ISSN 2335-2337. BALTIC JOURNAL OF POLITICAL SCIENCE. December 2012, No 1

ECONOMIC ASPECTS OF THE US *DE JURE* RECOGNITION OF THE BALTIC STATES IN 1922

Eero Medijainen

ABSTRACT

A certain unity among the Baltic states emerged during their simultaneous fights for independence and for recognition by the great powers in Europe and the US. The recognition was given separately to Estonia, Latvia, and Lithuania, and not commonly to the Baltic states. This article tries to determine when and under what circumstances the Baltic question reached the institutions and leading persons dealing with foreign relations in the US as a separate problem independent of Russia. After the independence of the Baltic states, there followed a repelling attitude from the US and non-recognition until 1922.

On 28 July 1922, at 11 o'clock, Charles H. Albrecht, the US consul stationed in Tallinn, arrived for an audience with Ants Piip, the Minister of Foreign Affairs of Estonia.[1] The meeting had been prearranged, and the Minister was aware of its purpose. At the same time, similar procedures were performed in Riga and Kaunas. The news had already rolled off the printing presses of some US newspapers, ready for the morning reader. Thanks to the time difference, the official notes could be handed over in the Baltic capitals before the release of the newspapers. It represented the long-awaited de jure recognition of Estonia, Latvia and Lithuania by the USA, the decision passed by the government on 25 July 1922.

Surprisingly, the foreign policy and the place in international relations of Estonia and of the other Baltic states in 1917–1919 have found an extensive treatment by Finnish scholars (Kalervo Hovi 1973, 1975, 1976, 1984a, 1984b, Olavi Hovi 1980, Zetterberg 1977). An in-depth analysis has been made of the problems related to granting recognition to Estonia and the other Baltic states by Finland and the Scandinavian countries. The most voluminous research to date on the issue of the US de iure is a monograph published in 1965 by Albert N. Tarulis, a scholar of Lithuanian extraction (Tarulis 1965). He drew on the previously published US foreign policy documents, corresponding collections at the *National Archives* and materials from expatriate Lithuanians operating in America. Therefore, he primarily portrays the internal pressure exerted on the State Department by the so-called Baltic people using various levers and levels for the purpose of obtaining recognition and the right to designate diplomatic and consular representatives. To a lesser extent, he analyses the reasons why the US administra-

Eero Medijainen, University of Tartu, Estonia, eero.medijainen@ut.ee, tel. +372 53 455 089

[1] The Secretary of State to the Commissioner at Riga (Young) July 25, 1922. United States Department of State. Papers relating to the foreign relations of the United States (FRUS), (1922), 873–874.

tion delayed the decision of recognition for so long. Nevertheless, Tarulis was the first to raise the question: Was the US de jure recognition of the Baltic states in 1922 conditional? For the USA, the conditionality of the recognition was due first of all to its relations with Russia, which Tarulis treated in less detail. Also, the issue of debts received relatively little attention from him. Constantine R. Jurgela approached the same topic as a special Lithuanian case study (Jurgela 1985). His research on the establishment of state relations between Lithuania and the United States was based mostly on the published US foreign policy documents. He estimated highly the pressing to the US president Harding by the Lithuanian–American community, but he seems to avoid the fact that the recognition was given simultaneously to all three Baltic states. He and especially Alfonsas Eidintas pointed out the role of different institutions of the Lithuanian emigration and their activity in achieving the recognition of Lithuania (Eidintas 2003: 115–146). From the point of view of Lithuania, understandable were attempts to depict the process of receiving independency as the restoration of the old historical statehood. Valdemaras and other political leaders believed that Lithuania had ancient state traditions, and the status of Lithuania and of Estonia and Latvia differed under international law. Estonia and Latvia were the new constructions based mainly on the comparatively new principle of national self-determination. Valdemaras believed that Lithuania could retain its independence when Russia would sooner or later seek to regain the Baltic window through Estonia and Latvia (Žaylys 1997: 100). Ironically, the de jure recognition of Latvia and Estonia by the European powers more than a year before Lithuanian's recognition and simultaneously de jure by the US in 1922 proved that this kind of hopes was baseless.

Why is the issue of recognition important?

Washington's attitude to the official recognition of the Baltic states was not at all unequivocal. When the so-called Great Allies were forged during WWII, some of the key players of the US foreign policy held to the view that the recognition of the Baltic states was not quite "right" all along (Medijainen 2010: 153–190). This is exactly the impression one may get while reading the texts related to the US official recognition without tackling the wider context. Namely, the Secretary of State's explanatory note of 25 July 1922 stated that while granting recognition to the Baltic states *"the United States has consistently maintained that the disturbed conditions of the Russian affairs may not be made the occasion for the alienation of Russian territory, and this principle is not deemed to be infringed by the recognition at this time of the Governments of Esthonia, Latvia and Lithuania, which have been set up and maintained by an indigenous population*."[2]

A similar argument had been brought up previously when granting recognition to some other states that had seceded from Russia (Poland, Finland, Armenia). Furthermore, emphasising Russia's integrity did not at all mean recognising the Soviet rule. Rather, the survival of the Soviet regime in Russia was to become the main argument for the continued confirmation of the de jure independence of the Baltic states. However, we must take into account also other documents which show the attitudes towards the Baltic region in the beginning of the 1920s.

---

[2] The Commissioner at Riga (Young) to the Secretary of State April 6, 1922, FRUS, 869–872.

On 6 April 1922, the then US Commissioner in Riga Evald E. Young submitted a longer report to the State Department on his thoughts about the need to recognise the Baltic states. In it, he stressed more than once that a time was likely to come when Russia's integrity would be restored in one form or another, and that it would even be in the US interests. At the same time, he unequivocally supported the recognition of the Baltic states so "*this part of Russia will remain free from the ravages of the present Moscow regime*."[3]

The objective of the present paper, unlike the aforementioned study by Tarulis, is to point out that it was not the Republicans' rise to power in 1920 that changed Washington's so-called official attitude towards the recognition of the Baltic states formed during Wilson's presidency, but rather the developments in Soviet Russia (the Far East issue) and, even more importantly, the problems in Europe, including the Baltic states, related to the military debts and loans owed to the USA.

WILSON AND THE BALTIC ISSUE

The United States of America entered the war in 1917 only as a state associated with the Entente powers. Washington did not bind itself formally with wartime and postwar obligations. Woodrow Wilson did not restrict himself when entering the war; he did not trust the allies' motives and goals (Floto 1980: 25). The President reserved himself a free hand and the right to conclude independent peace treaties with the losers of the war. At the same time, the Entente powers had to reckon with the USA as the principal and decisive power. Its entry into the war tipped the military balance in favour of the Entente, and thanks to that the Great War could be ended in November 1918. By then, about 70% of the world's gold reserves had accumulated in the USA; it had become the global financial centre. In addition, it was confirmed in November 1918 that about 60% of the world's food supplies were under the US control, while in Europe foodstuffs sufficed for a mere seven months at the most. In some areas, especially in Eastern Europe, the situation was far more strained than that, with the threat of a full-blown famine looming. Washington decided to distribute food aid to Europe beginning from January 1919; the "Baltic States of Russia" were also ranked among the countries in urgent need of food aid (Organization of American Relief in Europe 1943: 49–50, 143). Unfortunately, the US president, as well as the authorities in Washington (first of all the State Department) had no clear stance on how to conduct relations with Russia, including the independence-minded Baltic states.

The USA was the first country to recognise the overthrow of the Romanovs and the establishment of a democratic republic and its provisional government (Saul 2007: 35). There was a widespread belief in 1917 that the Russian people were following the US example on the path to democracy; even the Bolshevist coup was initially seen as a small hurdle soon to be cleared (Foglesong 2007: 35). After the Bolshevist rise to power in Petrograd, several response options were initially circulating among the Allies. First, it seemed possible to topple them by a military intervention, which was supported by some of the politicians and military leaders of the Allied

---

[3] Charles H. Albrecht to Anton Piip, February 16, 1922,. RG 58 American Consulate, Reval, Correspondence 1921. National Archives (NA).

powers and part of Russian emigrants. The other option was the idea of a so-called sanitary cordon, which also found influential supporters. Unfortunately, the sanitary cordon formed of Russia's border regions would essentially have meant a death cordon, and it is doubtful that in this case the first ones to die of hunger and disease would have been the Bolsheviks. The Baltic states were not enthused over being part of such a sanitary cordon. Estonia's fledgling diplomacy therefore stressed in 1918–1919 that they were by no means going to obstruct communication between Russia and other states but, on the contrary, committed to offer it their full support. As a third option, the plan to convene a *Roman Empire-style* conference attended by all the Russia-related parties on the Prinkipo (Prince) Islands was discussed in early 1919 (The Bullitt mission 1977: 6–10).

Wilson was satisfied with none of the aforementioned options. At first, he endeavoured to employ economic measures, such as granting government loans and supporting the private sector in order to boost trade relations between the USA and Russia (Bacino 1999). The support to trade was expected to bolster Russia's private enterprise, which was to become the mainstay of the emergent democracy. It was believed in the USA that securing normal circumstances – free enterprise for the people, infrastructure and market for agriculture, development of trade and strengthening local authorities – for some parts of Russia would also reinforce democracy in Russia. Sadly, the USA and Russia were increasingly heading towards totally divergent paths (McFadden 1993). Despite the President's initial opposition, US troops (ca 15,000 men) were sent to Russia in 1918–1919, primarily to protect the ports of Murmansk and Archangelsk as well as Vladivastok. This period is referred to as intervention in or even war against Soviet Russia (Kennan 1984, Foglesong 1995).

The motives for meddling in Russia's affairs have been interpreted in different ways (Trani 1976, 440–461). Even the extensive food aid provided by the USA to Russia to relieve the famine of 1919–1921, not to mention the Red Cross operations, may be regarded as some sort of humanitarian intervention (Fisher 1927, Surface and Bland 1931, Weissman 1974, Patenaude 2002).

The President himself did not see the sending of small military units to Russia in 1918 as an intervention (Unterberger 1989: 265). There are authors, however, who think the US should have been much more forceful in doing so. The intervention was unconfident and too modest to sufficiently support the main objective – to help Russia onto the path of democracy. Russia was left alone, its outstretched hand was not accepted by Wilson, it was betrayed by the USA; the so-called new democratic Russia, deserted by all, was doomed to death. According to Victor Fic, the decision not to interfere and pull out of Russia was a mistake that had grave consequences for both Russia itself and for the whole world. In his words, Wilson *killed* the then initiative of the Allies. The President's previous policy *to do nothing* was replaced with the banner *to do something*, with the stress on the last word. The prospects for democracy in Russia were thus betrayed, and that by a man whose avowed aim was to save democracy for the world (Fic 1995: 19–20, 139–140, 330).

FORMULATION OF THE COLBY DOCTRINE

Thereafter, no common ground was reached during the peace conference in Paris. It is possible that Wilson's main problem was little knowledge about Russia's situation. He had not taken much interest in Russia before entering the world war (Davies and Trani 2002: 2). In the US peace mission that reached Paris, some advisers stressed the right of Russia's border nations to self-determination while others propounded the principle of territorial integrity. For Wilson and some other leading decision-makers, preservation of Russia's integrity seemed to be one of the key policies. The history of the US's own Civil War served as an argument for the President and the Secretary of State Robert Lansing in this regard. They proceeded from the analogy that one or more rebellious parts of a country cannot be recognised. They firmly believed in the soon-to-be restored non-Bolshevik Russia. Such a Russia would have the right to decide its own destiny. Washington did not rule out that after law and order was restored, any Russian government would unite the rebellious territories – by force if necessary. Such non-recognition of rebellious regions was requested by all Russian groups. At first this suited Wilson's other views – non-interference in another country's affairs squared with the policy of non-recognition of the Baltic states. The US opposition to Russia's dismemberment simultaneously served as an opposition to the ambitions of some other states (particularly Japan). This policy was at the same time at odds with his slogans of internationalism and self-determination and even plans of establishing the League of Nations (Killen 1982: 65–78).

Having arrived at the Paris Peace Conference, the US delegation, not unlike the representatives of the other states, was in a quandary over Russian issues (Walworth 1986). There was no clarity during the Conference whether Russia should be seen as a former Ally or rather a foe. Official relations with the Bolsheviks were not considered possible, but they could not be completely ignored, either. In part, the Soviets were able to take advantage of the indecision, developing a kind of quasi-diplomacy and playing on inter-ally differences (Thompson 1966: 91).

The Russian Division of the State Department and the Undersecretary of State Frank Polk applied pressure for the USA to recognise the Kolchak government only in Russia (Melton 2001: 141). The delegation in Paris hesitated, however, for Wilson still wished to restore Russia's democratic government. In the meantime, even the Japanese were inclined to recognise Kolchak. In June 1919, Kolchak promised the Allies that he would restore democracy in Russia, and this became an excuse for stomaching such a situation for a while. Wilson and the US delegation could call their mission to Paris completed and return home. However, Kolchak only offered an illusory and temporary solution. Thus, Wilson left Paris without any clarity over the Russian issue. In September 1919, it was obvious that Kolchak would shortly be defeated in Russia's ongoing civil war, yet the USA still had no clarity over how to proceed (Killen: 75).

A sort of summary and generalisation of the triangle of the US–Russia–Baltic relations in 1917–1922 was a document called the Colby note. It signified the USA's official compromise over the issue of Russia and at the same time, unfortunately, of the Baltic states. This position was published in August 1920 in the form of a declaration by the Secretary of State Bainbridge Colby. This public declaration was preceded by a lively exchange of ideas in the US diplomatic circles throughout the spring and summer of 1920, resulting in a document which was fairly

controversial in content. Additionally, the document characterised the then US policy towards not only Russia, but also Estonia, Latvia, and Lithuania, beginning as early as in 1917–1918. Washington refused to officially recognise Estonia, Latvia, and Lithuania. This can be explained and excused by the proposition that the Colby note echoed Washington's concern for the ambitions of Britain, France, Japan and even Germany to dismember Russia. While rejecting the Bolsheviks on the one hand, the document promoted the restoration of the Russian Empire on the other (Saul 2006: 14–15). This all the more raises the question: what and to what extent changed thereafter in just over a year's time? Why was the position expressed in the Colby note abandoned shortly afterwards?

COMMERCIAL COMPETITION BETWEEN THE SUPERPOWERS IN THE BALTIC STATES?

At that time, the USA and Britain were already engaged in an intense rivalry for Russia's markets and trade opportunities, among them for the so-called Bolshevist gold shipped out to Sweden and elsewhere, mostly via Tallinn. The USA had given to their private entrepreneurs and traders free rein to do private business with Russia. Britain was preparing to conclude a government-level agreement, which was finalised in March 1921. Beginning from 1920 the ports of the Baltic states were gaining an increasingly important role in the rivalry (White 1992: 148–160). The Baltic states became a kind of springboard in the competition between the USA, Britain, and Germany for the elusive El Dorado – the Russian market (Hiden 1987, Kirby 1974: 364–370). The USA emerged as the most successful of the three, without formally recognising the Bolsheviks or concluding a government-level trade agreement. Its trade with Russia in the early 1920s was bigger by volume and value than that of Britain and Germany taken together (White: 199–211).

Thus, there was no explicit trade-related pressure to abandon the stance expressed in the aforementioned Colby note. The USA maintained a similar edge right up to the spring of 1922. There were no formal obstacles to ship movement and trade in the Baltic states. In Tallinn alone, Consul Charles H. Albrecht and Vice-Consuls George G. Fuller and William C. Perkins were conducting their duties under the Riga-based *Commissioner Office* in early 1922. In addition, the Consulate employed four local residents.3 The spring of 1922, however, saw some fundamental changes that forced Washington to retreat somewhat from its previous, relatively entrenched, position over the issue of the recognition of the Baltic states.

Russia's official ambassador until then, Bakhmetev, no longer had many opportunities to carry on. His credits were closed, and in June 1922 the operations of the former Russian embassy as a whole were suspended. In a situation like that, Washington found it increasingly complicated, both legally and ethically, to further delay recognising the Baltic states and defer granting official statuses to their official representatives.

THE ISSUE OF RUSSIA'S DEBTS

The situation in Russia's finance before World War I appeared rather solid. Its gold reserves were the largest in Europe, having increased fivefold over the last 30 years (1886–1914). Most of the reserves had been deposited inside the country. European investors, in particular French, were

eager to acquire Russia's securities, both those of the Government and of private enterprises. Russia's bonds were bought by foreign banks and private persons alike, and by 1917 foreign investors accounted for 34% of the shareholders of Russia's banks (Sirotkin 2000: 21–34). According to some sources, Russia's debts and other liabilities in January 1914 were estimated at 6.568 billion dollars, of which about a half were foreign loans. Other sources, however, put Russia's pre-war debts at no more than 3.75 billion dollars, or 7.5 billion roubles (Moulton and Paslovsky 1926: 60). In the following years, Russia's situation was complicated by the fact that until then 45% of its exports had gone to the countries it was now at war with, while 90% of its debts were owed to the Allied countries (Moulton and Paslovsky 1971: 26).

Adding up all the debts and loans from the Tsarist Russia and Provisional Government periods, the total topped the 20 billion dollar mark already by September 1917 (Fisk 1924: 105–112, 132). In the three years of the World War, most of Russia's gold was transferred to banks of other countries, primarily to cover military expenses. The so-called Russian debts became one of the central themes with regard to the end of World War I and the reparations issue.

The debts issue gained currency in the USA in connection with the presidential elections in 1920. The Republicans asserted that the issue would be tabled immediately after they came to power. The debt amounts were registered as official claims and submitted to the Congress in a special report. Next, the *World War Foreign Debt Commission* was set up and assigned the task of preparing bilateral agreements for repayment of the debts. In the following nine years, the USA concluded the so-called refund contracts with 13 countries. These stipulated the obligations, repayment deadlines, and interest rates (Pulen 1987: 5). Actually, 15 agreements were drafted, but Armenia and Russia eventually dropped out.

By that time, Washington had managed to reckon up the total of the pre- and after-war loans contracted by Russia and the food and other aid sent there. During 1917, the US Treasury Department had allotted still more credit to Russia's Provisional Government, totalling 450,000,000 dollars. Of that, about 187,730,000 was transferred to the direct disposal of Russia's government as a loan. In 1919, approximately 4,465,000 dollars' worth of food aid dispatched to Russia was covered from the President's special fund. About 400,000 dollars was spent on various military supplies, which was also charged to the former Provisional Government's account. Added to that were 96,000,000 dollars' worth of private loans allotted by some US banks. Thus, the liabilities of Russia's Provisional Government amounted to 302,000,000 dollars, by US calculations (Loans to Foreign Goverments 1921: 89). Following the fall of Kerenski's government, the USA cancelled the credits to Russia, and the Bolsheviks in their turn declared that they renounced all of Russia's former debts and obligations. At the same time, the credit allocated to Russia's Provisional Government and the gold reserves deposited by it in the USA still remained at the disposal of Boris Bakhmetev who had arrived as Ambassador in June 1917.

THE DEBTS ISSUE AND THE BALTIC STATES

This inevitably bore relation to the Baltic states, directly or less directly. For instance, Finland's envoy in Tokyo Gustaf John Ramstedt wrote a private letter to his long-time acquaintance Oskar Kallas, Estonia's envoy in London, on 3 April 1922. In it, he communicated his conversation with

the US ambassador in Japan Charles B. Warren. Warren held that such dwarf states could not be recognised, not even temporarily, for Russia would rise again and need its Baltic Sea ports. He emphasised that Russia should not be divided or dismembered. G. J. Ramstedt reminded him that the Estonians, Latvians and Lithuanians were all different nationalities and had the right to self-determination, as Wilson had promised in 1918. In response, Warren held that the times of nationalism were past; furthermore, if everyone broke away from Russia on the grounds of their language, then who would pay Russia's debts?[4]

Whether and to what extent the territories that seceded from Russia in 1918–1921 should have refunded the debts and other disbursements granted to Russia in different times were increasingly intricate to answer. At the same time, a well-founded question was raised why the Baltic states should pay part of those debts at all when the repayment of the remaining sums allocated to Russia became more and more doubtful.

Yet a further 30 million dollars or so was added to the Russia-related sums, which were directly associated with Finland, Estonia, Latvia, and Lithuania and had been incurred after 1918. By 1921, Washington had adopted the position that "if these Governments remain as separate Governments, then, of course, these obligations will eventually be paid by them, if paid at all. But if Russia, when it finally emerges from its present chaotic condition, insists on the recognition of its original boundaries, these Governments will be part of Russia"[5].

Estonia's liabilities to the USA were derived in a manner relatively similar to the debts of Lithuania, Latvia, and Finland. They originated from the treaty concluded in Paris in June 1919. The prelude to that dated further back. The Americans' decisions in December 1917 and January 1918 to add the Baltic provinces of Russia to the list of the so-called Hoover food aid recipients may be considered the beginning. The Congress allocated special funds to that end, and the first aid shipments reached the Baltic territory in March–April 1919. Even the loan for the procurement of seed grain from Denmark in the spring of 1919 was coordinated with Hoover and his *American Relief Administration* (Jaanson 1989: 90–92).

In May 1919, some Americans turned to members of the Estonian delegation at the Peace Conference in private and notified that it was now possible to purchase various US goods. Namely, at that time they began to liquidate the stockpiles created for the US troops. The Liquidation Commission was formed to sell the stuff as quickly as possible and at a good price. Its president was Edwin B. Parker, who until then had been responsible for supplying the US military, and its members were Brigadier General Charles G. Dawes, Senator Homer H. Johanson and Henry F. Hollis (Surface and Bland 1931: 53–54, 177–178). The Commission was rather short-lived, since the military could not remain engaged in trading things forever. The *American Relief Administration,* headed by Hoover, bought the supplies from the US military for the funds allocated to it and then palmed them all off on the European countries (Organization of American Relief 1943: 395–398). The interest and the needs in Europe were great. Especially essential, however, was such "aid" to Eastern Europe. Yet it is doubtful whether the Eastern

---

4 A. G. J. Ramstedtin kokoelma. Kansio: 10 *Suomen Kansallisarkisto*.

5 Ibid., 90.

Europeans were able to discern in the spring–summer of 1919 that all that was not free aid but would subsequently have to be reimbursed in reality and at a rather high price.

Estonians purchased various goods from the Americans for just over 12 million dollars. As no money arrived from Estonia, the sum was accounted as a loan, with interest thereon starting to accrue immediately. By 1922, Estonia's debt liabilities to the USA had grown to about 16 million. Compared to Europe's superpowers, the figure was small but still more than twice as much as the indebtedness of Latvia (5.13 million) or Lithuania (4.98 million) to the USA. The corresponding figure for Finland was *ca* 8.28 million.

Despite the domestic tension caused by the debate on the debt issue in the 1920s or the difficulties arising there from the Baltic states – US relations, the deal cannot be assessed as utterly negative. Thanks to the debt, the Baltic states grew into an important player for the USA, one to be reckoned with. At the end of the day, the debt issue may have been the main argument for the USA for recognising the Baltic states *de jure* in June 1922. Namely, the USA could not afford the precedent that some countries would never pay their debts – for instance, on the pretext that Washington did not recognise them as independent countries – as it counted the debt as a government liability. Thus, it was possible to effectively exert pressure on the USA.

Estonia nominated Nikolai Köstner as a consular agent in the USA in 1921; he did not feel very comfortable in the USA. Judging by the correspondence between the US representatives in Riga and Tallinn, the antipathy was mutual. Köstner was seen as neither a particularly suitable nor a very strong representative.[6] The consul stressed in his letters to the Ministry of Foreign Affairs that there was no point forfeiting their peace of mind over the US debts pending grant of official recognition (Medijainen 1997: 252). Such indirect pressure added to the discomfort of the US representatives over their status in the Baltic capitals. They found it increasingly challenging to justify their special standing and to explain why the Baltic states might not enjoy the same privileges in the USA as the US Commissioner, consuls and attachés did in Riga, Tallinn, and Kaunas.

The debts topic gained particular currency in the spring of 1922. The European countries were preparing for economic conferences to be held in Genoa and the Hague. The USA refused to send an official delegation there, settling for just an observer, or the Ambassador to Italy (Siegel 1996: 69). The Soviet delegation was also invited to the conferences. There were rumours of a potential bilateral agreement on debts and reparations. This period has been regarded as the peak in the rapprochement between Britain and Soviet Russia. London first of all hoped for a breakthrough in Russia's debt issue, while Moscow looked for credits (White: 172). The conferences failed, however, and no agreements to resolve Europe's fundamental problems were born. In connection with the Genoa conference, a common front appeared to be developing between the Baltic states themselves on the one hand and between the Baltic states and Russia on the other. All of the said countries were keen to see the debts issue taken off the agenda quickly. The Baltic states did not want to be forced to pay off part of Russia's former

---

[6] Albrecht Paraphrase of telegram sent by the American Consul, Reval, on May 3, 1924, to the American Commissioner, Riga, RG 58 American Consulate, Reval, Correspondence 1921, 400–811.1 Gen. NA.

debts to the USA or to any European country for that matter. Considering these developments, it cannot be ruled out that the de jure recognition of the Baltic states was a small precaution on the part of the USA against the attainment of such unity, particularly on the debts issue.

The *World War Foreign Debt Commission* commenced in Washington with sessions in the Treasury Building on 18 April 1922. After the first session, it was decided that the Treasury Department would issue notifications to all the countries indebted to the USA, including to the US Grain Corporation, War Department, Navy Department or the ARA. In June 1922, the first summaries were made of responses from individual countries. From the Baltic states, Lithuania's representative Valdemaras Carneckis was the first to be called to give account to the Commission on 29 June. Lithuania promised to provide an official explanation shortly for the failure to perform its obligations to the USA (Minutes 1927: 1–6, 14).

Beginning from August 1922, all the communication between the Commission and the Baltic states became official. The US State Department notified the Committee that the Baltic states had been officially recognised and that the governments of Estonia, Latvia, and Lithuania had been informed of the Commission's task to conclude a bilateral debt repayment agreement with each country.

Köstner had returned just before the US de jure recognition, and now Estonia was in no hurry to nominate a new representative. Instead, it was the US representatives in the Baltic states who in October–November 1922 requested the latter to send special finance representatives or diplomats to Washington.[7] It was not before April 1923 that Estonia announced its intention to nominate in the nearest future an official representative who would contact the Commission. The delay tactic may be understood: now that the main objective – de jure recognition – had already been achieved, the Baltic states could afford to wait and see if, when and how the other, greater, debtors come to terms with the USA. At that time, all the European countries started to present reasons and excuses for reducing or even cancelling the debt. The Republican US administration was unwilling to allow any exceptions. They did not want to set any precedent to be taken advantage of by much greater debtors. Therefore, Estonia was forced to sign a debt settlement agreement on 25 October 1925 (The Estonian Debt: 1–7). Under it, instalments and interests were to be paid until 1984, by which time Estonia would have refunded more than 33 million dollars. The debt proved a perpetual thorn in Estonia–US relations. Diplomatic notes on the debt issue were exchanged as late as in the middle of 1940.

CONCLUSION

Throughout the 20th century, the US foreign policy was often portrayed as the protagonist and protector of liberal and democratic values, sometimes even as the performer of America's so-called special mission. The recognition of the Baltic states, however, posed a challenge to some of the avowed core values. In 1919–1922, the slogan of self-determination was subject to two irreconcilable interpretations in the USA. According to one, Russia had the right to

---

[7] Charles Albrecht to Evan E. Young, November 1, 1922, RG 58 American Consulate Reval, Correspondence 1922, 811.4–865.12, NA.

determine the future of its own and of the parts of its former empire after the Civil War. In what form that should happen remained unclear. The convention of some sort of all-Russian (Constituent) assembly was the most favoured one. According to the other, the right to self-determination was rendered as the right of border areas to break away from Russia. The latter was the main argument of Estonia and Latvia, but Lithuanian attempts to use the so-called historical arguments were no more successful.

In the case of the Baltic states, Washington delayed the resolution of the dilemma that had developed. This gave rise to documents interpretable in diverse ways, such as the Colby note in August 1920 and ultimately also the decision to recognise the Baltic states on 28 July 1922. With regard to the latter, the decisive factor, apart from the political developments, was the US hope that the recognition would enable a successful completion of the business deals brokered with the Baltic states during 1919. Value-based politics failed to make a difference at this point, whereas economic considerations rendered the decision-making much easier. The path to the recognition of the Baltic states was slightly smoothed by Washington's and Moscow's pursuits to establish mutual unofficial relations via the Far Eastern Republic. Such a compromise would have undermined the legitimacy of not recognising the independence of the Baltic states.

REFERENCES

Bacino, L. J. 1999. *Reconstructing Russia. U.S. Policy in Revolutionary Russia, 1917–1922*. Kent, Ohio, London.

Davis, D. E., Trani, E. P. 2002. The first Cold War: the legacy of Woodrow *Wilson in U.S. – Soviet relations*. Columbia, University of Missouri Press.

The Estonian Debt Settlement. 69th Congress, 1st Session, Senate, Document No 7, pp. 1–7.

Eidintas, A. 2003. *Lithuanian emigration to the United States: 1868–1950*. Mokslo ir enciklopediju leidybos institutas, Vilnius.

Fic, V. M. 1995. *The Collapse of American policy in Russia and Siberia, 1918. Wilson's Decision Not To Intervene (March–October, 1918).* East European monographs, No. CDXI, Boulder. Distributed by Columbia University Press, New York.

Fisher, H. H. 1927. *The Famine in Soviet Russia, 1919–1923*. The Operation of the American Relief Administration. New York, The Macmilian Company.

Fisk, H. E. 1924. *The Inter-Ally Debts. An Analysis of War and Post-War Public Finance 1914–1923*. Bankers Trust Company, New York, Paris.

Floto, I. 1980 *Colonel House in Paris. A Study of American Policy at the Paris Peace Conference 1919*. Princeton University Press, Princeton, New Jersey.

Foglesong, D. S. 1995. *America's secret war against Bolshevism: U.S. intervention in the Russian Civil War*, 1917–1920. Chapel Hill, University of North Carolina Press.

Foglesong, D. S. 2007. *The American mission and the "Evil Empire": The crusade for a "Free Russia" since 1881*. New York, Cambridge University Press.

Hiden, J. 1987. *The Baltic States and Weimar Ostpolitik*. London.

Hovi, K. 1976. Estland in der Anfängen seiner Selbständigkeit. Die Tagebuchaufzeichnungen des dänischen Generalkonsuls in Reval Jens Christian Johansen 13.12.1918–29.5.1919. Publication No. 8, Institute of History, Turku.

Hovi, K. 1984. *Alliance de Revers. Stabilization of France's Alliance Policies in East Central Europe 1919–1921*. Turku.

Hovi, K. 1973 *Die Orientirung der estnischen Auslanddelegation im Frühjahr 1918*. In Publikationen des Institut für Allgemeine Geschichte Universität Turku Nr. 5, Turku.

Hovi, K. 1975. *Cordon Sanitaire or Barriere de L'Est? The Emergence of the New French Eastern European Alliance Policy 1917–1919*. Turku.

Hovi, K. 1984. *Interessensphären im Baltikum: Finland im Rahmen der Ostpolitik Polens, 1919–1922*. Helsinki.

Hovi, O. 1980. The Baltic Area in British Policy 1918–1921. Vol. I: From the Compiéne Armistice to the Implementation of the Versailles Treaty, 11.11.1918–20.1.1920. *Studia Historica 11*, Helsinki.

Jaanson, K. 1989. Jälle see Taani võlg!. *In Kleio 2*, pp. 90–92.

Jurgela, C. R. 1985. *Lithaunia and the United States: the establishment of state*. Lihuanian Historical Society, The Lithuanian Research and Studies Center, Chicago, Illinois.

Kennan, G. F. 1984. *Soviet–American relations, 1917–1920*. New York, Norton.

Killen, L. 1982. Self-Determination vs. Territorial Integrity: Conflict within the American Delegation at Paris over Wilsonian Policy toward the Russian Borderlands. *Nationalities Papers*. Spring Vol. X. No. 1, pp. 65–78.

Kirby, D. 1974. A great opportunity lost? Aspects of British Commercial Policy Toward the Baltic States, 1920–1924. Journal of Baltic Studies Vol. V, No. 4, pp. 364–370.

Loans to Foreign Goverments. Resume of the laws under which loans were made to Foreign goverments during and since the war and the main features of the loans as disclosed by correspondence between the President, the State Departement, the Treasury Departement, and foreign governments submitted to the Committee on the Judiciary. *67th Congress, 2nd Session, Senate, Document No. 86 (1921)*. Washington, Goverment Printing Office.

McFadden, D. W. 1993. *Alternative paths. Soviets and Americans, 1917–1920*. New York, Oxford, Oxford University Press.

Medijainen, E. 2010. Balti riikide de iure järjepidevus noateral: Ameerika Ühendriikide välispoliitika ja Balti küsimus 1940–1945. *Ajalooline Ajakiri 2*.

Medijainen, E. 1997. Saadiku saatus. Välisministeerium ja saatkonnad 1918–1940. *Eesti Entsüklopeediakirjastus*. Tallinn.

Melton, C. W. 2001. *Beween War and Peace*. Merker University Press.

Minutes of the World War Foreign Debt Commission 1922–1926 (1927). Goverment Printing Office, Washington.

Moulton, H. G., Pasvolsky, L. 1932, 1971. *War Debts and World Prosperity*. Vol. 1. Kennikat Press, Port Washington, New York, London.

Moulton, H. G., Pasvolsky, L. (1926). *World War Debt Settlements*. The Macmillan Company, New York.

Organization of American Relief in Europe 1918–1919. Including Negotiations Leading up to the Establishment of the Office of Director General of Relief at Paris by Allied and Associated Powers (1943). Documents selected and edited by Suda Lorena Bane and Ralph Haswell Lutz. Stanford University Press, Stanford University, California, London, Humphrey Milford Oxford University Press.

Patenaude, B. M. 2002. *The big show in Bololand. The American Relief Expedition to Soviet Russia in the Famine of 1921*. Stanford University Press, Stanford, California.

Pulen, W. G. 1987. *World War Debts and United States Foreign Policy 1919–1929*. Garland Publishing, INC, New York, London.

Saul, N. E. 2006. *Friends or foes? The United States and Soviet Russia, 1921–1941*. Lawrence, Kan.: University Press of Kansas.

Saul, N. E. 2001. *War and revolution: The United States and Russia, 1914–1921*. Lawrence, University Press of Kansas.

Siegel, K. A.S. 1996. *Loans and Legitimity. The Evaluation of Soviet–American Relations 1919–1933*. The University Press of Kentucky.

Sirotkin, V. G. 2000. *Zoloto i nedvizhimost Rossii za rubežom*. Moskva, Mezdunarodnye otnošeniia.

Surface, F. M., Bland, R. L. 1931. *American Food in the World War and Reconstruction period. Operations of the organizations under the direction of Herbert Hoover 1914–1924*. Stanford University Press, Stanford University, California.

Zetterberg, S. 1977. *Suomi ja Viro 1917–1919: poliittiset suhteet syksystä 1917 reunavaltiopolitiikan alkuun*. Helsinki, Suomen historiallinen seura.

Žaylys, V. 1997. The Return of Lithuania to the European stage. In: *Lithuania in European Politics. The Years of the First Republic, 1918–1940*. (ed. Edvardas Tuskenis). St. Martin's Press, New York.

Tarulis, A. N. 1965. *American–Baltic Relations 1918–1922: The Struggle over Recognition*. Washington.

The Bullitt mission to Russia: Testimony before the Committee on Foreign Relations, United States Senate, of William C. Bullitt (1977). New York, B. W. Huebsch, 1919; New York Westport, Conn., Hyperion Press.

Thompson, J. M. 1966. *Russia, Bolshevism, and the Versailles Peace*. Princeton, New Jersey.

Trani, E. P. 1976. Woodrow Wilson and the Decision to Intervene in Russia: A Reconsideration. *Journal of Modern History*, 48(3), pp. 440–461.

Unterberger, B. M. 1989. *The United States, Revolutionary Russia, and the Rise of Czechoslovakia*. The University of South Carolina Press.

Walworth, A. 1986. *Wilson and his peacemakers: American diplomacy at the Paris Peace Conference, 1919.* New York, Norton.

Weissman, B. M. 1974. *Herbert Hoover and Famine Relief to Soviet Russia: 1921–1923*. Hoover Institution Press, Stanford University.

White, Ch. A. 1992. *British and American commercial relations with Soviet Russia, 1918–1924*. The University of North Carolina Press.