Selection of Papers Dealing with the Relations Between His Majesty's Government and the Soviet Government, 1921-1927, Cmd. 2895. Russia No. 3 (1927). H.M. Stationary Office: London, 1927. A White paper showing how the Soviet Government (through the Comintern) refused to curtail its propaganda activities in Britain and the Empire in spite of repeated British protests.

Great Britain, Foreign Office, Communist Papers: Documents Selected from those Obtained on the Arrest of Communist Leaders on the 14th and 21st October, 1925. Cmd. 2628, H.M. Stationary Office: London, 1926. British White paper demonstrating the financial and organizational support the Communist Party of Great Britain received from the Comintern.

Great Britain, Foreign Office, General Treaty Between Great Britain and Northern Ireland and the U.S.S.R. (unratified August 8, 1924, Cmd. 2260 (Russia No. 4, 1924).

Great Britain, Foreign Office, Cmd. 2874. Russia no. 2 (1927). Documents illustrating the Hostile Activities of the Soviet Government and the Third International against Great Britain, H.M. Stationary Office: London, 1927.

Gromyko, A.A. et. al. (eds.), Dokumenty Vneshnei Politiki SSSR, Gospolitizdat: Moskva, 1957 (in progress). Official publication of diplomatic documents from the Soviet Archives. Thorough, but the editing seems to reflect political pressures. Vol. VII contains limited material on Soviet-Canadian relations.

II. Secondary Sources

Agabekov, Grigorii S., OGPU, The Russian Secret Terror, Brentano: New York, 1931. Agabekov was a former OGPU organizer in Afghanistan and Persia before his defection to the west in 1930. Although his work is coloured by a heavy dose of self-importance, it provides a vivid look at the OGPU in its early stages of organization. According to the author the secret police operated with the usual intrigues and inefficiencies of a large bureaucracy but nevertheless had great success retrieving information from various sources.

Barmine, Alexander, One Who Survived; the Life Story of a Russian under the Soviets, Putnam: New York, 1945.. Memoirs of a Soviet diplomat who defected to the west in the purge era written with restraint and insight. Barmine was Consul in Rasht Persia in 1925 when Soviet agents there were thought to be passing forged Canadian currency. He makes no mention of such activities.

- Bolshaia Sovetskaia Entsiklopediia, Moska, 1954. The standard Soviet encyclopedia. Excellent reference for non-political topics but otherwise suffers the vicissitudes of Marxist dogma and political expedience.
- Borden, Henry (ed.), Robert Laird Borden: His Memoirs, Macmillan: Toronto, 1938.
- Buck, Tim, Thirty Years, 1922-1952; the Story of the Communist Movement in Canada, Progress Books: Toronto, 1952. Biased, unreliable and undocumented account of the Communist Party of Canada by the Party's leading figure in the thirties and forties.
- Carr, Edward H., A History of Soviet Russia, Macmillan: New York and London, 1950. This ten volume series by the distinguished British Historian E.H. Carr is easily the most definitive study yet done on the Russian Revolution and the early years of the Soviet regime. Vol. 3: The Bolshevik Revolution, 1917-1923 and Vol. 7: Socialism in One Country deal extensively with Soviet foreign policy in the period under study in this work.
- Dallin, David J., Soviet Espionage, Yale: New Haven, 1955. A well written but badly organized standard account of Soviet espionage since the early twenties. Based on European police files and various western sources, this work is necessarily unbalanced and many of Dallin's hypotheses should not be accepted uncritically. Given the nature of the subject, however, no book can hope to be either exhaustive or definitive, and this one comes closer than any other.
- Dawson, R.M. William Lyon Mackenzie King, A Political Biography, Vol. 1, University of Toronto Press, 1958. Canadian biography at its best.
- Deriabin, Peter, and Gibney, Frank, The Secret World, Doubleday: New York, 1960. Deriabin was a member of the Kremlin Guard and later a KGB agent working out of the Soviet Embassy in Vienna after the war. Written several years after his defection to the West, this autobiography provides one of the most intelligent and revealing accounts of the workings of the Soviet espionage apparatus.
- Draper, Theodore, The Roots of American Communism, Viking: New York, 1957, Macmillan: London, 1957. The most important critical history of the American Communist Party in its early years. Draper's scholarly second volume American Communism and Soviet Russia; the Formative Period, Viking: New York, 1960, provides evidence of the Canadian links in the Comintern organization.

Davies, Raymond, Canada and Russia; Neighbours and Friends, Progress Books: Toronto, 1944. A superficial account of Canadian-Soviet relations based on newspaper and secondary sources, written in the short-lived wartime era of Allied cooperation.

Eayrs, James, Northern Approaches, University of Toronto Press, 1961. A penetrating, readable, and sometimes irreverent account of aspects of Canadian foreign policy. Eayrs devotes a chapter, based on the King Papers, to early Canadian-Soviet relations. His interpretation is superceded by the present work.

Eayrs, James, The Art of the Possible, University of Toronto Press, 1961.

Gitlow, Benjamin, I Confess; the Truth About American Communism, Dutton: New York, 1940. Gitlow, an important Communist in the twenties was ousted from the Party in 1929. This fascinating but egotistical autobiography is important for a view of the interior of the American Communist movement in its formative days. Gitlow firmly establishes the role played by the Canadian Communist Party obtaining false passports and papers for Comintern personnel.

Hopkins, Castell, (ed.), The Canadian Annual Review, 1920-1928, Toronto.

King, William Lyon M., Industry and Humanity, Houghton Mifflin: New York, 1918. Discursive, but valuable for determining King's early social philosophy.

Lenczowski, C., Russia and the West in Iran 1918-1948, Cornell University Press, 1949.

Masters, D.C., The Winnipeg General Strike, University of Toronto Press, 1950. Masters' vivid analysis of the strike effectively portrays the Red "Scare" attitude of Canadian business and government leaders in the immediate post World War I era which hampered the establishment of settled Canadian-Soviet trading relations.

Neatby, H. Blair, William Lyon Mackenzie King. A Political Biography, Vol. 2, University of Toronto Press, 1963. The only work which deals with all aspects of King's career in the twenties and early thirties with unbiased thoroughness and accuracy.

Nicholson, Col. G.W.L., The Canadian Expeditionary Force, Queen's Printer: Ottawa, 1962. The competent official history of Canada's effort in the Great War. Nicholson gives an excellent description of the Canadian expedition to North Russia 1918-19, although he makes no mention to the alleged mutiny of the troops alluded to in the Borden Papers, OC 519.

Rodney, William, Soldiers of the International: A History of the Communist Party of Canada 1919-1929, University of Toronto Press, 1968. Although Rodney is a competent historian and his judgements are undeniably sound, his treatment of this difficult subject is over technical and detailed to a fault. Scarcely a shred of humanity remains to the protagonists in this dry document-to-document account of the Communist Party's early vicissitudes. Rodney notes in passing that the Trade Agency doubtlessly "facilitated discreet operations" but makes no attempt to elaborate on the very real and vital connection between the Agency and the Party.

Yuzyk, Paul, The Ukrainians in Manitoba, University of Toronto Press, 1953. The definitive social history of the Ukrainian community in Canada to 1953. Senator Yuzyk concludes that Ukrainian Communists represented only a small and vociferous minority of the community directed by Moscow trained leaders.

III. Articles and Theses

Balawyder, A., Canadian Soviet Relations, 1920-1935, Ph.D. Thesis, McGill University, 1964. The definitive work on Canadian-Soviet relations thoroughly researched and well written. Based on documentary material not available to Dr. Balawyder in 1965, this thesis complements his interpretation of the role played by the Trade Agency in the 1924-27 period. We look forward to the forthcoming publication of his book on Canadian-Soviet relations between the Wars.

Smith, Gaddis, "Canada and the Siberian Intervention," American Historical Review, vol. 64 (1959).

Mead, F.J., "Communism in Canada," The Royal Canadian Mounted Police Quarterly, July, 1929.

----- "Communism" Law and Order in Canadian Democracy, King's Printer; Ottawa, 1949.

----- "Counterfeiting" Law and Order in Canadian Democracy, King's Printer; Ottawa, 1949.

----- "Counterfeit Canadian Banknotes," Russian Review
(New York), vol. III, 1925.

IV. Newspapers:

Le Devoir, Montreal
Izvestia, Moscow
The Mail and Empire, Toronto
New York Times
Pravda, Moscow
The Ottawa Citizen
The Standard, Montreal
The Star, Montreal
The Star, Toronto
The Times, London England
The Ukrainian Labour News
The Worker, Toronto