

Moscow, USSR,
October 12, 1935.

Dear Mr. Rogers;

I am constantly being pushed into the position of the school teacher who has to put off explanations of a subject until he gets to it in the book. Many of the people who have been coming to me with letters of introduction have been asking me why disputes between two government corporations are fought out in the courts. "Are they not, in the last analysis," they ask, "all members of the same family with father paying the bills? Why doesn't the government pool all the profits and pay all the losses from a general fund, thus making it unnecessary to determine just which industry accounts for the profits and which for the losses, a system which would eliminate all the expense and delay of legal procedure?"

Since my last year's general training only provided me with a hazy idea, I have had to content myself with giving an inadequate outline and promise more later. You may be interested in what I have run across in further classroom study, but like all observations to date I caution you that ~~it may need revision as I discover new facts later.~~

I suppose that to answer any question as to why procedure is provided for court hearings of cases involving government corporations all of which are members of the same family one has to examine the financial set-up and operating system of these corporations. During the years of so called militant communism, i.e. the period of intervention and civil war following the Revolution, emphasis was placed on winning victories. The government pooled all resources and bore all losses without allocating them to the individual units of the system. General confusion together with the fact that there were few producing units made little else expedient.

But with the coming of 1921 when at last the government could turn its attention to the proper functioning of producing units, Lenin pointed out that production could be built up only if producing units were operated on a strict accounting basis. This would make it possible for government accountants to tell at a glance whether a unit was operating at a loss or at a profit. Only in this way could financial order be instituted and extreme inflation be prevented. When a corporation's profit

and loss statement showed consistent losses, the attention of factory and management experts could be turned to that unit to find out where the trouble was.

The new accounting system was ushered in for the linen factories by a decree issued on Aug. 8, 1921. The following day the Council of People's Commissars proclaimed the New Economic Policy, and in their decree demanded that all major and essential government industries be put on a strict accounting basis. The ~~the~~ general order was put into concrete form three days later by an Order of the Council of Labor and Defense. But the mere wishing did not solve the problem for all industry. Balancing the budget in many a unit was still an unrealized dream. In these cases the government continued to take the gross receipts and pay out of the national budget for the losses. In many cases no other procedure was possible because industries were being started for the first time, and during the period of construction and trial no profit could be realized. But by 1929 things were in better order, and the Decree of Dec. 5th of the Central Executive Committee stated that "without exception all state producing industries must within the shortest possible time be established on a strict profit and loss (hozraschotny) basis."

We Americans are reminded that this profit and loss system is to be distinguished from the system in the rest of the world by the fact that emphasis is not on profit for the stockholder's sake--but on the showing of profit solely because such is indicative of a healthy operating unit. It means good management, and that means increase in production and lowering of costs.

But in any system some units will fall down on their job. A lumber company will deliver rotten wood for the making of airplanes. A railroad will delay delivery of iron ore or machinery making another factory shut down for a day or so. If these cases were not tried and the loss allocated to the unit at fault, the shut-down plant will show the loss and the railroad a profit, which will give a distorted picture of the relative merits of their managements. To determine the parties at fault cases involving government corporations were handled by so-called arbitration tribunals, set up and operated by the government. At the start the idea was to have the director of each unit appear personally and talk over the case. But such a personal procedure proved impossible as cases grew, for it meant that the director of a large unit would never have time to stay at his factory. The factory legal adviser who had acted in the early cases as the adviser for the director now stepped up to a position of attorney for the unit and representative of the director.

To handle the ever-growing list of cases, increasing not because of greater inefficiency of operation, but because of the great increase in the number of producing units, the tribunals were forced to institute rules of procedure and to change their character until they reached a state somewhat resembling an English court of equity.

In this manner has grown up extensive legal machinery directed to increasing production. Allocation of responsibility results in a reflection in balance sheets of efficiency of management, and with profit and loss statements as a signal the sick units can be brought into line, resulting in greater and less costly production. The traveller learns why law is taking on an increasingly important character in this country.

The charter of the new Academy of law, which I have mailed you will give you a picture of the internal structure of organizations. Although it is a charter for an educational institution, it sets forth an organization in many ways similar to that of the factories. Our course in Civil Law is now discussing the organization of all producing units. We study the extent to which they are responsible for debts; the persons who may make contracts; the organizations which direct their operations; and their capital structure. It all goes to make up an interesting six hours a week.

Professor Schmitt of the University of Chicago is in town, and at our breakfast this morning, he regaled me with many observations on the Far East, which must have changed considerably since my visit. A few days earlier Mr. Antonius's sister-in-law came through. We visited several cafes to see how the Russians amuse themselves.

The World Series came over the radio the other night as we were sitting around enjoying an American evening. Except for the fact that the clock showed 11.30 P.M. one would not have realized that we were so far from home. Our radios have kept us up with news from Africa, and nightly I get the Comintern and the London reports on the state of the conflict.

All good wishes to you and the staff,

Sincerely yours,

JNH

49 Supp.

This may interest you as it does me in seeing how a Law School which is run by the Government actually is set up. It would be interesting to compare it with the system at Annapolis or West Point, or at the State Universities.

This charter runs almost word for word like the charters for any one of a number of government producing units. In fact the same word "production plan" is used for a school or a factory. Change the faculty deans to chiefs of shops and you have the set up for a candy trust, a doll factory or a machine tool factory.

I shall comment more fully in my next letter-No.49

JNH

CHARTER OF THE ALL-UNION ACADEMY OF LAW UNDER THE DIRECTION
OF THE CENTRAL EXECUTIVE COMMITTEE OF THE U.S.S.R. *

I. General Provisions

1. The All-Union Academy of Law shall be established under the auspices of the Central Executive Committee of the U.S.S.R., and shall operate under the supervision of the Central Executive Committee's Commission on the Direction of Scientific and Educational Institutions.

2. The All-Union Academy of Law shall be the supreme educational institution for the re-education and perfecting of the knowledge in their respective fields of the key groups of leading workers in the courts, prosecutor's offices, examining bureaus, state arbitration tribunals, and in the legal departments of the economic soviet corporations and organizations.

3. The Academy shall be run on appropriations made by the Central Executive Committee of the U.S.S.R., and shall also have the right to acquire special capital funds.

4. The Academy shall enjoy the rights of a juridical person and shall have its seal with a representation of the coat of arms of the U.S.S.R.

5. The location of the Academy shall be in the city of Moscow.

II. Structure of the Academy

6. The Academy shall have the following structure:

- (a) Faculty for the training of court and prosecuting officials.
- (b) Faculty for the training of war (judge advocate) and transport officials.
- (c) Faculty for the training of economic-legal officials (corporation and association advisers)
- (d) A Supreme Academical Course (VAK)

7. The period of study in the first three faculties shall be two years; in the Supreme Academical Course--one year.

8. The educational method of organization shall be based on Professorship (Chairs), i.e. the uniting under the personal direction of the chief of a Department the entire teaching staff in one or a few closely knit allied courses.

The list of Departments shall be decided upon when the curriculum of the school is approved by the Commission on the

*This charter provides an organization practically similar to that at present existing in the Moscow Institute of Law. The schools differ in that the Academy will accept only persons who have already done considerable service in the field. The Institute accepts school boys and girls to prepare them for field work.

Direction of Scientific and Educational Institutions of the C.E.C. of the U.S.S.R.

9. As scientific equipment the Academy shall have: a library, laboratories, and specially equipped study rooms (kabineti).

III. The Executive Department of the Academy

(a) The Director of the Academy

10. The leadership of all organizational, educational, and administrative work of the Academy shall be based on a single autonomous director of the Academy who shall be responsible for the conduct of the Academy and for the quality of the work of the students in the Academy.

Under the direction of the Director, in part, shall be:

- (a) The naming and discharging of the teaching, administrative and technical personnel of the Academy;
- (b) the preparation and presentation to the responsible organs for approval of the plan for selecting as candidates and for subsequent graduation of students; the curriculum; the plan for operations, together with reports, budgets, and statements as to the personnel of the Academy;
- (c) the disposition according to the usual regulations of the cash, capital, and property of the Academy;
- (d) the execution of all agreements and operations required in the handling of this property
- (e) the representing of the Academy in all organizations of the U.S.S.R. charged with administrative and court matters.

11. The Director of the Academy shall be named by decree of the Presidium of the C.E.C. of the U.S.S.R. on the nomination of the Commission on the Direction of Scientific and Educational Institutions of the C.E.C. of the U.S.S.R. and with the approval of the Prosecutor and Supreme Court of the U.S.S.R.

12. The Director of the Academy shall have two Assistant Directors: One for the teaching division, and the other for the financial-administrative division named by the Commission on the Direction of Scientific and Educational Institutions on the nomination of the Director and with the approval of the Prosecutor and Supreme Court of the U.S.S.R.

(b) Faculty Deans

13. The direct leadership of the teaching and methodical work of the faculties shall be carried out by faculty deans, named from the Professors of the Academy.

The Deans shall be named by the Commission on the Direction of Scientific and Educational Institutions of the U.S.S.R. on the recommendation of the Director of the Academy.

14. The Deans shall be concerned with:

- (a) leadership of the teaching and methodical work of the faculties;

- (b) the leadership of the preparation of a plan and program of study;
- (c) leadership of the work of examining the students;
- (d) educational administrative work within the faculty within the limits of action set forth by the special rules concerning the faculties and also by the decrees of the Director.

(c) Chiefs of Departments.

15. Direct leadership of the method and teaching in the courses included within the Department shall be accomplished by the Chief of the Department, who shall be personally responsible to the Dean of the faculty and the Director of the Academy.

The Chiefs of Departments shall be named by the Commission on the Direction of Scientific and Educational Institutions on the recommendation of the Director of the Academy.

(d) The Advisory Body (Council)
of the Academy

16. Under the Director of the Academy shall be an Academy Council of from 20 to 25 persons presided over by the Director and including: his assistants, the Faculty Deans and the Director of VAK, representatives of the Procuror of the U.S.S.R., the Supreme Court of the U.S.S.R., the State Arbitration Tribunals under the direction of the Council of People's Commissars of the U.S.S.R., and the People's Commissariat of Justice of the R.S.F.S.R. (as named by the chiefs of these organizations) and the Department Chiefs.

17. The Council of the Academy shall:

- (a) make preliminary examinations of the course of study;
- (b) elaborate the questions as to program and method and interchange all experience gained in the educational and scientific work of the Academy;
- (c) make preliminary examination of the candidacy of professors and assistant professors;
- (d) make preliminary examinations of the reports of the Director on the Academy's activities directed to successfully completing the plan.

18. The decisions of the Council of the Academy shall be effective after their approval by the Director of the Academy.

IV. The Organization of the Educational Work
and Internal Arrangement of the
Academy

19. The educational work of the Academy shall be organized on the basis of:

- (a) a plan and program of study, approved in the manner above set forth, and
- (b) a schedule of classroom hours, approved by the Director of the Academy.

20. The internal arrangement of the Academy, in particular the attendance at all types of study by the students shall be regulated by laws established by the Director of the Academy.

21. The method of evaluating the success of the students, and also the manner of progressing from one class to another shall be defined in a special regulation.

The list of courses in which the testing of the student's knowledge shall be by means of an examination session shall be approved at the same time as is the plan of study.

In the remaining courses the testing of the student's knowledge shall be carried out systematically during the course of the school year.

22. In the last year each student shall write a thesis and defend it in accordance with the established rules.

V. Students

23. The right to enter the Academy shall be defined in special instructions.

24. Students, having completed all requirements of the course of study and having defended their thesis successfully shall be considered as having matriculated and shall receive a diploma setting forth the degree of their success and their field of specialization and qualifications.

VI. The Teaching Faculty

25. The teaching faculty of the Academy shall be divided into Professors, ~~Dotsents~~, Assistants, and Instructors.

26. Professors and ^{*Dotsents*}~~Dotsents~~ shall be named by the Director of the Academy from among those persons who have received educational ratings in accordance with the Decree of the Council of People's Commissars of the U.S.S.R., dated Jan. 13, 1934--"Educational Steps and Rankings" (Collection of Laws of the USSR, 1934 No. 3, section 30)

27. Assistants shall be named by the Director of the Academy on the nomination of the Chief of the Department concerned and the Faculty Dean.

28. Language Instructors and physical culture Instructors shall be named by the Director of the Academy.

29. The Academy shall be supplied with a purse for granting premiums to persons on the Teaching Faculty for exceptionally outstanding work, and likewise for granting premiums to students who complete the work of the Academy with the rank of "Excellent".

VII. Students' Organizations

30. Students' organizations in the Academy shall be founded and shall operate on the basis of special regulations and instructions.

PRESIDENT OF THE CENTRAL EXECUTIVE COMMITTEE
OF THE U.S.S.R.----M.Kalinin

SECRETARY OF THE CENTRAL EXECUTIVE COMMITTEE
OF THE U.S.S.R.----J.Akulov

Moscow, The Kremlin, August 4, 1935.

Note-This translation has used explanatory phrases where they seemed necessary to convey the meaning to persons familiar with American legal education and law. It is impossible to convey distinctions of legal structure expressed in a single Russian word by a single English word, and for that reason emphasis was placed on clarity of thought rather than strict adherence to the Russian phrase order and vocabulary.

Moscow, USSR.,
October 22, 1935.

Dear Mr. Rogers:

Two little boys passed under my window early this month talking about Italy's having crossed the Abyssinian frontier. From that very first day our papers have never failed to carry accounts of the maneuvers, not only at the front but also in Geneva.

In our Institute hangs a large wall map of Abyssinia on which daily the positions of the armies are plotted with different colored cardboards--red for Abyssinia and purple for Italy. Alongside is a bulletin board on which are pinned the most recent newspaper reports along with descriptive material as to the terrain, culture of the people, and types of weapons being used. It looks for all the world like the map on which we plotted the Allied front every morning after breakfast seventeen years ago.

No mere curiosity consumes the students, for all of them have taken the course in Military Science during the First Year, and this war is providing a laboratory--a practical demonstration of theories and strategy learned in the classroom. But even with such a background the general interest has, of recent days, noticeably fallen off as the Italian advance has tended to slow down, leaving the armies in nearly the same position from day to day. It takes color to hold the attention even of those who understand probably more than average civilians in the States.

Comments made during the course of lectures and conversations among the students leave no doubt as to what the attitude of this country is. An imperialist war can find no supporters among believers in a communist state. Natural sympathy for the underdog is intensified by an interpretation which strips such a campaign of all "holy" and "civilizing" character and leaves outstanding only the economic facts. Cartoons such as the enclosed showing munitions makers catching the golden rain from heaven with the subtitle, "The rains have stopped in Abyssinia and now they are falling on the Exchanges of the World", indicate the official position. Litvinov's refusal to take part in the original Committee of Five on the ground that to do so would be to take part in an imperialist scheme is indicative of the same attitude. The Soviet Union could hardly endorse a plan offering to Italy a system of partition as a sop for dropping the war.

Every fact tending to emphasize the imperialist character of the war is printed. The report that the Pope was contributing to the war fund to make possible the opening up of another country to Roman Catholicism was not overlooked. Izvestia did not miss the opportunity to picture the Holy Father collecting alms for peace and later turning over the basin to the war lords.

But it would be a mistake to draw the conclusion that a Marxist is against war in general. He is no pacifist, and scorns those who are. No one who believes in the principles of the III International imagines, as the English Laborites are reputed to do, that true freedom from capitalist exploitation can be achieved without a struggle, and by that is meant a bloody struggle. Lenin ^{once} has pointed out that Marx's comments envisaging such a possibility in America and England are no longer applicable due to the great changes in the economic structure of these two countries since the turn of the century. The revolutionary looks to real war to achieve his goal. One who is a pacifist can hardly be counted upon to take part in a militant workers' cause, depending as it does for success on civil war--civil war between those remnants of the old governing class who have been holding their governing position by force alone, and the new working mass, which has been coming up from beneath in increasing numbers as capitalist production has expanded. My students again and again emphasize this proposition.

follow

The students recognize in the present conflict a struggle between a great Empire and one that would be great. For that reason they have difficulty in believing that anything short of manifest inexpediency, clarified by bankruptcy, starvation, and perhaps even war can stop the present aggression. They are not naive enough to believe that the League is being supported solely because people are sick of war, and are at last uniting in an heroic effort to strengthen peace machinery. The Japanese-Manchurian conflict closely paralleled the present struggle, yet no one stood by the League with more than words. Professors more than hint at the coincidence that in the earlier case the interests of no great Power were seriously enough endangered to risk using force or other sanctions, while in the present case the interests of England are being threatened, and the conflict is in an area where force could be used with probable success. Speeches of English Ministers to the effect that England is standing by peace machinery in the interest of the world and not for selfish reasons find a place in the press, but those who read them do not fail to see the humor hidden beneath, at least if I may believe the comments I hear.

People in America asked me why the Soviet Union supports the League if they see it as an Imperialist tool. Professors answer that the Union, ever mindful of the Peace of Brest-Litovsk which showed what a victorious Germany would have done, look to the League to prevent another tangle which would again end in an imperialist solution, no better than that achieved at Versailles. As long as the capitalist system, or lack of system, reigns one cannot hope for other than a selfish approach to the problems of "revision". It becomes apparent that it is better to preserve the status quo than to kill millions of workers who make up the armies of the world in a war which would result in a solution which could not be better and probably would be worse than the present one. Since the League is the organ best situated to prevent another war, the Union supports it. But this does not mean that the Union has forgotten its defects nor has the Union changed its general opinion as to its imperialist character.

It would be error to suppose that people here think that no one abroad sees things in this light. Many know that American professors lecture and write about these self-evident economic motives for war, but one wonders how much of this side is presented to the newspaper-reading public in the States. Little booklets like the Foreign Policy Assn.'s War Tomorrow? never used to be on every library shelf.

A glance at the number of this letter reminds me of the mass of material I have reviewed. May the second fifty be better than the last!

All good wishes to you and the Staff,

Very sincerely yours,

JNH

JNH.WSR...

October 25, 1935.

Dear John:

It is Friday afternoon and I discover that the "Bremen" sails tonight so I will take occasion to acknowledge your No. 49 and the translation of the decree setting up a Law Academy. Both are now being reproduced for distribution. Your No. 49 is peculiarly interesting and will, no doubt, be appreciated by those who receive it.

The addition to, and change in, your mail list have been made.

Your copy of the Harris Foundation minutes is being held here.

Wednesday I am to have lunch with the new Soviet Consul General, Arens. I have not heard from Skvirsky in regard to your suggestion that the Institute donate travel expenses to Paris and return. Perhaps it might be worth your while to consult Neymann on the subject, making explicit that the idea is yours and that it was not suggested to you by the prospective recipient.

Cordial greetings,

WSR/FC

P.S. I am engaged in a re-reading of Simpson's book on Mexico. About 1200 pages. Moe, Bowman, and I are to pass on it in behalf of the Institute.

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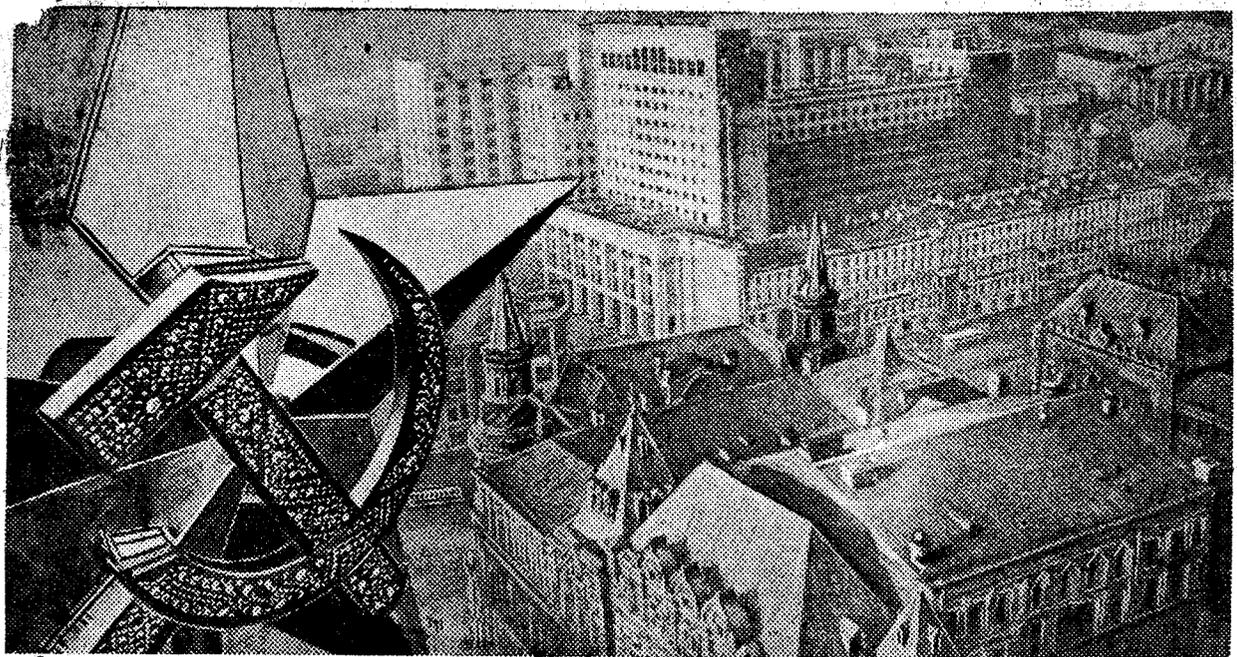
Moscow, USSR.,
October 31, 1935.

Dear Mr. Rogers;

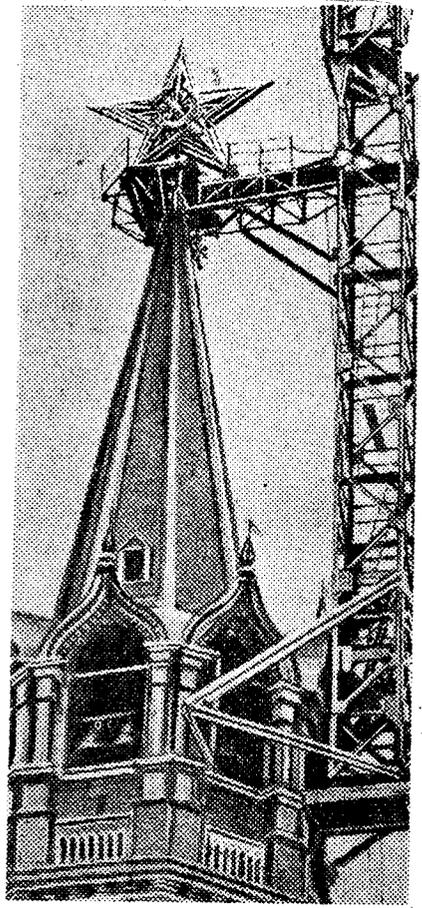
Increasing familiarity with the language now makes possible prodding into the whys and wherefores of things formerly merely observed. As a result I notice that my letters have tended to attempt explanations and in consequence there has been less and less space devoted to my daily routine, and pure observations. Time does tend to make the formerly unusual sights mere commonplace daily surroundings, but that has not alone accounted for the change in emphasis. Six hours a day at the Institute and three evenings a week at language lessons do not leave the time to roam about, which used to be mine.

Now and then there is a free evening, and I have made good use of them during the past month. Music is a treat in any land, and the Moscow concert stage offers many a splendid program. Zimbalist played with the Moscow State Philharmonic Orchestra to a packed and enthusiastic house, which called for him long after the management had dimmed the lights. A few days previously I had heard the French Cellist, Maréchal, who is reputed to be creeping into the position so long held by Cassals as the world's premier cellist. I recall Cassals in New Haven. Time has made that concert legendary, but I would say that the Frenchman is nearly top-notch, and he captivated his audience. A foreign artist is a drawing card here, for the sole reason that he is foreign, just as in the United States. People turn out often to be disappointed but both Zimbalist and Maréchal fulfilled our expectations.

Colonel Faymonville (recently promoted, but still the same unassuming delightful Major) had a small dinner for Raymond Leslie Buell of the Foreign Policy Assn. We went afterwards to see the "Flames of Paris", a ballet at the Bolshoi Theater. Mr. and Mrs Buell were greatly impressed, although they had apparently been a bit disappointed in the country as they found it. I could scarcely permit one of his influence in America to return in such a state, and what with a midnight ride on the subway and a few remarks on what a happy time my students have I hope he left a bit more cheerful than after his first impressions. He was treated to one of the most interesting ballets, portraying as it does the French Revolution. One great scene as the mob marches on the Bastille is unforgettable, although the second act, dragging on as it does, immediately preceding the mob scene, slows up the action too much for the critics. I caught a glimpse of Mr. Kelley in the foyer. He will stay until after the anniversary of the Revolution on November 7th.



Installing the stars on the Kremlin — In the distance the new hotel
 Продолжается установка звезд на башнях Кремлевской стены. Третья звезда вчера установлена на Никольской башне. Она изготовлена коллективом ударников завода им. Молотова. На снимке: звезда на Никольской башне на фоне строительства гостиницы Моссовета и Дома комитетов Совета Труда и Обороны. Фото Н. Кулешова.



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JOHN HAZARD
AMERICAN CONSUL GENERAL
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Your fifty disposed suggest omission second paragraph second page
or at least bracketing third sentence and changing second word to
once stop also perhaps omission last sentence paragraph two third
page greetings

Rogers

Moscow, USSR.,
November 9, 1935.

Dear Mr. Rogers;

"Long live the All-Union Communist Party, the leader and organizer of the victorious building of socialism! Hail to our beloved Stalin! Vive l'Octobre mondial!" Beneath these banners lettered in huge white characters upon red bunting our school held its program commemorating the October Revolution of eighteen years ago. This was the coming-of-age year, for Soviet law defines the eighteenth year as the age of majority. This was the catchword of the celebrations. Every one was repeating it, and more than one person phrased his enthusiasm in these words; "We have at last passed beyond the faltering period of childhood. We are now making our way on a par with the other nations of the world."

Speeches, articles, slogans on bunting stress this progress of the Union, but not to the exclusion of the task which lies ahead--the task of the world October. Far more experienced persons than I write to the contrary, but I have yet to hear or read anything which would suggest that there has been a departure from this goal originally laid down on the first October. Active campaigns may have been shelved for a building of socialism in the Union itself, but people who think this means a relaxing of the spirit of the Revolution may some day be surprised.

Following two hours of commemorative speeches came the musical program. Almost traditional in form, act follows act as one artist after the other comes on the stage, usually in the better concerts to rush off again after his act to a waiting taxi which drives him through carnival-like streets to another concert for another organization. Every organization worth its salt has a concert on certain big evenings, the largest of which are the nights preceding the October and May Day. Whereas the quality of the artists varies according to the ranking position of the organization, even then there are not enough artists to go round, and so the same persons carry on programs in different places, while the waiting audiences are regaled by local talent or raconteurs when traffic slows up arrivals.

We were treated to a program given by the leading students of our brother institution, the Conservatory, which is next door, and most of whose students we have already heard, as their class rooms open on our court making possible an exchange of law lectures for opera arias during the warm open-window season, not, however, to the satisfaction of our

Professors. These students we heard showed what I have long called "promise", but the place being what it was and the crowd in no special mood to be quiet, we could not have asked for more. Even the presence of Vishinsky, the State Prosecutor, did not quell the chatter, which seems to be part of a good time.

To keep up with the tempo of a dance-conscious country we staged our own dance after the concert, pushing desks to the wall, while to the blasts of a ten-piece brass band we twirled and whirled to the quick-step Russian waltz, the rumba, the tango, and what they define as an American fox trot. The combination of lusty brass-quality dance music, an unpolished floor, and a certain ponderousness on the part of partners who are but now starting their second year on the dance floor makes one come up ready for the showers after an hour of it, but nothing leads to quite such informal fun. Students not weaned away from their native dances cannot entirely forget their past, and on occasion the band would swing into a spirited Georgian folk dance, and our Georgian students would coast (no other word describes the motion) out into a ten minute session of calisthenics, while the rest of the less agile brothers from the north, and I might add from across the sea, formed a circle and clapped their hands to the rhythm. Every one, including the clappers, ended up puffing and perspiring, but windows already puttied up for the winter, kept out any suggestion of a draft so that there was no perilous sudden cooling off.

Contrasted to this truly Russian evening had been my trio session immediately preceding it. By chance I took along a Yale Song Book, which no less a Yale rooter than I had recently mailed over to carry me through the football season. My group snatched it with glee, shouting, "Fox trot, fox trot!", and we panicked the whole entryway to Boola, Boola; Down The Field; and Fight, Fight for Yale. Our fat stubby engineer 'cellist was beating his instrument with all the spirit of the rubber-faced man with Garbor Davis, while the pianist had the shaky old out-of-tune upright rocking against the wall. I never knew there was such spirit in those football songs.

For the great day itself I profited by last year's experience of waiting in line from 10 to 4 and this year stayed home by my radio with Duranty's new book and a good hearty lunch, leaving in time to join my students in the street and march through Red Square at four. This year we missed seeing the Chief, but the other leaders were there waving at us, and we had last year's recollection of him to cheer us. Over the radio in the morning had come Voroshilov's opening speech and a running account in Russian, English, French, German, and Spanish of all that rolled by, from bicyclists to monster tanks, just as those of last year which I described at the time. We again marched through streets hung with red bunting lettered in foot-high white letters, with here and there an imposing model of some achievement, the greatest being the block-long model of a dam on the Moscow-Volga Canal which stretched along the entire back

side of Theater Square. We carried our slogans, and pictures of the leaders pasted on large red beaver board flags.

Then in the evening twenty of the students gathered for a dutch-treat evening, with all the delicacies such as sausage, cheese, caviar, vodka, and wine. A little custom they have of prancing around the table with a glass of wine on a tray, only to stop before a guest as all shout in chorus, "Drink to the bottom, Drink to the bottom," proves a bit disconcerting but then the day comes but once a year. Dancing and charades fill in the time one is not eating, and all in all I know of few gayer evenings anywhere.

Now we start back to work with no more holidays until after midyears near the end of January when we have ten days. This was a great two days combining Thanksgiving, Christmas, and Halloween all rolled into one.

All good wishes,

JNH.

Postal Telegraph

THE INTERNATIONAL SYSTEM



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All America Cables

Mackay

Radio

This is a full rate Telegram, Cablegram or Radiogram unless otherwise indicated by symbol in the check or in the address.

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LOC	DEFERRED CABLE
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TEL.: WICKERSHAM 2-4250

STANDARD TIME
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Form 16
N14 16 CABLE VIA NORTHN =MOSCOU 900P NOV 10 1935
LC INCWA(INSTITUTE OF CURRENT WORLD AFFAIRS

522 5 AVE)=NEWYORK=

=REAFFIRM AUTHORITY EDIT AS SEEMS ADVISABLE GREAT HOLIDAYS
OVER HEALTHY HAPPY GREETINGS=
=HAZARD=

238P

Telephone Your Telegrams to Postal Telegraph

Moscow, USSR.,
November 22, 1935.

Dear Mr. Rogers; re-Abolition of Torgsin

For many months rumors have floated about to the effect that the Torgsin stores would soon be closed. But when the decree at last came, every one was surprised. Short and lacking explanatory clauses, the decree abolishes from February 1st a system comprising 290 stores scattered all over the Union with a turnover of 270 million gold rubles (\$236,030,000.00) during the four years of existence. While most of this sum was realized on old gold and objects of art turned in by natives, remittances from abroad, paid to Soviet citizens in coupons cashable only for goods at Torgsin but to foreigners in actual foreign currency, have not been a small item. Since the decree itself marked the dead line for turning in old gold some people were caught with the remains of a hoard on which they can no longer realize. I saw three people in line the next morning with old Imperial gold ruble pieces which they hoped might still be changed.

Although gold is no longer received, remittances from abroad will continue for a month, and the stores will remain open to clear up the coupons and cash now outstanding until February 1st.

The closing of Torgsin is only a part in the general campaign to strengthen the ruble, for the decree goes on to forbid Intourist to take foreign currency within the country. In the past we went to Intourist hotels and paid our checks in whatever currency we had on our persons--francs, marks, dollars, zlotys, or what have you: they took 28 different kinds. Now payment can be made after January 1st only in the usual paper ruble of the country.

To get this paper currency after New Years a foreigner, and presumably a Russian, may exchange foreign currency at the State Bank for paper rubles at a rate which amounts to 5 rubles and 2 kopecs to the dollar. Such a rate means a distinct change in the purchasing power of the dollar as is apparent from the following comparison: in Torgsin a kilo of tangerines costs 47 American cents, while in the ruble store it costs 11 rubles. A little arithmetic will show how far the price after January 1st will have to drop to keep the purchasing power of the dollar what it is today. Rumor has it that reductions will follow, but they will have to be extreme to help the foreigner.

No one yet knows what the new regulations will be as to drafts from abroad. Nor does Intourist know what rules will be made for services provided within the country at extra charges over the usual charge of a tour. Perhaps to prevent a leak these details were apparently not worked out before the

decree was announced. The Russians are taking no chances. Their foreign currency which they have acquired in any of many ways is good today and it will not be worth as much later when they have to change it at the bank. The result is something like a subway jam in the bank drawing out money from their foreign currency accounts, and like a street fight in the Torgsins themselves, especially where shoes, materials, and appliances are sold.

This means a great change in the status of the ruble. In the future foreign money will not be accepted at any place except a bank. Having thus lost its position as a circulating medium, it will consequently be useless to a Russian which suggests that the only place to exchange money will be at the bank. But the decree is silent as to the bank's redeeming rubles for those who are leaving the country. Whereas it would seem to be implied that foreign steamship and airplane firms whose tickets are purchased under the new rule in rubles will be provided exchange to get their money out of the country, it does not follow that foreign specialists who are paid in rubles can transfer their savings to their home countries, via the official bank route.

This step has been hailed by the press as a great victory for the ruble. There is undoubtedly a psychological effect resulting from the decree, although for the great majority who never had any foreign money and never expected any, and who never had much gold the decree makes very little personal difference. It will strike hardest at the old fathers and mothers who were living off of modest remittances their children sent them from homes abroad, but the per centage is small compared to the total population, and as they say, "Chips have to fly when a tree is cut down," or as Duranty often says, "You have to break eggs to make an omelet."

The change will no doubt effect rates for railroad tickets on lines running abroad, on postage, and cable charges, for these were very low in view of the fact that for international purposes the gold and the paper ruble were one and the same. Now that the gold ruble is being reduced from 1.13 to the dollar to 5.02 to the dollar, it would seem that prices pegged to the gold ruble will change. Such means a great increase in the expense accounts of foreign correspondents.

In short, the hey-day for the foreigner is passing. The future is obscure, except for the obvious fact that the cost of living is going to rise for the foreigner and go down for the Russian. It is a great step forward for the Union and is being taken as evidence of a greatly enhanced financial position.

Greetings to you all,

JNH.

DECREE CONCERNING THE LIQUIDATION OF
THE TORGSIN STORES

The Council of People's Commissars of the USSR decrees:

1. The proposition of the All-Union Torgsin Corp concerning its liquidation from February 1, 1936 and the transfer of its chain of stores to the People's Commissariat of Internal Trade shall be approved.

2. It shall be proposed to the All-Union Torgsin Corp. to stop from the moment of the publication of the present decree the distribution of coupon books for any operation whatever, with the exception of transfers from abroad received up to December 15th, 1935. Operations in trade against coupon books already distributed and foreign currency or checks drawn on foreign currency accounts shall continue until February 1, 1936.

3. It shall be proposed to the All-Union share-corp. Intourist that:

(a) Trade and the rendering of any kind of service whatever for foreign currency within the territory of the USSR shall cease from January 1st, 1936.

(b) Tours shall be sold abroad for foreign currency with a tax imposed upon that currency.

(c) Tickets on Soviet airplanes and Soviet steamships running from the USSR abroad shall be sold for Soviet currency.

(d) The collection of payments for International railroad accommodations, and also for foreign steamships and airplanes operating from within the USSR to points abroad shall be made--in Soviet currency for the part of the journey within the territory of the USSR--and for the remainder of the journey beyond the boundaries of the USSR in foreign currency.

(e) All business in dining cars and station restaurants shall be carried on exclusively in Soviet currency.

4. For the purpose of developing tourist trade in the USSR and attracting foreign currency, the State Bank of the USSR shall be permitted during 1936 to conduct the exchange of foreign currency into chervontsi (units of 10 rubles) whether it be transfers from abroad or cash presented over the counter of the State Bank in accordance with the following system: 1 French franc equals 33½ kopecs or 3 French francs equal 1 rouble with the corresponding exchange for other foreign currencies.

5. The State Bank shall be required to organize the necessary number of exchange bureaus.

The President of the Council of People's
Commissars-----V. Molotov
Charge d'Affairs of the Council of People's
Commissars-----J. Miroshnikov

November 14, 1935.
Moscow, The Kremlin.

This decree obviously is going to effect all of the foreign students who receive funds from abroad. Until further explanations as to how money can be transmitted, I cannot tell what will be best. I feel sure that by the simple expedient of paying ahead I can retain the present set up into next spring, but then it may mean living at a hotel. We are lucky that I had such a long and useful spell of this environment. In any event there is nothing in the immediate future to worry about, and I feel sure that we can muddle along.

Mr. Bullitt leaves Nov. 23rd for what is announced as his usual Christmas trip home. You may see him on his return. Please bear in mind that he has been very good in including me in various entertainments and in seeing me now and then. The Second Secretary, Mr. Henderson, will become Chargé in the absence of Mr. Shantz, the First Secretary, who is now at home on leave.

Will you send me a copy of my "report" on Soviet Law which you have mailed out. I get comments on it, but lack any copy on which to check them up.

Also will you have Ben send me Webster's Collegiate Dictionary, published by Merriam. I have my own copy over here, but a friend who has been invaluable in providing me with connections happened to say one was needed. Since one can scarcely say it with flowers or candy over here, books provide the best medium for that sort of thing. I regret that it gives Ben all the trouble and all is such an expense. If at any time you think some books too much, please put them on a separate bill to await my return.

Temperatures are low these days and my thermometer for the past three days has shown a steady 20 degrees above zero, fahrenheit. No doubt it will soon drop lower.

All goes well, although things seem busier every day.

Again good wishes

JNH