From Revolution to Dissolution:
The Quai d'Orsay, the Banque Russo-Asiatique, and the Chinese Eastern Railway, 1917-1926

Before the First World War the richest financial institution in Russia—and the ninth richest bank internationally—was the Banque Russo-Asiatique (BRA), whose operations ranged from London and Paris to Peking and Manchuria.1 After the Bolshevik revolution in November 1917, and the nationalization by the new Soviet government of the Russian banking system, bitter power struggles imperilled the bank. Its officials turned to the French government for protection, and the Quai d'Orsay, seeing the bank as a means to overthrow the Bolsheviks and promote French political and economic interests in China, was quick to respond. The French government's involvement with the BRA demonstrates not only intimacy with bankers in Paris, but a readiness to use a private financial institution for purposes of state. It also illustrates the character of French imperialism in decline: impérialisme du pauvre, as Georges Soutou puts it in another context.2 Before 1914 France had been a prominent exporter of capital, but the war so exhausted her financial and human resources that by the time of the Armistice in November 1918, the French government was crippled and deeply in debt to its British and American allies. Too weak to take

I wish to thank the Social Sciences and Humanities Research Council of Canada for its financial support; and the Social Science Federation of Canada and the Canadian Federation for the Humanities for granting me leave of absence. Thanks are also due to John Cairns, Richard K. Debo, and Robert Young for reading and commenting on an earlier draft.

1 Revue Économique et Financière, 1 June 1929, clipping in Ministère des Finances, B3 1593, formerly E30 669.
control of the BRA, the failure illustrates the Quai d’Orsay’s unwillingness to limit itself to objectives within its power.

When Allied efforts to overthrow the Bolshevik revolution failed, the history of the BRA matched the halting development of Franco-Soviet relations in the early- and mid-1920s. As the Soviet government began after 1920 to rebuild the economy devastated by the Russian civil war, it sought to re-establish diplomatic and economic relations with the western powers. Soviet Russia needed western manufactured goods and credit to obtain them; and she needed markets for her petroleum, lumber, and other raw materials. While exploring the possibility of using the BRA to facilitate these objectives, the Soviet government also sought to control it through clandestine means. Similarly, the French government was preoccupied with the economic reconstruction of its war-ravaged north-east, where most of its limited financial resources had to be directed; with the establishment of new markets for its manufactured goods; and with finding new sources of petroleum and other raw materials. In the stagnant post-war economy of the early 1920s, the reintegration of Russia – Soviet or not – seemed essential to the revival of European industry and commerce, and the BRA seemed to provide a useful means of tying French and Soviet interests together.

The Banque Russo-Asiatique (Russo-Aziatskii bank) was formed in 1910 from a merger of the Banque du nord (or Severnyi bank) and the Banque Russo-Chinoise (Rusko-Kitaiskii bank). The latter, whose capital stock was more than fifty per cent French, had been established in 1896 as an instrument of French and Russian economic penetration of China. Though the BRA was a Russian bank, the majority of its capital stock was in French hands before the First World War, and it came under the influence, though not the control, of the Société Générale and the Banque de Paris et des Pays Bas (Paribas), two of the richest and most powerful banks in France. Its assets were by 1914 the largest of any Russian bank. It had important interests in the Russian petroleum industry, in mining and metallurgy, in the development of railways in the Ukraine and Donetz basin, and in virtually every sector of Russian industry. It had nearly one hundred branch offices in Russia and twenty others in foreign cities, including Paris and London. But the majority of its foreign branches were in China, where it had taken over the role of the Banque Russo-Chinoise as an instrument of Russian economic and political influence.

Behind the screen of the Banque Russo-Chinoise, Russia had acquired in 1896 the concession to build the Chinese Eastern Railway. Thus, the Russo-Chinoise became the sole stockholder of the 1,000 shares of the Chinese Eastern Railway Company, though the Russian government
provided the capital to build the railway, a line of approximately 2,000 kilometres across Manchuria linking European Russia, via the Trans-Siberian Railway at Irkutsk and Chita, with the port of Vladivostok on the Pacific Ocean. The Chinese Eastern Railway had considerable strategic and economic importance, as it was shorter by several hundred kilometres than the Trans-Siberian route around the vast Manchurian salient into eastern Siberia. A spur line also ran south from Harbin, Manchuria, to connect with the network of lines leading into China. The capital shares of the railway were deposited in trust with the Russian state bank in St. Petersburg, and symbolized the dominant role of the Russian government in the development of this important political and economic resource. The BRA had other important assets. With the Hongkong and Shanghai and the Deutsch Asiatische banks, it was one of the three ‘Custodian Banks’ of China, where customs revenues were deposited for the payment of interest on various loans contracted by the Manchu government and, after the revolution of 1911, by subsequent Chinese regimes at Peking. The BRA also acted as the mandatory of the Russian government for the Boxer indemnity – the reparations imposed by the Great Powers following the failed anti-imperialist and anti-foreign revolt of 1900.

During the twenty years before the First World War, the Franco-Russian partnership in the Russo-Chinoise and the BRA was far from harmonious. As French investors had advanced more than half the foundation capital in the Russo-Chinoise, the French government, if not French financiers, expected the bank to serve French as well as Russian interests in China. The French sphere of influence in China was in the south, but the Quai d’Orsay sought to piggyback its way into the north on the shoulders of its Russian ally. The Russian finance minister, Sergei Y. Witte, however, resisted the attempt, and succeeded in bringing the Russo-Chinoise wholly under Russian influence. When the BRA was created, with a board of directors in Paris and an executive committee (pravlenie) in St. Petersburg, each with an equal number of French and Russian members, French financial groups gained a stronger hold over policy, but the conflict between French and Russian policy objectives did not end.


French participation in the BRA fitted into the larger picture of French investment in the Russian economy, which had begun with the conclusion of the Franco-Russian alliance in 1894 to counter the military and political preponderance of Germany in Europe. The mortar of the alliance was money: French investments poured into Russia to fuel industrialization and to build up Russian economic and military strength. Initially directed into Russian securities or bonds listed on the Paris stock exchange and guaranteed by the Russian government, eventually French capital flowed into Russian industry and banking underwritten by such French banks as Paribas, the Société Générale, and the Banque de l’Union parisienne. By 1914, French capitalists controlled a major share of the investment capital of Russian banks, and the mining and metallurgy of the Ukraine and the Donetz basin.

French investment in Russia amounted to more than 13 billion gold francs, representing approximately 30% of all French foreign investments, and 36% of foreign investment earnings. This enormous sum was suddenly in jeopardy when the Bolsheviks, who regarded foreign investment in Russia as a tentacle of western imperialism, seized power. Tsarist bonds, they said, were debts of the overthrown Romanov dynasty and a prop of the autocracy, for which the new Soviet government could not be held accountable. In the interests of state ownership, therefore, they nationalized all Russian banks in December 1917, annulled the Russian state debt in February 1918, and gradually expropriated all industrial and commercial enterprises under their control.

* * *

These actions were greeted with horror in France: to the French bourgeoisie, rights of property were sacrosanct, and French capitalists, appalled by the enormity of their losses, demanded action by the French government. They were led by officials of the BRA, which overnight had lost nine-tenths of its assets and control of all of its branches in Russia. In the first days of 1918, two members of the bank’s board of directors in Paris, Gaston Raindre and André Bénac, both influential French bankers who held important positions within the French government before entering private business, requested protection of the BRA’s assets outside Russia, offering in exchange to put the bank’s offices at

---

the disposal of France. At the same time, the BRA pravlenie was reconstituted in Paris out of reach of the Bolsheviks.

Raindre, a former political director at the Quai d’Orsay and French ambassador at Berne and Tokyo at the turn of the century, was chairman of the BRA board. Bénac, a former director of the Mouvement général des fonds in the French ministry of finance, had before the war been the ‘right arm’ of his minister, Joseph Caillaux. In addition, Bénac sat on the boards of a long list of French companies and banks, including Paribas and the Société Générale.

The upheaval in Russia made the BRA anxious about its position in China. In their writing to the French government, Raindre and Bénac emphasized that the bank would need French support to compel the Peking government to continue to pay the Boxer indemnity, which was indispensable to the bank’s continued solvency and the maintenance of the tsarist missions at Peking and Tokyo. As French nationals held three-quarters of the bank’s capital stock, which Bénac estimated at 150 million francs, the BRA, in return, could provide financial support to French industries operating in Russia. In spite of Bolshevik nationalization, the bank still possessed important assets outside Soviet control, especially in China, and these would grow as ‘order’ was re-established in Russia. On 8 January, the foreign minister, Stephen Pichon, promised Raindre that the French government would do everything within its power ‘to safeguard French financial resources invested in Russia particularly in the Banque Russo-Asiatique’. A week later, the Quai d’Orsay sent instructions to the French chargé d’affaires in Peking, Damien de Martel, directing him to support the bank in China.

In February, Maurice Verstraëte, vice-president of the bank in Petrograd and a former French consul and commercial attaché in Russia, proposed that the BRA take over the Chinese Eastern Railway Company, both as collateral for French stockholders and as a means of maintaining the solvency of the bank. Verstraëte was an influential banker with long experience in Russia. Like Bénac, he had been close to Caillaux but also to the former French foreign minister, Théophile Delcassé, and thus had a good entrée into the French government. His

---

7 ‘Remis par M. Bénac’, 5 Jan. 1918, and enclosing letters from Raindre to Stephen Pichon, MAE E-Chine/111, fos. 6-12; and also Bénac to Frédéric François-Marsal, financial adviser to French premier and war minister, Georges Clemenceau, 16 Jan. 1918, Service H[istorique de l’] A[rmée, Vincennes], 5N 280.
8 Pichon to Raindre, 8 Jan. 1918, MAE E-Chine/105, fo. 14.
9 Pichon to Martel, no. 29; and elsewhere, 16 Jan. 1918, ibid., fo. 23.
recommendations, sent by cable and diplomatic pouch to Paris, commanded immediate attention at the Quai d'Orsay.

Verstraëte argued that the Chinese government at Peking, as well as the other Allies, would wish to keep the Chinese Eastern Railway out of Bolshevik hands. The general manager of the railway, General D.L. Horvat, had been forced to call in Chinese troops against insurgent Bolshevik workers, and really had no option but to recognize the BRA as sole stockholder of the company. The bank should continue to accept on deposit the receipts of the railway and should take responsibility for the reconstitution of its board of directors, stranded in Petrograd by the revolution. Time pressed, however, as the Bolsheviks were attempting to assert Soviet authority over the railway.11

Verstraëte's views were shared by the Russian group in the bank, in particular by Alexei Ivanovich Putilov, chairman of the BRA pravlenie. Putilov had been forced to flee St. Petersburg after the Bolsheviks seized power, and had made his way to China where he had become involved in efforts to safeguard the bank's position there. Known before the war as a member of the 'Big Three of St. Petersburg', or the 'Three Horsemen of the Apocalypse', Putilov, like many of his French counterparts, had started his career in government service, rising quickly through the ranks of the ministry of finance.12 Eventually he left the government to make his fortune in business and banking and became one of the richest and most influential financiers in St. Petersburg. His reputation was marked, according to some sources, 'by the total absence of any moral scruple' and by strong German sympathies. After the First World War, rumours circulated that he had traded with the enemy, and that friends in the ministry of finance had quashed a charge of high treason against him.13 If Putilov had little enthusiasm for war, he had less for the revolution, and in August 1917 provided money to the counter-revolutionary, General L.G. Kornilov, for an abortive coup d'etat against the Provisional Government of A.F. Kerensky. Although this did no harm to Putilov's reputation in the eyes of the French government, his presence in China exacerbated traditional Franco-Russian rivalries over the BRA and the Chinese Eastern Railway.

In early February 1918, Putilov cabled from Shanghai to the bank in Paris supporting Verstraëte's proposals, and himself proposed, in view

13 'Au sujet des Usines Putilov', P. 6896.U., 9 Nov. 1922, Archives Nationales, F7 13491, Ministère de l'Intérieur, Sûreté Générale; and 'Au sujet de Putilov', P.7717.U., 11 May 1923, AN F7 13492.
of the absence of a viable currency along the railway, that the BRA should issue banknotes—to be called 'Siberian roubles'—to pay a railway militia and other employees. Japanese banks should be invited to help float the new currency in view of Japan's long-standing ambitions in Manchuria, and its circulation should be extended into eastern Siberia as Bolshevik authority was overthrown. It was here that Putilov and other members of the Russian group in the BRA began to run afoul of the French government, especially of the French chargé d'affaires. Martel—who had taken up his post in 1913—was well informed of the efforts of Russian directors of the bank to limit French influence in its affairs. Deeply suspicious of Putilov and the bank's head of operations in China, L.V. de Hoyer, Martel did not mince words with Paris: the Russian revolution gave France the opportunity to turn the BRA into an instrument of French political and economic influence in China. In early December 1917, he had warned Paris that Hoyer's activities were intended to protect Russian interests, at the expense of the French, and now his fears were proving just.

Leon Viktorovich de Hoyer (or von Goier) was born into the Baltic nobility. Like Putilov, he had served in the Russian ministry of finance and been appointed to the BRA in China before the war. He had also served as a financial agent of the Russian government in the Far East, and had an unsavoury reputation as a speculator with a large fortune amassed before the revolution. French sources labelled him a notorious francophobe, openly sympathetic to Germany. Martel considered him an arrogant 'intriguer', who took no account of French interests when developing the BRA's investment policies. Although, in the past, the maintenance of the Franco-Russian alliance had dictated tolerance of Russian disregard for French objectives in China, Martel reckoned that times had changed. Why should the French government continue to tolerate Russian operations against French interests with, as he put it, 'our own money'? Rather, the French government should take direct control of the BRA in China.

Martel's suspicions were confirmed when, without consulting him, Putilov negotiated with the Peking government to reorganize the BRA

14 Putilov to N. Raffalovich, member of the BRA board of directors in Paris, 7 Feb. 1918, MF B32820, formerly F30 1921.
15 Martel, no. 216, 4 Dec. 1917, MAE E-Chine/111, fos. 1-2. Pierre de Margerie, political director of the Quai d'Orsay, left a marginal note on Martel's letter indicating that he shared entirely his views of Hoyer.
16 General M.P. Janin (in Siberia), no. 460 conf, 27 Nov. 1919 which included an assessment of Hoyer in the enclosed no. 143 SR, 29 Oct. 1919, SHA 72 N 809; and MAE internal note, n[ot] s[igned], 13 Jan. 1919, MAE E-Chine/107, fos. 5-6.
17 Martel to Jean Gout, head of the Sous-direction d'Asie at the Quai d'Orsay, personal letter, 10 Jan. 1918, MAE E-Chine/108, fos. 24-5.
and the Chinese Eastern Railway, appointing a new board of directors made up of Russian nationals, including Putilov himself, Horvat, and Hoyer. By the middle of February, Martel had lost all patience: he warned Paris that Hoyer and Putilov, working with the Russian minister at Peking, N.A. Kudashev, had 'systematically excluded' him and were trying to deny the French government any role in the bank in China. He recommended that French agents should be assigned to each important branch of the bank there and to the Chinese Eastern Railway.

While the Quai d'Orsay endorsed Verstraëte's proposal to take over the Chinese Eastern Railway, and Putilov's to issue BRA banknotes, at first it did not respond to Martel's concerns. But Martel's views soon won support. For Martel and for the Quai d'Orsay, the protection of French interests meant not only French directors on the boards of the bank and the railway, but French personnel working within these institutions in China. It also meant orders for French manufactured goods, and an investment policy favouring French companies starting up or doing business in China. In this sense, Martel was only advocating the traditional policy the French government had pursued twenty years earlier when Verstraëte had been named, in 1899, to the board of directors of the Banque Russo-Chinoise, in order to promote French economic interests. Martel asked the Quai d'Orsay for authority to intervene with the Peking government to stop Putilov.

This time the Quai d'Orsay acted quickly, as F.A. Kammerer, head of the financial service, and Philippe Berthelot, deputy political director of the Quai d'Orsay, paid close attention to Martel's complaints. Berthelot, who had entered the foreign service in 1889, was a powerful influence in the Quai d'Orsay with a strong personal interest in the Far East. Kammerer, a junior to Berthelot and his admirer had, like Martel, studied at the École libre des sciences politiques, a training school for the French public and foreign service. In 1915 he had served as deputy chef du cabinet and in 1917 as a bureau chief in the Sous-direction d'Europe; in 1918-20, he would be made responsible for the formulation of French policy towards Soviet Russia. The influence of the two men was the more important because Pichon, a weak foreign minister in any case and now preoccupied with the prosecution of the war, usually signed without revision or comment whatever Berthelot put before him.

19 Martel, no. 75, 11 Feb. 1918, ibid., fos. 39 ff.
20 Pichon to Martel, no. 94, 21 Feb. 1918, ibid., fos. 61 ff.
21 Crisp, 'The Russo-Chinese Bank', passim, and fn. 18 above.
Kammerer and Berthelot prepared on 1 March instructions authorizing Martel to intervene with the Peking government to block Putilov. In their view, the absence of any ‘legal’ authority in Russia and the threat to the interests of French stockholders in the BRA were sufficient reasons for Martel to insist that officials of the railway, the bank, and the Russian legation in Peking not act independently of the French government. The Quai d’Orsay left it to Martel to decide how to take control.23

One important caveat was added: the French government would have to bear in mind the possibility of Japanese military action in north-east Asia which, throughout the first nine months of 1918, was an important priority for the Allies. Japan had already established a political and economic presence in southern Manchuria with its victory in the Russo-Japanese war of 1905. In the years that followed, the continuing Russo-Japanese rivalry in Manchuria focused on the Chinese Eastern Railway and the important timber and coal resources of the region. The Japanese government was eager to extend its influence into northern Manchuria and eastern Siberia under cover of Allied action against the Bolsheviks and, given the mounting military crisis on the Western Front, was the only Allied power with troops available. China, politically divided and in a virtual state of civil war, and with a government at Peking which had authority only in the north, was dependent on Japan, and thus not able to resist her pretensions in Manchuria. Well aware of Japan’s ambitions, the Quai d’Orsay told Martel that the Allies’ approval of Japanese intervention would depend on a guarantee of their interests in Manchuria and Siberia, including those of France in the BRA and the Chinese Eastern Railway.24

The Quai d’Orsay’s cables to Peking crossed with another from Martel recommending the dismissal of Hoyer, whose presence in China he regarded as inimical to French interests.25 Kammerer and Berthelot not only agreed that Hoyer should be dismissed, urging this step on Bénac and the BRA pravlenie, but also that French nationals should be placed in the administration of the Chinese Eastern Railway. But their perspective was beginning to go far beyond control of the bank and protection of the interests of French stockholders. Kammerer told Martel that the BRA, through the issue of banknotes, was likely to become ‘the

23 Pichon to Martel, nos. 118-19, 1 March 1918 (drafted by Kammerer, revised by Berthelot), MAE E-Chine/108, fos. 89 ff.
24 Pichon to Martel, no. 120, 2 March 1918 (drafted by Margerie), ibid., fo. 98. For French government views on Japanese intervention, see Carley, Revolution and Intervention, pp. 48-51, 72-80.
25 Martel, no. 117, 1 March 1918, MAE E-Chine/108, fo. 86.
principal financial agency of Allied action in the Far East for the re-
establishment of order on the Trans-Siberian Railway and for the
reconstitution of a regular Russian administration in Asia'. It was there-
fore 'indispensable to establish completely reliable relations and close
collaboration' between local French and Russian officials. In French
terms, this meant bringing the Russian group in the bank firmly under
the control of the Quai d'Orsay.

However, Putilov immediately began to fight back, sending from
Shanghai a series of angry cables to Bénac asking for the reversal of what
he took to be Martel's personal policies. Bénac's efforts to strengthen
Putilov's credibility with the French government were more effective
than they might have been, because Martel's diplomatic interventions
in Peking had undermined the BRA's political standing with the Chinese
government, which seemed inclined to seize the Chinese Eastern Rail-
way and to refuse to pay the Boxer indemnity. As the Peking govern-
ment was scarcely more than a puppet of the Japanese, Martel's efforts
to discredit the BRA's Russian agents in China risked yielding the rail-
way to Japan. In view of French plans for the bank, therefore, the Quai
d'Orsay quickly modified its position.

Kammerer and Berthelot sent new instructions to Martel backing
away from his view that French investment capital ought to serve
French private as well as state interests. The protection of French private
interests, they said, should take second place to 'general Allied policy in
the Far East', nor could it be allowed to compromise the French alliance
with Russia, represented by Putilov, Kudashev, and other Russian offi-
cials in China who would, sooner or later, take power again 'when order
was reestablished'. The Chinese Eastern Railway was an 'important
political lever' over which France should establish her rights in the name
of French investors in the BRA, but 'not at the price of delivering the
railway into the hands of the Chinese ... and eventually over to the
Japanese'. Hoyer would be dismissed, and French agents appointed to
the bank in China and to the pravlenie which had been moved to Paris.
Beyond this the French government could not go: both the BRA and

26 Pichon to Martel, no. 126, 5 March 1918 (drafted by Kammerer, revised by
Berthelot), ibid., fos. 108 ff; and Joseph Louis de Fabry, charged with Russian
affairs in the ministry of finance, to Charles Sergent, under-secretary of state,
finances, 2 March 1918, MF B34920, reporting Kammerer's views. For French
policy regarding intervention in Soviet Russia, see Carley, Revolution and Interven-
tion, passim.

27 Gout to Kammerer, n.d. [?10 March 1918], MAE E-Chine/108, fo. 144.
28 See Bénac to Pichon, 8 March 1918, ibid., fos. 130-3, and Auguste Wilden,
French consul-general in Shanghai, no. 16, 9 March 1918, ibid., fos. 134-5; sn
[sans numéro], 9 March 1918, ibid., fos. 136-7; and sn, 10 March 1918, ibid.,
fo. 142.
the Chinese Eastern Railway had to remain Russian in order to retain their privileged position in China and to provide a bridgehead for the anti-Bolshevik movement. The Franco-Russian partnership, however uneasy, had to continue.

During the spring of 1918, relations between the two sides in China were strained. Putilov virtually defied Martel, which the Quai d'Orsay would not have tolerated but for its preoccupation with the Western Front. Putilov sought Japanese and American investment in the Chinese Eastern Railway, and Kudashev organized resistance to French control of the BRA. Although the Quai d'Orsay was powerless to stop Putilov, it insisted on the sacking of Hoyer and the addition of French nationals to the pravlenie in Paris and the bank in China, where Martel covered the BRA with the French flag. However, the board of directors of the Chinese Eastern Railway was reconstituted under Russian control with no French representatives, and in the summer, Putilov left China for Japan, the United States, and France, in search of fresh capital for the BRA. His departure and that of Martel for Siberia – into the thick of the civil war – left the affairs of the BRA in China temporarily calm.

Before leaving Peking, Martel warned Berthelot in a private letter against Putilov, and even more strongly against Hoyer who, he said, was bound to return to Manchuria. The new French minister in Peking, Auguste Boppe, initially sought to improve relations with his Russian colleagues, but in a few months was even more critical of Putilov than Martel had been. As Boppe put it, Putilov 'had never resigned himself to consider the Banque Russo-Asiatique as an organ of French capital and had always supposed that he could use [the bank] as an ... instrument in the service of Russian political groups which he secretly favoured'. The politicians so favoured had included Kornilov before the Bolshevik seizure of power, Horvat, and the anti-Bolshevik free-booter, G. Semenov, in 1918. Like Martel, Boppe drew attention to Putilov's negotiations with Japanese and American financiers, 'to lessen the financial servitude of the bank toward France', over which negotiations neither the French legation in Peking nor Putilov's colleagues in China had any control. Nevertheless, Putilov retained the support of

Wilden, no. 19, 13 March 1918, MAE E-Chine/108, fo. 152; Martel, no. 188, 5 April 1918, ibid., fo. 204; and Martel, no. 204, 13 April 1918, ibid., fo. 206.

Martel to Berthelot, personal letter, 20 May 1918 (the last part of the letter is missing), MAE E-Chine/105, fos. 153-4. Whether Martel was sent to Siberia because of his quarrel with Putilov is not known, but by the end of 1920 had seen more than two years' service on various fronts, including brief postings in the Caucasus and the Crimea.

Bénac, who resisted Quai d’Orsay efforts to exercise too close a control of the bank.\textsuperscript{32}

The rivalries engendered by the creation of the Banque Russo-Chinoise twenty years earlier had thus intensified as the balance of power between France and Russia was overturned by Russia’s military collapse, and the French government saw an opportunity to exercise greater control over the BRA. In Peking, Martel was an aggressive proponent of this ‘hard’ approach, which Berthelot and Kammerer in Paris supported insofar as circumstances permitted. Its implementation proved difficult, however, owing to the desperate struggle on the Western Front.

* * *

Paradoxically, in 1918 Verstraëte, whose recommendations had first excited the interest of the Quai d’Orsay in the Chinese Eastern Railway, now temporarily threatened French control of the BRA. Verstraëte, like other French and Allied observers in Russia, was impressed by the energy of the Bolsheviks and thought to save some of the assets of the bank by co-operating with the Soviet government in the reorganization of the Russian banking system\textsuperscript{33} – the first of many efforts by the bank’s officials to come to terms with the Soviet government. But the Quai d’Orsay would not tolerate such co-operation (though it would do so in the 1920s), nor would the bank’s board of directors, fearing for its privileges and assets in China. The French government wanted to use the bank as a bank of issue to support the Soviets’ Russian opponents; with the German and British governments buying up shares in a number of Russian banks, France could ill afford to lose its influence in this one. The Quai d’Orsay therefore instructed its ambassador to Russia, Joseph Noulens, to make Verstraëte stop his talks with the Bolsheviks, and in September 1918 he was stripped of his authority in the bank.\textsuperscript{34}

The French government considered the BRA the principal economic component of its anti-Bolshevik policy until late in the summer of 1918, when control of the bank was found to have slipped into the hands of the Russian I. Stakheev and Company. In 1916, Verstraëte and a French partner had taken out options on a new issue of stock, floated by the bank, but as they could not raise sufficient capital, had to give up


\textsuperscript{33} Maurice Verstraëte to his brother Georges in Paris, 8 May 1918, MF B32820.

\textsuperscript{34} Pichon to Noulens, nos. 284-6, 23 June 1918 (drafted by Kammerer, revised by Berthelot), MAE, ancienne série Z – Europe, 1918-1929, followed by the geographic subheading, volume and folio numbers, hence Z-Russie/414, fos. 31 ff.; and also Carley, Revolution and Intervention, pp. 100-1.
their options to Stakheev.\textsuperscript{35} Although apparently sympathetic to the Allied cause, Stakheev was too much of an entrepreneur to be trusted not to sell to the highest bidder.\textsuperscript{36} The ministry of finance advised the Quai d'Orsay that if Stakheev wanted to sell, he must be persuaded to sell to a French group.\textsuperscript{37} Kammerer drafted instructions for Noulens to this effect, stressing that a general assembly of the bank's stockholders should be blocked until the end of the war to prevent an unfriendly take-over. Putilov, who was a partner in the Stakheev company, assured the French government that the firm's shares would not pass to unfriendly hands, but assurances from Putilov were cold comfort in Paris.\textsuperscript{38}

French government intervention on behalf of and within the BRA tapered off until the following summer when the Russian civil war took a turn in favour of the anti-Bolsheviks. With prospects good that the Soviet government might finally be overthrown, French financiers and traders prepared to resume activities in Russia. A trading syndicate, headed by Noulens, was organized by Paribas and the Banque de l'Union parisienne.\textsuperscript{39} At the same time, interest grew in transforming the BRA into a French chartered bank.\textsuperscript{40}

The second of the 'Three Horsemen of the Apocalypse', Charles Jarosznynski, was at the centre of these efforts. Jarosznynski was a Pole with a large fortune made before the war, and a reputation for dubious financial dealings.\textsuperscript{41} In 1918 he got involved in British efforts to buy up Russian bank shares, and early in 1919 did the same in Germany.\textsuperscript{42} The Quai d'Orsay eventually came to see Jarosznynski as a buffoon, but he was taken quite seriously during the heady summer of 1919 when anti-Bolshevik armies were advancing towards

\textsuperscript{35} Note by Verstraete, 21 June 1918, MF B32820.

\textsuperscript{36} 'RA', note by Sergeant, 28 May 1918, \textit{ibid}.

\textsuperscript{37} L.L. Klotz, finance minister, to Pichon, no. 5111, 1 June 1918, \textit{ibid}.

\textsuperscript{38} Pichon to Noulens, no. 241, 11 June 1918, MAE E-Chine/105, fo. 174; Eugène Regnault, French minister in Tokyo, passing on message from Putilov to Bénac, no. 293, 8 July 1918, \textit{ibid}., fo. 231; Klotz to Société Générale, no. 6173, 2 July 1918, MF B32820; Société Générale to Klotz, 13 July 1918, \textit{ibid}.; and 'Note de la Société Générale sur la Banque Russo-Asiatique', Nov. 1918, MAE E-Chine/111, fo. 146.

\textsuperscript{39} Carley, \textit{Revolution and Intervention}, p. 139.

\textsuperscript{40} Note by J.L. de Fabry, ministry of finance, 17 July 1919, MF B32022, formerly F50 1111.

\textsuperscript{41} Romanov, \textit{Grand Duke}, p. 250.

\textsuperscript{42} Louis Delavaud, French minister in Stockholm, no. 228, 4 Feb. 1919, MAE Z-Russie/495, fo. 8; and 'Note remise par N. Raffalovich', 29 April 1921, \textit{ibid}., fos. 312-22; see also E. Senenoff, \textit{Un cri d'alarme: Epargne franco-russe et banques russes depuis le coup d'état bolcheviste} (Paris, 1926), \textit{passim}; MF B32005, formerly F50 1092/93; and Michael Kettle, \textit{The Allies and the Russian Collapse, March 1917-March 1918} (Minneapols, 1981), \textit{passim}.
the centre of Soviet Russia. Jaroszynski appeared to work closely with Paribas and Société Générale to launch a new issue of BRA stock, approved by the Quai d'Orsay on condition that at least half of the pravlenie and board of directors were French nationals, an approval facilitated by the bank's pledge to assist in the rebuilding of French industries in Russia. It was virtually the same plan as proposed the previous year by Bénac and Raindre, without the focus on China. The fresh capital needed depended on the sale of new stock, which itself depended on the success of the anti-Bolshevik armies. However, by the end of November the summer's hope of a speedy Soviet collapse had vanished. The Red Army won decisive victories on all fronts. Jaroszynski still hoped to carry out his plan, but he could not raise the money for it.

Soviet victories in the civil war did not end hopes of refloating the BRA, or transforming it into a French chartered bank. At the end of 1919, the China group again asked for French help in funding off new efforts by Peking to take over the Chinese Eastern Railway which, throughout the Russian civil war, had been the object not only of Chinese but also of Japanese and US interest, as well as French. The rivalries among them were barely affected by the conclusion early in 1919 of an inter-Allied agreement covering the entire Siberian railway system, including the Chinese Eastern, following the Allied military intervention in Siberia begun in August 1918. By the end of 1919, A.V. Kolchak's anti-Bolshevik government had collapsed, and chaos reigned along the railway as the survivors of the counter-revolution in Siberia fled eastward from the advancing Red Army. A French military mission and the anti-Bolshevik Czechoslovak Legion, supported and theoretically controlled by the French government, had difficulty escaping the débâcle.

The fall of the Kolchak government undermined the authority of Horvat and the Russian legation in Peking. The Russian minister, Kudashev, fearing the pretensions of the Peking government, turned to the French legation as he had done in 1918, proposing that the BRA in China take over direct administration of the railway, which would thus come under French protection in exchange for orders for rolling stock and matériel placed with French firms. French nationals would also be

43 Panafieu to Berthelot, then secretary-general, or to E.M. Peretti de la Rocca, private letter, 1 July 1919, MAE Z-Russie/493, fos. 324-5; and Berthelot or Peretti to Panafieu, private letter, 30 July 1919, ibid., fos. 326-9.
44 Société Générale/Paribas to Pichon, 6 Sept. 1919, MAE E-Chine/111, fos. 158-60.
45 MAE internal note, n.s., 27 Nov. 1919, ibid., fo. 171.
46 For the general situation in Siberia and Manchuria during the civil war, see Peter S. H. Tang, Russian and Soviet Policy in Manchuria and Outer Mongolia, 1911-1931 (Durham, N.C., 1959), pp. 114-29.
brought into the administration of the company. Boppe supported these proposals, provided the BRA became a French bank, but warned that prompt action would be necessary to thwart the ambitions of other Allied powers.47

The Quai d'Orsay's initial response was cautious, but Kammerer, who had recently become head of the Sous-direction d'Asie, minuted: 'It would be interesting to take under our control the Chinese Eastern line, provided we are not later forced to give it up.'48 In early January 1920, the Quai d'Orsay therefore agreed to take the Chinese Eastern Railway under French protection, but only on condition that a majority of seats on a new board of directors would be French.49 As Berthelot later told Boppe, the French government did not intend to extend its protection 'only to be eliminated from [the railway] later on when its protection was no longer useful'.50

In spite of the difficulties facing the Russian legation in Peking, Kudashev would not accept the French terms.51 Negotiations went on throughout February 1920, but the Quai d'Orsay began to lose interest in light of Russian talks with other parties. Kudashev had authorized Horvat to approach both the Japanese and the Chinese to find an alternative means of maintaining control of the railway – indeed of running it, as the company was virtually bankrupt. The railway needed fresh capital to continue operations, which necessarily limited the cash-poor French government's ability to force its terms on the Russians or to gain some share of control of the railway with the other Allies. Boppe proposed as an alternative the 'internationalization' of the line, to which the Japanese seemed agreeable in order to 'give everyone his share' – also to prevent the Americans from obtaining a dominant financial position.52 Political alliances changed as quickly as shifting sand, and negotiations were feverish as the competing Allies tried to prevent one another from gaining the upper hand.

Berthelot and Kammerer, who formulated French policy in this regard, were thoroughly disenchanted with the anti-Bolshevik Russians because of their military failures in the war against the Soviets. In early

49 Aide-mémoire, Russian embassy in Paris, 8 Jan. 1920, MAE E-Chine/109, fo. 1; and Pichon (Berthelot) to Boppe, nos. 11-15, 13 Jan. 1920, ibid., fos. 10-11.
50 Pichon (Berthelot) to Boppe, nos. 16-17, 13 Jan. 1920, ibid., fo. 15.
51 Boppe, no. 29, 19 Jan. 1920, ibid., fo. 19-20; and Boppe, nos. 32-3, 20 Jan. 1920, ibid., fo. 91-2.
52 Boppe, nos. 58-9, 26 Feb. 1920, ibid., fos. 53-4; Boppe, no. 131, 19 March 1920, ibid., fo. 74; and numerous other cables from Boppe in MAE E-Chine/109.
March 1920, Kammerer minuted that France should pull out of the negotiations as the Russians wanted to exclude her from any control of ‘theirs’ railway. Why should France get further involved, he questioned, when the rights of the BRA over the Chinese Eastern Railway were ‘theoretical at best, and in fact, a complete deception’. Kammerer’s contempt for the anti-Bolsheviks was venomous: ‘The Russians are absurd ... and moreover we should avoid providing any financial support whatever, especially as we are shutting down our ruinous expedition in Siberia and we are not going to start over again somewhere else.’ A few weeks later Kammerer modified his position slightly when he scrawled another marginal note: ‘If we can get involved without money, it might not be a bad idea, but the Russians are so incapable that we should not contemplate making any deal with them.’

Kammerer’s views were formalized in instructions for Boppe. The French government could make ‘no financial contribution whatever’ to a reorganization of the Chinese Eastern Railway, and would therefore have to pursue a less aggressive policy limited to protecting French private interests in the BRA. However, Boppe was still to protest against any attempt by third parties to take control of the railway. For the French government and the BRA pravlenie, the only hope of securing French influence over the railway appeared to lie in playing off on the Chinese and Japanese governments. Internationalization, proposed by the other Allies, could only be a last resort, as French interests would then be swamped.

The success of this strategy was at best limited. In September 1920, BRA officials in China undertook direct negotiations with the Peking government. An agreement was struck to maintain the BRA’s control over the railway, and a modus vivendi signed on 2 October 1920 which allowed the BRA to manage it. But the agreement also recognized China’s provisional sovereign rights over the railway zone until some arrangement could be reached between Chinese authorities and a recognized Russian government. Asserting its authority, Peking removed

---

83 Note by Kammerer, 6 March 1920, *ibid.*, fo. 57.
84 Kammerer’s minute on Boppe’s nos. 98-9 cited above, *ibid.*, fos. 53-4.
85 See Kammerer’s marginal note on Eirik Labonne, Service russe, MAE, to Kammerer, 22 March 1920, *ibid.*, fo. 73.
86 Millerand to Boppe, no. 96, 4 April 1920, *ibid.*, fo. 93.
88 Boppe, no. 305, 7 Sept. 1920, E-Chine/109, fo. 184.
Horvat from power in Harbin, withdrew recognition of Kudashev, and suspended payment of the Boxer indemnity to the BRA.

There was not much the French government could do about these developments, though Boppe tried without success to reverse the suspension of the indemnity payments, and the BRA pravlenie accepted only under protest the temporary Chinese assumption of Russian rights over the railway.60 Moreover, in December 1920 Boppe warned that in spite of the October modus vivendi, the authority of the BRA over the railway was quite uncertain because of Japanese and Soviet 'intrigues'.61 These were the inevitable drawbacks of a French imperialism without means. But Berthelot reckoned it would be a waste of money to commit scarce financial resources to the railway. The Quai d'Orsay therefore bided its time, leaving the 'unfortunate Russians' in China to shift largely for themselves.62 To be sure, French officials would still attempt to protect in some measure former tsarist privileges in China, but the price of French protection was greater control over the railway through the BRA. Besides, French protection would not go beyond Boppe's exertions in Peking. Indeed, the French government declined even to pay the costs of maintaining a French representative on the Inter-Allied Technical Board established in 1919 to administer the Trans-Siberian and Chinese Eastern Railways, until Boppe persuaded the Quai d'Orsay to do so at the expense of the BRA.63

The Quai d'Orsay thus appeared to want something for nothing: to retain a stake in the BRA and the Chinese Eastern Railway without making any real financial or other commitment. The French maintained this stance throughout the early 1920s, even after Berthelot and Kammerer's day. Paul Cambon, the long-time French ambassador at London, noted that French policy during this period often exceeded the French government's capabilities.64 This was undoubtedly the case with regard to the BRA, in dealing with which the French government constantly attempted to piggyback on the anti-Bolshevik Russians.

61 Boppe, no. 422, 31 Dec. 1920, E-Chine/110, fo. 50.
62 See Berthelot's minutes on Charles Lépissier, French consul in Harbin, no. 13, 10 Sept. 1920, MAE E-Chine/109, fo. 188; René André, French consul in Vladivostok, no. 157, 29 Sept. 1920, ibid., fo. 218; and André, no. 182, 26 Dec. 1920, MAE E-Chine/110, fo. 46.
63 Georges Leygues, premier and foreign minister (Peretti), to J.J. Jusserand, French ambassador in Washington, nos. 3049-50, 31 Dec. 1920, MAE E-Chine/110, fos. 54-5; Boppe, no. 422, 31 Dec. 1920, ibid., fo. 50; Kammerer to Boppe, no. 6, 7 Jan. 1921, ibid., fo. 50.
64 See, for example, Paul Cambon, Correspondance, 1870-1924 (Paris 1946), iii. 379.
While Boppe laboured to defend the BRA’s interests in China, French officials in Paris sought to encourage its legal transformation into a French chartered bank. Although Jaroszynski’s plans came to nothing, in the spring of 1920 the French group in the bank sought to set up a French chartered company to receive all the assets of the BRA outside Soviet Russia. Some French stockholders were anxious to sell their shares because of the bank’s doubtful future, but the Quai d’Orsay discouraged them.

The hopes of the Quai d’Orsay for a quick transformation of the BRA were dashed by a series of conflicts among the bank’s directors, not only between the French and Russians on the board, but also within the Russian group itself. The latter arose out of Putilov’s management of the bank in 1919. Putilov had drawn off profits from the bank in China to finance trade operations in southern Russia during its occupation by anti-Bolshevik forces. When these investments led to huge losses after the anti-Bolshevik movement collapsed, French and Russian directors joined forces to remove Putilov as head of the bank.

The most important of the Russians opposing Putilov was his former close collaborator – and third member of the ‘Three Horsemen of the Apocalypse’ – Procopy Petrovich Batolin. Alleged to be the son of a liberated serf, by 1914 Batolin was both wealthy and powerful and, like Putilov, a partner in the Stakheev company. After the Bolshevik seizure of power Batolin fled abroad and eventually reached France in November 1919. In December 1919 he set up, along with Putilov and two other collaborators, a dummy corporation called the Compagnie générale de commerce et d’industrie which ‘bought’ 82,000 BRA shares from the Stakheev company. The transaction was highly questionable: the actual stock certificates had been left behind in the vaults of the Russian banks nationalized by the Soviet government, and the only proof of their existence were bank receipts, themselves of doubtful legitimacy.

To Putilov’s evident surprise his old colleague soon turned on him,

---

65 A. de Saint Sauveur, then a member of the BRA Paris committee, to Kammerer, 28 May 1920, MAE E-Chine/111, fos. 210-12.
67 Romanov, Grand Duke, pp. 249-50; and also an untitled report from the Paris Prefecture of Police, 29 Dec. 1921, MAE E-Chine/112, fos. 143-5.
68 Pierre Jaudon, judicial trustee for Russian property and interests in France, to Édouard Herriot, 6 Feb. 1923, and encls., MF B 32820.
finding ready allies in the French members of the board angry about the
bank's losses and Putilov's interference in establishing a French chartered
institution to take over BRA assets in China. Batolin temporarily
replaced Putilov on the pravlenie when, at the end of 1920, French
board members, with the approval of the Quai d'Orsay, tried to force
Putilov out altogether. The head of the BRA's China operations, W.S.
Jezierski, also took part, having come to Paris at that time to prevent
further bleeding of the bank's resources in China.

Putilov was a formidable opponent, however, and would not go
quietly. He asked two Russian members of the board to join the pravlenie
and set out to find French financial support to refloat the bank. His
spokesman in the venture was Antoine Vlasto, a nonentity in Paris
banking circles though with apparent connections with the French
Radical Party. Vlasto proved incapable of raising enough money, and
was opposed by the French faction on the BRA board. At the same
time, the Raindre faction appointed four new directors, including Jezier-
ski, to the pravlenie to control Putilov who was not, however, dismissed.
Putilov initially resisted this solution, or Quai d'Orsay arbitration for
that matter, but in April he finally yielded for fear of being driven out
of the bank altogether. His control, however, had been limited: the
Quai d'Orsay instructed Boppe in Peking to advise BRA authorities to
accept only Jezierski's directives, which they were glad to do, because
they needed the French legation's political support to carry on, and
because Putilov's bad business deals threatened the solvency of the bank
in China.

The conflict between Putilov and the French directors on one side
and Batolin on the other was not resolved by this settlement. In-fighting
continued and alarmed Raindre because the Société Générale and Pari-
bas, which had long backed the BRA, were losing interest, weary of its
internal conflicts. In 1920 and 1921, there were several French resigna-
tions from the board of directors, including that of the vice-president of

70 Raindre to Aristide Briand, 18 Jan. 1921, ibid., fos. 260-1; and Kudasheh to
M.N. Giers, former Russian ambassador in Rome, 11 Jan. 1921, MAE E-Chine/
112, fos. 75-9.
71 'Banque Russo-Asiatique', MAE internal note, n.s., 27 Jan. 1921, MAE E-Chine/
111, fos. 277-8.
72 See two notes by Labonne to Kammerer, 26 Feb. 1921, ibid., fos. 282-94.
73 See various documents in MAE E-Chine/112, but especially three letters from
Jacques de Gunzburg, member of the BRA board of directors, to Kammerer, 26
March 1921, fos. 55-61; 11 April 1921, fos. 72-3; and 4 April 1921, fo. 293.
74 Briand (Berthelot) to Boppe, no. 59, 18 March 1921, ibid., fo. 48; and the
minutes of the BRA board of directors meeting of 14 March 1921, ibid., fos. 31-6.
the Société Générale, André Homberg, which prompted Raindre to seek government help.\textsuperscript{75}

In response to this request, Kammerer approached both Homberg and the influential director-general of Paribas, Horace Finaly, arguing that since Putilov had been brought under control there was no need for the Société Générale and Paribas to withdraw their representatives from the BRA board of directors.\textsuperscript{76} Kammerer's démissions, and Raindre's, failed: Homberg replied evasively, and some months later, in February 1922, the Paribas representative also resigned.\textsuperscript{77} Increasing doubts at the Société Générale and Paribas about the ability of the BRA to survive were due not only to dissension within the bank, but also to its shaky legal status. The BRA was a Russian chartered institution and had not held a general assembly since 1917. Theoretically, such an assembly should take place on Russian soil among stockholders owning properly validated shares in the bank. Obviously, these conditions could not immediately be met, or circumvented, unless the bank's directors could resolve their differences and a French chartered institution could be established.

Hope springs eternal, however, and a number of initiatives were made to refloat the BRA, despite the continuing rivalries inside the bank, for events in Russia seemed to revive its opportunities. In the spring of 1921, famine struck the Volga basin and intensified Soviet efforts, begun in the previous year, to obtain western financial assistance and investment to rebuild their devastated economy. In early January 1922 the Allies, on the initiative of the British prime minister, David Lloyd George, agreed to convene an international conference at Genoa, to which Soviet delegates were invited, which would attempt to lay the groundwork for the economic reconstruction of central and eastern Europe and Soviet Russia. In France, these developments prompted an increasingly strong business interest in the re-opening of the Russian market to French manufactured goods.\textsuperscript{78} The resumption of trade relations with

\textsuperscript{75} See two letters from Raindre to Briand, 3 June 1921, \textit{ibid.}, fos. 98-102; and 20 June 1921, \textit{ibid.}, fos. 107-8.

\textsuperscript{76} Kammerer to Homberg, 24 June 1921, \textit{ibid.}, fo. 109; Kammerer to Finaly, 24 June 1921, \textit{ibid.}, fo. 111; and Kammerer to Raindre, 24 June 1921, \textit{ibid.}, fo. 110.

\textsuperscript{77} Homberg to Kammerer, 2 July 1921, \textit{ibid.}, fo. 114; Kammerer to Jezierski, 9 Aug. 1921, \textit{ibid.}, fo. 121; and Raindre to Raymond Poincaré, 20 Feb. 1922, \textit{ibid.}, fos. 158-61.

Russia would require financial institutions, and here the opposing factions of the BRA saw salvation, although that did not quiet their continued and increasingly bitter rivalries. Plan and counter-plan were put forward by Putilov and his rivals to refloat the BRA.79

Putilov was frantic to find a solution on his own terms, as any successful plan offered by his rivals would undoubtedly lead to his dismissal from the bank. He tried a number of gambits, including a proposal, similar to the one he and his colleagues had put forward in 1918, to establish a bank of issue in Soviet Russia.80 This and other ideas failed to attract French interest, but Putilov was not easily discouraged: rumours circulated that he was negotiating with German banks to reorganize the BRA.81

The rumours eventually reached Martel, now French minister at Riga, the Quai d’Orsay’s listening post to Soviet Russia before French recognition of the Soviet government in October 1924. Martel had lost none of his distrust for Putilov and warned the Quai d’Orsay not to permit him to regain control of the BRA, especially if accompanied by German bankers. Though French holdings in the BRA had declined significantly, these still remained a stake worth protecting, the more so because the bank could ‘serve as an intermediary for French penetration in a reconstituted Russia’.82 Evidently French government officials were beginning to see a different role for the BRA than that of banker for the Russian counter-revolution.

Nor were Putilov’s rivals unaware of the future possibilities of the BRA. Even before Martel’s report, Jezierski had approached in July 1922 the finance minister, Charles de Lasteyrie, to ask for French government support in transferring the assets of the BRA to a new French chartered bank.83 The ministry of finance supported his request, recognizing the potential of the BRA as ‘an agent of French influence in the Russian market’, and recommended it to Raymond Poincaré, Briand’s successor as premier and foreign minister in early 1922. In November 1922 the Quai d’Orsay authorized the finance ministry’s intercession on behalf of the BRA to obtain the necessary backing from

80 ‘Note remise par M. Poutilloff’, 27 Dec. 1921, MAE, ancienne série B—Relations commerciales, Délibérations internationales/105, fos. 18-20.
81 ‘Visite de M. Poutilloff à M. de Peretti’, MAE internal note, 12 June 1922, MAE E-Chine/i30, fo. 183.
82 Martel, no. 433, 30 Aug. 1922, MF B38820.
83 Jezierski to Lasteyrie, 6 July 1922, ibid.
French banks. Government support, however, would be strictly limited to the 'moral' sphere; it had no money or financial guarantees to offer. It was Putilov, however, who took advantage of this opportunity. With a new collaborator, L.A. Gaboriaud, who had presumably replaced Vlasto as a French front-man and who also had connections to the Radical Party, he called on Pierre Chasles at the ministry of finance towards the end of January 1923. Chasles, who was responsible for Russian affairs at the ministry, took detailed notes as Putilov laid out his plan, based on Jezierski's model, for the reorganization of the BRA. A French group headed by the Banque Bauer et Marchal of Paris was prepared to put up 25 to 30 million francs, equal to the assets brought to the new French chartered bank by the BRA. Putilov assured Chasles that the interests of French stockholders would be protected, and that the new bank would provide the French government with 'a diplomatic instrument of the first order', not only in China but also in Russia when normal relations were re-established.

In the days that followed, Putilov and Gaboriaud sent to Lasteyrie several letters confirming the substance of their earlier conversations and stating that the BRA pravlenie had approved the reorganization plan. Finance officials were not so sure of this latter point, however, and expressed their concerns about Putilov to Poincaré, referring to Martel's earlier warnings; their interest, like the Quai d'Orsay, was to gain indisputable control of the bank. The Quai d'Orsay replied in mid-February 1923 that the BRA pravlenie was unaware of Putilov's initiative and opposed any agreement with the Bauer et Marchal syndicate. In June 1923 the board of directors repudiated Putilov's plan.

In view of this rebuke, it is curious that Putilov was not driven from the bank forthwith. For more than three years he had been the target of sustained efforts, including those of the French government, to restrain his power or dismiss him from the bank. Yet he still clung to his position. The explanation lies in yet another facet of the struggle to reorganize the BRA, namely, the bank's attempt to negotiate with the Soviet government, in which Putilov was a key figure.

64 Lasteyrie to Poincaré, no. 6636, 13 July 1922, ibid.; and Poincaré to Lasteyrie, no. 3303, 23 Nov. 1922, ibid.
65 Lasteyrie to [Jezierski ?], no. 11593, 15 Dec. 1922, ibid.
66 Note by Chasles, 94 Jan. 1923, ibid.
67 See Putilov to Lasteyrie, 24 Jan. 1923; Gaboriaud to Lasteyrie (two letters), 29 Jan. 1923; and Lasteyrie to Poincaré, no. 1372, 8 Feb. 1923, ibid.
68 Poincaré to Lasteyrie, no. 545, 18 Feb. 1923, ibid.; see also Raindre to Lasteyrie, 12 March 1923, ibid.; and Raindre to Poincaré, 14 March 1923, MAE E-Chine/377, fos. 92-3.
69 Minutes of the BRA board of directors, 12 June 1923, MAE E-Chine/377, fos. 132-3.
In the aftermath of his failed initiative at the ministry of finance, Putilov abandoned Gaboriaud and the Bauer et Marchal group, as he had jettisoned Vlasto two years earlier. None too pleased, Gaboriaud retaliated by sending photographs to the French government of two confidential letters showing that Putilov, with the approval of the BRA pravlenie, was negotiating with the Soviet government to revive the bank’s activities in Russia. The first letter was addressed to a Simon Rechtsamer and signed by Putilov and Jezierski. Dated 1 October 1922, it offered to pay Rechtsamer 500,000 francs if he could facilitate the successful conclusion of an agreement with the Soviet government. The second letter, also to Rechtsamer and dated 21 October 1922, was signed by Putilov, Jezierski, Raindre, and Edmond Spitzer, a member of the BRA pravlenie. It promised new operating capital for the bank in exchange for the return of its former buildings and other property in Russia, and recognition by the Soviet government of the bank’s stockholders.90

Gaboriaud claimed that the BRA pravlenie had in fact been aware of the Bauer et Marchal reorganization plan, but had reneged after Raindre’s son Jacques, a member of the pravlenie, returned from talks in London with Soviet representatives. Jacques Raindre then met a few days later with Paribas officials, who vetoes the Bauer et Marchal plan, probably believing that a better offer would be forthcoming from the Soviet government.91 Paribas had thus not entirely washed its hands of the BRA. As one source in the Sûreté Générale observed, Paribas was known on the Paris bourse as ‘a band of sharks wanting to thread its way into everything’.92 If the BRA began to finance Russian economic reconstruction, Paribas would want to be involved.

Gaboriaud’s revelations came as no surprise to the French government. The Sûreté Générale had identified Rechtsamer as a Soviet agent in 1921;93 moreover, Jacques Raindre had met with the political director of the Quai d’Orsay, E.M. Peretti de la Rocca, in March 1922 to inform him that the Soviet government wished to initiate negotiations with the BRA, with a view to resumption of the bank’s activities in Russia and restitution of its assets. According to an internal Quai d’Orsay note, Putilov had been negotiating with the Soviet government

---

91 Ibid.
92 Unlabelled, undated note [first half of 1923], AN F7 12952; and also ‘Banque de Paris et des Pays-Bas, Finaly, Horace ...’, P/4.971, 15 June 1923 (15 pp.), ibid.
93 See for example ‘Russes bolchevistes: Rechtsamer [sic]’, P.5571.U., 21 Nov. 1921, AN F7 13490.
since the spring of 1921. Peretti told Raindre that the French government, consistent with its trade policy towards Soviet Russia, regarded French citizens as free to enter into relations with the Soviet government at their own 'risks and perils', and that the Quai d'Orsay neither encouraged nor discouraged such talks. A few days later, Raindre left for Berlin for discussions with Soviet representatives on the eve of the Genoa conference.94

The Sûreté Générale also picked up traces of the negotiations in 1922. One report said that Putilov had 'frequently' met the Soviet commissar for foreign trade, I. B. Krasin, in Berlin during the winter of 1920-1.95 Krasin, a long-time Bolshevik, had maintained a career as a prominent engineer and industrialist in tsarist Russia, and had collaborated with Putilov both before and during the war.96 Putilov's ties to Krasin made him an important asset to the BRA as long as there was a possibility of resuming the bank's activities in Russia; undoubtedly, this was the reason the Raindre faction did not drive Putilov out of the bank.

On 27 January 1923, only three days after Putilov and Gaboriaud saw Chasles at the ministry of finance, Putilov, with Jeziorski, Jacques Raindre, Rechtsamer, and Charles Inchbald, a British member of the BRA pravlenie, met Krasin in London. They gave him two unofficial notes laying out the basis for co-operation between the BRA and the Soviet government, along the lines already mapped out generally in the instructions for Rechtsamer. The terms included regulation of the bank's legal status, protection of the bank's foreign stockholders and creditors, a resumption of business activities in Russia, and resolution of the question of the Chinese Eastern Railway. The Soviet government should agree to give a new 'Franco-Russian bank' a concession for all banking operations in Russia, and for all Russian rights in China, in particular over the Chinese Eastern Railway. The BRA delegation agreed to work through Arcos, the Soviet foreign trade agency, on resumption of commercial activities in Russia. This could be done through the transformation of the London branch of the BRA into a British chartered bank, which could then develop its connections with British financial groups and facilitate the expansion of Soviet foreign trade.97

There is no reference in the Soviet Dokumenty vneshnei politiki to

---

94 'Visite de M. Raindre, fils, à M. de Peretti', 1 March 1922, MAE E-Chine/112, fo. 162; and MAE internal note, n.s., 7 March 1922, ibid., fo. 163.
95 'Au sujet des Usines Putilov', P. 6896.U., 9 Nov. 1922, AN F7 13491.
96 'Au sujet de Putilov', P. 7717.U., 11 May 1923, AN F7 13492; and also Romanov, Grand Duke, p. 252.
97 Two notes handed over to Krasin, for G. V. Chicherin, Soviet Commissar for Foreign Affairs, 27 Jan. 1923, MAE E-Chine/377, fos. 43-61.
The Banque Russo-Asiatique

indicate why the Soviet government undertook these negotiations.98 Certainly, Soviet representatives were aggressively working to re-establish economic and political ties with Europe: the discussions with the directors of the BRA were among the many unofficial contacts that the Soviets were forced to make in the absence of full diplomatic relations with the West. It was pure Leninism to sup with the Devil, and Soviet officials did so with hardly less appetite than did Putilov and his colleagues.

On the French side, the Quai d'Orsay maintained a largely passive role in the development of French economic relations with Soviet Russia and in the negotiations concerning the BRA. This was a very different attitude from that taken earlier towards Verstraete's talks with Soviet officials in 1918. But the Quai d'Orsay was under increasing pressure from French business groups with connections to the opposition Radical Party who wanted to trade in Russia. Even within the Quai d'Orsay, however, Peretti and Martel in Riga, fearing a resurgent Germany and French isolation, began to think that the time had come to consider a rapprochement with the Soviet government. A change of policy was resisted by the French president, Alexandre Millerand, who hated the Bolsheviks, and by Poincaré, who was prepared to tolerate trade with Soviet Russia but not to extend to it diplomatic recognition. Soviet offers to discuss a resolution of the 'debts question'—the repudiated tsarist bonds and nationalized property of French citizens—did not much temper the anti-Bolshevism of Millerand and Poincaré; moreover, Poincaré was preoccupied with reparations and security issues which provoked the Ruhr crisis in 1923, and unlike some French business men and politicians, did not think that access to the Russian market would help solve France's difficult economic problems. Hence, while recognizing the potential contribution of the BRA to the development of Franco-Soviet economic relations, the Quai d'Orsay failed to exploit this opening.

The French government's attitude towards the BRA was also moulded by the factionalism among its Russian directors. French judgements were harsh, and reflected the enduring wartime hatred of Germany and of anyone seen to be too intimate with German government or business circles. Some of the Sûreté Générale's informants, who watched the BRA very closely, were undoubtedly Russian émigrés with scores to settle with Putilov, whom they considered a German and Soviet double agent.

In 1923, while the Quai d'Orsay turned a blind eye to Soviet negotiations with the BRA pravlenie, French police informants reported that the bank appeared 'more suspect than ever' and a menace to French national interests.99

Batolin did not escape criticism either, despite having earlier co-operated with the Raindre faction: in 1922, French police sources alleged that Batolin was a Soviet 'financial agent'.100 Caught in the prism of the Germanophobia of French conservative circles, police informers seemed to outbid one another in their vitriolic denunciations of émigré bankers. In 1923, one source characterized Batolin as 'a traitor, a German agent, [and] a speculator of the worst sort', who, like Putilov, was reported to have been involved in selling grain to Germany during the war.101 Similar appraisals came from more direct sources. Pierre de Margerie, then French ambassador at Berlin, observed in May 1923 that Batolin's business practices would not stand close scrutiny. In general, Margerie noted that exiled Russian bankers like Batolin,

did not represent a reliable element for the countries where they found safe haven, particularly in France. They pursued a policy of exclusively personal interest and all too often considered themselves exempt from any scruples because of their misfortune. Some of them, shaken by their country's calamities, were affected by a spiteful jealousy towards the other Allied powers who had fared better in the war. Most had collaborated with German firms before 1914 and now resumed these relationships, the more so because in Berlin they found positions and real interest in their future plans ... The Batolins are all court followers ... émigrés tied to the old order ... Their influence in the new Russia will not be great and their malevolent dispositions towards us, supposing they are not tempered by our successes, should not overly disturb us.102

French assessments of the 'Horsemen' were not always negative. Martel met Batolin on several occasions in Riga during the spring of 1923, and learned that Batolin and Putilov had fallen out completely, though BRA board members were still trying to reconcile them. Batolin told Martel that he too had discussions about the reorganization of the BRA with the commissar for foreign affairs, G.V. Chicherin, and the president of the Gosbank (Soviet state bank), A.L. Sheinman. Batolin con-

---


100 'Batoline', P/2.527, 12 July 1922, AN F7 13491.


102 Margerie, no. 356, 4 May 1923, MAE Z-Russie/496, fos. 97-8; see also 'Les banques russes pro-allemandes', P. 7.492.U., 22 March 1923, AN F7 13492.
The Banque Russo-Asiatique 747

sidered the pravlenie's negotiations with Krasin in London 'maladroit', adding that he himself had made no commitments to Soviet officials. In fact, like Putilov, Batolin would have descended into Hades to turn a deal on the BRA; no doubt playing up to Martel, he said he would prefer a French-sponsored reorganization plan. Martel, who disliked Putilov and was therefore sympathetic to Batolin, stressed again to Paris the importance of the bank as an instrument of French participation in Russian economic reconstruction.108

The Quai d'Orsay was uneasy about Martel's conversations with Batolin and instructed him to avoid negotiations with agents of the BRA and to meet them for information only.104 Apparently, the Quai d'Orsay did not want to complicate the pravlenie's negotiations with the Soviet government. On the other hand, Soviet officials may have been exploring the possibility of dealing with Batolin as a bargaining counter in negotiations with the pravlenie.105 In any event, the negotiations between Soviet representatives and the pravlenie continued. Putilov saw Sheinman in Paris in the autumn of 1923, but the terms of an agreement remained largely the same as earlier in the year.106 Negotiations then moved in January 1924 to London where K.G. Rakovskii, soon to be Soviet chargé d'affaires there, became involved. Putilov, Jeziorski, and other bank officials met again with Rakovskii and Sheinman in late April and early May 1924.

Circumstances still favoured an agreement. A Labour government under Ramsay MacDonald took power in Great Britain in January 1924 and recognized the Soviet Union early in February. Elections were set to take place in France during the spring and it was expected that the Cartel des gauches, the Radical-Socialist party coalition led by Édouard Herriot, would take power. Much improved Soviet political and economic relations with Great Britain and France therefore seemed certain: the BRA could serve to facilitate this rapprochement. Moreover, in China, the fate of the Chinese Eastern Railway remained to be settled, and the BRA pravlenie thought the Soviet government might accept the bank as administrator of the railway, to keep it out of the hands of third parties.107

103 Martel, no. 266, 9 May 1923, MAE E-Chine/377, fo. 113-15.
104 Poincaré to Martel, no. 79, 28 May 1923, ibid., fo. 127.
105 See Martel's no. 266 above; and 'La Banque Russo-Asiatique', P. 7.464.U., 20 March 1923, AN F7/13492.
106 'Au sujet de Scheinmann', P. 8.554.U., 15 Oct. 1923, and several other reports during the autumn 1923 in AN F7/13492; and Note, Sous-direction d'Asie, confidentiel, 5 May 1924, MAE E-Chine/377, fo. 254.
107 'Traduction d'une note en Russe ..., remise à M. Sheiman [sic]', 29 April 1924, MAE E-Chine/377, fo. 257-69; 'Situation de la Banque Russo-Asiatique dans la Compagnie du Chemin de Fer Chinois de l'Est', 1 May 1924, MAE E-Chine/430,
There was a definite ambivalence on the part of the French government towards the BRA negotiations with Soviet representatives. Poincaré's hostility towards the Soviet government seems to have been moderated by increasing pressures from French business groups wanting to trade with the Soviet Union. They appear to have had close ties with the Radical party headed by Herriot, who was a strong advocate of improved Franco-Soviet relations. Poincaré must have found himself on the horns of a dilemma: improve economic relations with the Soviet government and perhaps steal a plank from Herriot's election platform, or continue a hostile policy towards the Soviet Union, undoubtedly more consistent with the premier's personal preferences and those of the centre-right bloc he led.

* * *

While the Poincaré cabinet vacillated on its Russian policy, the Soviet government was negotiating directly with the Peking government about the Chinese Eastern Railway. These negotiations caused great anxiety at the BRA as its officials, with the support of the French legation in Peking, manoeuvred to retain control of the railway; hence the difference in perspective between the French legation in Peking and the Quai d'Orsay with its pat solutions in Paris - not to mention the bank's feuding directors. Meanwhile, China was riven by civil war and in the early stages of a great revolutionary struggle, one of whose objectives was to end special privileges for imperialist powers and throw them out of China.

Only a year after the modus vivendi of October 1920, the French legation in Peking reported various 'enemies' stalking the Chinese Eastern Railway and the 'custodial' privileges of the BRA. The Japanese still had troops in Manchuria and hoped for a pretext to intervene, while the Chinese continued to chip away at the bank's special privileges and requisitioned at will or simply looted railway property. The Soviets, having defeated the counter-revolution in Siberia, reasserted their rights to the railway, and the United States sought to establish its influence through 'international' solutions. It was, paradoxically, this multitude of adversaries, each trying to contain the other, that permitted the BRA to maintain its control over the Chinese Eastern Railway. As the French chargé d'affaires, Gaston Maugras, put it, the BRA had only the option of choosing which peril it preferred to face. Bolshevik 'expropriation'

foss. 165-7; and 'Note pour M. le Président du Conseil', 7 May 1924, MAE E-Chine/378, fo. 1.
and Chinese 'ruin' were the gravest dangers; the least of evils was an international solution, which the French government should not reject out of hand.\textsuperscript{108}

While the Quai d'Orsay sought to transform the BRA into a French chartered institution, French agents in China began to oppose it. They reasoned that although the BRA needed fresh capital, the Peking government would resist a French take-over of Russian concessions. The bank's resources and profits derived from its special privileges as a Russian institution; if it became French, its privileges would immediately be attacked by the Peking government and by competing banks.\textsuperscript{109} In fact, the BRA was no longer a financial enterprise as such, but rather a pseudo-governmental agency, still functioning long after the fall of the government that had created it. The 'custodial' privileges of the BRA were all that kept it solvent.

Aimé-Joseph de Fleuriau, former French chargé d'affaires in London and Boppe's successor as minister at Peking in 1921, began to expand upon these ideas. Fleuriau, like Kammerer in Paris—indeed, like the Soviet government—rejected the idea that the BRA in fact owned the Chinese Eastern Railway and that it thus represented collateral for French stockholders in the bank. The railway was the property of the Russian state: the bank was simply a trustee. Even in this role, however, the bank stood in the way of the Soviet government, which wanted to take control of the railway. Moscow had either to come to terms with the BRA or eliminate it. Contrary to opinion in Paris, Fleuriau noted that if the French government gave any hint of wanting to take control of the Chinese Eastern Railway through reorganizing the bank, everyone would oppose it. The ambiguous status of the bank was its best defence: 'This is one of those cases where the most strongly professed disinterest serves best the most avowed self-interest, and we should intervene in Russian affairs in Manchuria only if we first affirm and then after affect not to want to become involved.'\textsuperscript{110}

Fleuriau also reported that the rumours of factionalism within the governing body of the BRA in Paris, its bad investments, and its doubtful legal status had undermined its credit. Competitors, sensing weakness, bided their time, waiting for an appropriate moment to make a run

\textsuperscript{108} Gaston Maugras, no. 188, 12 Sept. 1921, MAE E-Chine/110, fos. 145-52.

\textsuperscript{109} Petitguguenin to Berthelot or Peretti, 9 March 1921, MAE E-Chine/112, fos. 5-13.

\textsuperscript{110} Fleuriau, no. 96, 18 June 1922, MAE E-Chine/130, fos. 3-4; no. 196, 19 Oct. 1922, \textit{ibid.}, fos. 14-16; no. 107, 30 June 1922, MAE E-Chine/377, fos. 1-3; no. 12, 29 Jan. 1923, \textit{ibid.}, fos. 62-3; no. 92, 5 May 1923, fos. 106-9; and Tang, \textit{Russian Policy}, pp. 132-3.
at their faltering rival's privileges, and infighting made it more difficult to face 'the common enemy—the Chinese'. Hoyer was back in Harbin, having apparently lost none of his gifts for dubious dealing: Fleuriau described him as 'intrigue personified in man'.

In spite of the difficulties, the French government still sought to protect the BRA's interests in the Chinese Eastern Railway. Rumours periodically surged of a Red Army offensive to seize control of the railway or of Sino-Soviet collusion to wrest it away from the bank. In May 1923, the Quai d'Orsay was prompted to instruct Fleuriau to warn off the Peking government and determine whether some international action might after all be taken to protect BRA rights. Fleuriau did the best he could, but informed Paris that, as a joint initiative by the powers would be useless because of their conflicting interests, it was better to sit tight. The rights of the BRA to the railway were palpably shaky and hard to defend. A few months later, Fleuriau observed that if the Soviet government wanted to seize the Chinese Eastern Railway, there would be nothing France could do to stop it. As for the developing Chinese revolution, it posed less of a danger to the BRA than would a strong and stable Chinese government.

The BRA managed to hang on to the railway for a short time longer, weathering another crisis during the late summer of 1923. In March 1924, however, the situation deteriorated again. On 14 March, Soviet and Chinese negotiators signed draft agreements providing for Chinese recognition of the Soviet government and turning over provisional management of the Chinese Eastern Railway to the Soviet Union. At the same time, the British-controlled Chinese customs and tax services moved to withdraw their accounts from the BRA, which threatened the bank with insolvency. Fleuriau intervened with the Peking government to delay ratification of the Sino-Soviet agreement; he also persuaded the British heads of the customs and tax services to maintain their deposits with the BRA.

In Paris, Jezierski asked the Quai d'Orsay for support, which was quickly forthcoming, but not effective. The French government requested US and British participation in a collective note to the Chinese,

---

111 Fleuriau, no. 92, 5 May 1923, MAE E-Chine/377, fos. 106-9; and Fleuriau, no. 112, 15 June 1923, MAE E-Chine/430, fos. 36-9.
112 Poincaré to Fleuriau, nos. 73-4, 21 May 1923, MAE E-Chine/430, fo. 31.
113 Fleuriau, no. 112, 15 June 1923, ibid., fos. 38-8; and Fleuriau, no. 158, 22 Sept. 1923, MF B52820.
114 Tang, Russian Policy, pp. 149-50.
115 Fleuriau, nos. 40-1, 16 March 1924, MAE E-Chine/377, fos. 219-20; and Fleuriau, no. 39, 24 March 1924, ibid., fos. 226-34.
backing Fleuriau’s delaying action in Peking, 116 but they declined to co-operate fully and Fleuriau made his protest alone. 117

The negotiations between BRA and Soviet officials in London at the end of April were a last-ditch effort to stave off a Sino-Soviet agreement and Chinese recognition of the Soviet government. But the bank’s negotiators would not agree to give up the railway and, ultimately, Fleuriau’s delaying action could not stop the ratification of the accords on 31 May 1924. Putilov and Jezierski protested, but as Fleuriau had earlier foreseen, the French government was powerless to intervene. 118 In an unwittingly prescient requiem for Great Power imperialism in China, the Quai d’Orsay was compelled to observe that its setback had been pre-judicial not only to French interests in the BRA, but that it had compromised the authority of all the Allied powers. 119

The Sino-Soviet accord of May 1924 spelled the end of efforts by the BRA to retain control of the Chinese Eastern Railway by bluff and protest. The Quai d’Orsay and the ministry of finance, though they failed to listen to Fleuriau’s advice, at the same time expected him to defend the bank’s interests, as indeed he did with considerable skill, with only the prestige of his office to assist him. In 1924, however, the writ of foreign diplomats in China no longer carried the force it once had done. The tricolour and the French legation in Peking were no substitute for money: cash-poor imperialism had definite limitations.

*  *  *

Though the BRA had lost its most important asset in the Far East, the struggle for control of the bank itself was not over. Indeed, the Soviet government still thought the bank important enough to justify efforts to take control of it. However, there were no further negotiations with the BRA pravlenie: subsequent Soviet efforts, mainly clandestine in nature, began in the summer of 1924 after the conclusion of the Sino-Soviet accord, but before an agreement with the Manchurian warlord, Chang Tso-lin, permitted the Soviet government to take control of the Chinese Eastern Railway.

In July 1924, Mikhaiıl Brodyanski, alias Michel Nentsky and, according to the Paris police, a Soviet agent operating out of London, was

116 Jezierski to Poincaré, 17 March 1924, MAE E-Chine/430, fos. 102-3; Poincaré to Jusserand, nos. 72-3; and to A. Saint-Aulaire, French ambassador in London, nos. 334-5, 21 March 1924, ibid., fo. 115; and Poincaré to Fleuriau, no. 25, 21 March 1924, ibid., fo. 122.
117 See various documents in MAE E-Chine/430, but especially Fleuriau, no. 67, 14 May 1924, fo. 168.
118 Putilov/Jezierski to Poincaré, 3 June 1924, MAE E-Chine/378, fos. 4-10.
119 Herriot to Saint-Aulaire, no. 521; and elsewhere, 26 June 1924, MAE E-Chine/430, fo. 198.
appointed to the BRA pravlenie. In the spring and summer of 1924, he made several trips between London and Paris, often meeting with Batolin,120 during which time he bought fifty per cent of the Compagnie générale de commerce et d'industrie, the dummy corporation claiming title to the 82,000 shares acquired from the Stakheev company. Of course, the actual shares could not be produced, but Putilov, Jezierski, and other bank officials were apparently disarmed by his promises of fresh money – Gaston Raindre, the recognized spokesman for French interests, was away from Paris. Nentsky’s plan was to refloat the BRA with a British syndicate associated with Joseph M. Kenworthy, a member of parliament known to favour improved trade relations with the Soviet government.121 British financial groups, knowing the London branch of the BRA had sizeable liabilities, periodically sought control of it, or stood ready to block any reorganization that did not take into account their interests.

Thus Batolin, who had failed to establish the legality of his 82,000 phantom shares, or to sell them for that matter, sought through Nentsky once again to make good his claim to control of the BRA, but when Nentsky failed to produce new capital, Raindre was able to rebuff Batolin – and ultimately the Soviet government. Nentsky denied in the press that he was a Soviet agent, but French intelligence sources did not believe him.122

These events took place as a new French government assumed power. In May 1924 the Cartel des gauches defeated the Bloc national in national elections and the following month Poincaré resigned. On 15 June, Herriot formed what proved to be an unstable government based on a coalition between the Radical and Socialist parties in the chamber of deputies. The cartel’s rise to power had, of course, been anticipated by the Soviet government, which hoped that French diplomatic recognition and improved political and economic relations would be forthcoming. On 28 October 1924, after some hesitation, the French government recognized the Soviet Union; ambassadors were soon exchanged, Krasin

120 ‘Note au sujet de Nentsky, Michel ...’, n.s., but appears to be from the Paris Prefecture of Police, 1 Aug. 1924, MAE E-Chine/378, fos. 13-16; and ‘Sovietisation de la Banque Russo-Asiatique’, P. 9926.U., 11 July 1924, AN F7 13493.
121 Raindre to Alexis St. Léger, deputy bureau chief, Sous-direction d’Asie, 20 Dec. 1924, MAE E-Chine/378, fos. 66-70; and Jaudon to Herriot, 6 Feb. 1925 and encl., MF B32820.
122 ‘Note au sujet de Nentsky, Michel ...’, 1 Aug. 1924, MAE E-Chine/378, fos. 13-16; and MAE internal note, n.s., 1 Dec. 1924, ibid., fo. 55. News of Nentsky’s activities leaked out in the British and Russian émigré press; see Charles-Jean Tripier, French chargé d’affaires in Peking, no. 111, 21 July 1924, MAE E-Chine/378, fo. 12; and Jean Lescuyer, French chargé d’affaires in Riga, no. 964, 30 July 1924, MAE Z-Russie/498, fo. 9.
moving into the former tsarist embassy on the rue de Grenelle in Paris, and Jean Herbette, a journalist and strong advocate of a Franco-Soviet rapprochement, being sent to Moscow.

It was within this context that efforts to save the BRA continued to unfold. Herriot, favouring a Franco-Soviet rapprochement, appeared to believe that an agreement concerning the bank could be negotiated directly between the two governments.123 And indeed there was an initial exchange of views between Chicherin and Herbette, soon after Herbette arrived in Moscow in January 1925. Chicherin told Herbette that the Soviet government was ready to come to terms with the bank's various factions; if the pravlenie would renounce all claim to the Chinese Eastern Railway, the Soviet government was prepared to give its approval to the reorganization of the bank, which could then provide financing for economic reconstruction in Russia.124

The Quai d'Orsay did not follow up on this exchange, undoubtedly because the Herriot government was absorbed by reparations negotiations and a serious financial crisis. Chicherin made the same offer in May 1925 at another meeting with Herbette, but meantime Herriot's ministry had fallen and the new cabinet, headed by Paul Painlevé, had no more time than had its predecessor to consider the Soviet proposals;125 an enormous budget deficit and the falling value of the franc dominated the government's agenda. As a result, the Raindre faction had to go back to look for fresh money to reorganize the bank, principally through renewed negotiations with the Banque Bauer et Marchal, which had been abandoned in 1923.

The Bauer et Marchal would scarcely have been Raindre's first choice, as it was not one of France's major banks; indeed, it had a somewhat tarnished reputation, having had business relations during the war with the executed German spy, Bolo Pasha.126 Nevertheless, not only did it appear to be the only French bank prepared to invest new money in the BRA, but also it had a certain claim of its own. In 1923, perhaps as a result of Putilov's dropping earlier negotiations for what seemed better possibilities with Krasin, the Bauer et Marchal had begun to develop its own relations with the Soviet government. Sheinman, the president of Gosbank, who was in Paris in October 1923 attempting to improve Soviet trade relations with France, negotiated an agreement with the Bauer et Marchal whereby it would become a bank of deposit

---

123 Herriot to Tripler, no. 144, 6 Nov. 1924, MAE E-Chine/431, fo. 37.
124 Herbette, nos. 72-3, 21 Jan. 1925, MAE E-Chine/378, fos. 92-3; and also 'Note de l'URSS à Paris', 14 Feb. 1925, ibid., fos. 154-7.
125 Herbette, nos. 583-6, 17 May 1925, MAE Z-Russie/358, fo. 93-6.
for the Soviet government in France. The Bauer et Marchal gained French government approval for the agreement, and not long afterwards rumours began to circulate that the bank was undertaking for the Soviet government 'very important financial operations' in France as 'a semi-official bank of the Soviet Union'.

In January 1925, the Bauer et Marchal made formal proposals to the Raindre-Putilov factions for the reorganization of the BRA. The French government also became involved, and reluctantly gave its approval to the Bauer et Marchal's becoming an equal partner in the reorganized BRA. Neither the Quai d'Orsay nor the ministry of finance had much enthusiasm for the plan, but it was regarded as the 'last hope' for the BRA and for French investments—what remained of them—in the bank.

Quai d'Orsay officials considered the Bauer et Marchal 'highly disreputable', yet believed its relations with the Soviet government could contribute to a successful reorganization of the BRA. Raindre, on the other hand, feared Bauer et Marchal might be acting as an agent for Moscow, to take control of the BRA. French government support was therefore vital as a counterweight, and most likely to be obtained by promoting a revitalized BRA as an instrument of French foreign policy in the Far East and the Soviet Union. As in the past, these arguments were effective, and in November 1925 the premier, Painlevé, confirmed the government's approval of the Bauer et Marchal reorganization plan.

The Soviet government would probably have been satisfied with this solution in view of its relationship with the Bauer et Marchal: Painlevé's approval came on the eve of a Franco-Soviet conference to settle outstanding differences between the two governments. The head of the French delegation, Anatole de Monzie, and Rakovskii, his Soviet counterpart and successor to Krasin in Paris, were both strong advocates of a political and economic rapprochement. There was still a chance, there-

---

127 MAE (Sous-direction d'Europe) to the Banque Bauer et Marchal, 25 Oct. 1923, MAE Z-Russie/496, fo. 194; and various other documents in this file. On this point, see also Sisakin, Sovetskoie gosudarstvo, p. 381; 'Extrait du compte rendu journalier de l'agence Balteuxin ...', 8 Nov. 1924, MAE Z-Russie/497, fo. 89; 'Liaison financier entre Moscou et Paris', P.9244.U., 26 Feb. 1924, ibid., fo. 30-1; and 'Banque Bauer-Marchal [sic]', A. 5.394, 18 Dec. 1924, AN F7 13493.


129 'Rapport au ministre', signed by Louis Moret, director of the Mouvement général des fonds, 10 Feb. 1925, MF B32820; and 'Note de M. [André-Charles] Corbin [head of the Sous-direction d'Europe]', 21 Oct. 1925, MAE Z-Russie/498, fo. 27.


fore, that the BRA could play a role in an improved Franco-Soviet relationship.

* * *

The negotiations with the Bauer et Marchal ultimately failed in April 1926, in spite of the French government’s endorsement of and cautious optimism about the possibilities of a Franco-Soviet rapprochement.132 The failure was due to the continuing rivalry between the Putilov and Batolin factions. Throughout 1925 the Batolin group worked against the Bauer et Marchal reorganization plan through a defence committee formed at the end of October 1924 for the protection of French private interests in Russia. The committee, which became known as the Comité Philippe – after its principal spokesman, Charles Philippe, a disbarred lawyer and unsuccessful politician133 – had splintered from another group, the Amitiés Franco-Russes, in which business men and politicians worked for improved relations with the Soviet Union. The president of the Amitiés Franco-Russes had been none other than Herriot. Monzie, later to be a minister in the Painlevé and Briand cabinets of 1925-6 and head of the French delegation at the Franco-Soviet conference of 1926-7, was also associated with the group.134

The Comité Philippe therefore appeared to have close ties with the Radical party and groups seeking improved relations with the Soviet Union. But it did not develop that way: quite the contrary, it immediately challenged the long-established lobby group for French interests in Russia set up with French government approval in 1918 and headed throughout the 1920s by Noulens.135 In late 1924 and the first half of 1925, the two groups engaged in a divisive war of communiqués and polemical exchanges, which the ministry of finance believed could only serve Soviet interests, but the Quai d’Orsay was reluctant to move against the Comité Philippe since, as one Quai d’Orsay official observed, it appeared to enjoy the patronage of the influential Monzie.136

133 ‘Au sujet de Charles Philippe’, Sûreté Générale, 10 April 1926, AN F7 14691.
135 Carley, Revolution and Intervention, pp. 91-7.
The French financial press devoted considerable attention to the conflict between the two groups, and some newspapers and journals began to speculate about whether the Comité Philippe might not be working, deliberately or unwittingly, for the Soviet government. The Quai d'Orsay also suspected collusion, but could not find evidence to prove it.137 Those members of the Comité Philippe who favoured better relations with the Soviet Union began to withdraw, their places taken by Russian émigrés, including those of the Batolin faction. Monzie's client quickly became a rogue organization, which caused considerable trouble for the French government and for the BRA.

In February 1925, the Comité Philippe set up a dissident group of stockholders of the BRA – Batolin and Philippe were members of its executive committee – which served as a rival to the Raindre-Putilov administration of the bank and initiated a series of lawsuits against the pravlenie, accusing it of having looted the assets of the bank.138 None of the lawsuits was successful, but the negative publicity they engendered further damaged the bank's already limited credibility. The Raindre and Putilov factions, often at daggers drawn in the past, were compelled to unite against these attacks.

The aggressiveness of the Comité Philippe's attacks against the Raindre and Putilov factions led to further suspicions that it might be conspiring with Soviet agents to discredit the BRA.139 A member of the board of directors, M.N. Miller, was thought to have close ties with Soviet officials including Krasin, but also with Batolin and Philippe. Indeed, the Sûreté Générale believed that Miller had been involved in Nentsky's attempt in 1924 to gain entry, with Batolin's support, to the BRA pravlenie.140 Nevertheless, direct evidence against the Comité Philippe was lacking, and Quai d'Orsay officials preferred to take no action against it as it appeared divided and on the point of breaking up.141

137 'Note pour le ministre', Sous-direction d'Europe, n.s., 25 June 1925, MAE Z-Russie/385, fos. 131-3; 'Le Comité Central Exécutif ...', by R. Mennevée, in Les Documents politiques, diplomatiques et financiers (1925), vi. 93-4; and 'La défense des porteurs de valeurs russes ...', Journal de la Bourse et de la Banque, 7 March 1925, AN F7 14691.
140 'Note pour Monsieur Poutiloff', 6 Aug. 1925, MAE E-Chine/380, fo. 250; 'Sovietisation de la Banque Russo-Asiatique', P. 9929 U., 11 July 1924, AN F7 13493; and 'Banque Russo-Asiatique', A. 5796, 7 May 1925, AN F7 13495.
141 Jean Durand, interior minister, to Briand, no. 4213, 6 May 1926, MAE E-Chine/379, fos. 216-17; 'Note pour la Direction des affaires politiques et commerciales',
The Comité Philippe was far from collapse, however, and tenaciously attacked the Raindre and Putilov administration of the bank. In the spring of 1926, Philippe organized a series of boisterous ‘general assemblies’ to wrest control of the bank away from the Raindre and Putilov factions. Once again Soviet agents appear to have been involved, undoubtedly because of the failure of the Bauer et Marchal reorganization plan. In March 1926, the Sureté Générale identified Jean-Paul de Fallois, a lawyer and son of a former member of the French chamber of deputies, as having close ties with the Soviet embassy in Paris. In May his agent, Simon Tovbini, showed up at Philippe’s ‘general assembly’ with proxies, authenticated by the Soviet embassy, for a large number of BRA shares, allegedly brought from Moscow by Miller. At first, the Fallois group co-operated with Philippe, but when it proposed the creation of a new bank in co-operation with the Bauer et Marchal, Philippe refused to recognize the legitimacy of Tovbini’s proxies. After gendarmes were summoned to expel the dissidents, the ‘general assembly’ elected a rival executive committee and board of directors which included members of the Batolin group.

The rival administrative bodies set up by the Comité Philippe had no legal standing, and could not actually take control of the bank’s Paris offices. But their strident public and legal hounding of the BRA pravlenie further weakened the bank’s standing in the Far East, causing periodic runs at its offices in China. There was a burlesque element in the persistence and stridency of the Comité Philippe’s attacks against the Raindre and Putilov factions because the moribund BRA hardly seemed worth the fight. And yet the periodic expressions of concern by Raindre, and indeed by the French government, which launched several investigations into the Comité Philippe, indicate that its activities were not just an amusing curiosity. In the context of cautious hope for improved Franco-Soviet relations, the BRA still had potential value.
Michael Jabara Carley

In any event, by the summer of 1926 the bank was only a shadow of what it had once been. The Soviet embassy in Paris appears to have lost interest in it; however, the French government suspected that Soviet agents wanted to bring it down if they could not control it.\(^{147}\) The Quai d’Orsay still supported the Raindre and Putilov factions, and made one last effort to promote a reorganization plan negotiated by bank officials in China with Chang Tso-lin. Martel, who had succeeded Fleuriau as the French minister in Peking at the end of 1924, facilitated the negotiations, but like all the other plans to save the BRA, this too collapsed.\(^{148}\)

On 22 September 1926, Raindre informed Berthelot that the bank would have to close.\(^{149}\) When bankruptcy became public on 27 September, the Quai d’Orsay instructed Martel to withdraw the legation’s protection.\(^{150}\) Thus Martel, who had been in Peking in 1917 to see the beginning of the bank’s struggle for survival, was there also at the end. He commented to Paris in a retrospective letter that the directors had gone from one failed plan to another. Since September 1926, the bank had been on the point of becoming French, but no reorganization plan had ever succeeded. Returning to an old theme, he observed that French protection of the BRA in China should have led, as a *quid pro quo*, to indisputable French control of the bank. Unfortunately, the French government ‘had given [its support] and yet received nothing in return’.\(^{151}\) Sadly, France had lacked the power to enforce in China the old principle of *donnant, donnant*.

The BRA was thus broken up on the bailiff’s auction block, but a rump bank was established in January 1928 by Weil, Saucrbach & Compagnie under the name of the Banque Franco-Asiatique. Only the Raindres remained from the previous directors. The Franco-Asiatique took over the offices of the BRA in Paris, but gained little of the old bank’s assets in China or elsewhere.\(^{152}\)

The Comité Philippe, however, continued its shrill attacks on the Franco-Asiatique, prompting one political observer to call Philippe him-

---


\(^{148}\) Briand (Berthelot) to Martel, nos. 74-6, 24 April 1926, MAE E-Chine/379, fo. 177; Martel, no. 208, 26 June 1926, *ibid.*, fos. 261-71; and Martel, no. 315, 7 Aug. 1926, MAE E-Chine/380, fo. 55-6.


\(^{150}\) Briand (Berthelot) to Martel, nos. 152-4, 29 Sept. 1926, *ibid.*, fo. 93.


\(^{152}\) Briand (Léger) to Martel, nos. 20-1, 4 Feb. 1928, MAE E-Chine/383, fos. 101-2; and *Banque Franco-Asiatique, Statuts* (Paris 1928), 27 pp., MF B31593.
The Banque Russo-Asiatique

759

self the Don Quixote of French investors.\textsuperscript{153} The new bank protested to the French government that these attacks were inhibiting its fledgling venture,\textsuperscript{154} and Poincaré, back in power, was finally roused to move against the Comité Philippe. In 1929 fraud charges were laid against Philippe, though this was not much help to the Franco-Asiatique, which could not obtain the financial support it needed from the big Paris banks.\textsuperscript{155} The Quai d'Orsay finally lost interest in the bank,\textsuperscript{156} which stumbled into the 1930s the rickety progeny of impoverished French imperialism, to be consumed in the Chinese revolution and the Sino-Japanese war.

\* \* \*

The French government's interest in the Banque Russo-Asiatique between 1917 and 1926 was motivated by a mix of political and economic objectives focusing on both Russia and China. In Russia the Quai d'Orsay hoped to overthrow the Soviets, to re-establish a friendly anti-Bolshevik regime, and to recover the French investments nationalized during the revolution. In China, the French government sought to protect the most important assets and privileges of the BRA, especially the Chinese Eastern Railway, over which some French diplomats thought France could gain control.

The impetus to use the BRA as an instrument of French imperialist penetration in the Far East, or in Russia for that matter, came principally from the government bureaucracy, not from French politicians, who were preoccupied with security, reparations, and financial issues. French industrialists and bankers, for their part, were uninterested in risky foreign ventures. The distractions of the politicians gave wide latitude to the bureaucrats of the Quai d'Orsay and the ministry of finance, in a pattern akin to Robinson and Gallagher's 'official mind of imperialism',\textsuperscript{157} though in China, of course, the paradigm never really developed, because French permanent officials lacked the means to operate.

An empty purse, however, did not prevent bureaucrats from attempting to maintain the BRA as an important institution in government

\textsuperscript{153} Clipping from the \textit{Petit Parisien}, 12 March 1929, MF B31595.
\textsuperscript{154} André Aron, member of the board of directors, Banque Franco-Asiatique, to Charles Farnier, director of the Mouvement général des fonds, 29 Nov. 1928, \textit{ibid.}
\textsuperscript{155} 'Note pour le Président du Conseil', no. 3853, signed Moret, 21 April 1928, \textit{ibid.}; and 'Note pour le Ministre', no. 7702, signed Farnier, 26 July 1930, \textit{ibid.}
\textsuperscript{156} Briand (Berthelot) to Louis Germain-Martin, finance minister, no. 117, 16 Jan. 1931, \textit{ibid.}
service in the post-war period. The bank’s French and Russian directors went to considerable lengths to promote a vision of their usefulness to French national interests. Bénac and Raindre asked for and received government support in return for putting the BRA at the government’s disposal. But Bénac, nearly as much as Putilov, resisted the efforts of French diplomats and bureaucrats to establish too close government control over the bank. Relations between the two sides were thus constant and intimate, though not always harmonious. After the end of the Russian civil war, increasing dissension among the bank’s rival factions prevented its transformation into a French chartered institution, though the French government tried—continuously except for a brief period in 1918-19—to assist the pro-French elements within the BRA against rival factions.

In China, the aim was always the same: to gain direct or indirect control over the Chinese Eastern Railway, however impractical such an objective might seem in hindsight. French reports from Peking throughout this period were a chronicle of nineteenth-century imperialism as it began to run down in China in the 1920s. The Chinese were the ‘enemy’, the Japanese ambitious and aggressive competitors, while the Americans watched, ever anxious to extend their own influence. The French wanted cheap gains. All these rivalries were overlaid by racism, banditry, civil war, predation, and intrigues.

In Russia, the French government gradually dropped its view of the BRA as an instrument of counter-revolution and began to see it as a means to renewed Franco-Russian economic relations. The Poincaré cabinet of the early 1920s was reluctant to improve its relations with Soviet Russia and therefore did little, but French radicals like Herriot and Monzie, backed by certain business and industrialist groups, saw the resumption of economic relations with Soviet Russia as one way to solve France’s own economic and financial problems. The Soviet government, too, wanted to renew political and economic relations with the West and in this context began to explore with the BRA pravlenie the possibilities of using the bank to finance Russian economic reconstruction. When the Cartel des gauches came to power in 1924, there were even some efforts to start government-to-government talks. Ironically, strife between the rival factions of the bank impeded the Soviet as much as the French government from turning the BRA to purposes consistent with the interests of either state.

The Banque Russo-Asiatique thus became implicated in a broad range of French foreign policy objectives, from imperialist or counter-revolutionary ambitions in China and Bolshevik Russia to a lame policy of Franco-Soviet rapprochement in the mid-1920s. The French govern-
ment, however, never had the resources to control the shifting rivalries among the bank's directors, nor to gain sufficient influence over the bank to make it a real instrument of political and economic policy. Fresh money was what the bank's directors needed, but this the French government could not provide. The Quai d'Orsay tried to make do with moral and diplomatic support, but in China or even in Paris these had little worth. Jerry-rigged reorganization plans and constant infighting for control were the unavoidable results of the French government's penury after the First World War. France still had the instincts of a Great Power, but not the economic and political strength of one. The failure of French policy with respect to the Banque Russo-Asiatique was an indication of circumstances succeeding French governments in the 1920s would find difficult to accept.

Social Science Federation of Canada/
Canadian Federation for the Humanities