Dear Philip:

I have to refer to previous confidential letters with regard to Oumansky, the Soviet Ambassador here, the last of which as I recall was dated November 23.

Oumansky undoubtedly realizes that he has been pushing himself out in front too much and that he has been permitting others to push himself out in front too much and he has been much more reserved during the last few weeks. He has refrained from any public utterances and I understand that he has been a good deal more careful about what he has said in private.

There have been no increases in the staff of the Soviet Embassy as so frequently announced by some of the papers here and at home and, on the contrary, I have just learned that Oumansky has sent home one of his Secretaries who I think succeeded in making himself rather objectionable.

I gave a dinner at the Embassy on Saturday evening and arranged it so that Oumansky and his wife were among the principal guests. I had received from General Strong in the meantime the sixth film in the series prepared by the Army at the direction of General Marshall which series is known as "Why We Fight". The fifth in the series which we recently received is known as the "Battle of Russia" and it is really a fine picture. I had this shown to the guests after dinner on Saturday evening in our little theatre in the Embassy and Oumansky was pleased beyond measure, not only with the film but with the fact that I had shown this particular film after the dinner. I did it all, of course, with intention.

I do not

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I do not intend in any sense to cultivate Oumansky beyond any reasonable measure but I do intend to maintain the friendly contact which I have had with him for some years. While I do not think he is particularly friendly to our country and he is highly critical of us in many ways, I think it is largely because his feelings from time to time have been injured and we know that he had a faculty for making himself objectionable at home and exposed himself to certain situations. He is one of those highly ambitious and sensitive people who is resentful slights or what he so considers. In any event I have always maintained with Oumansky a friendly contact and since his arrival here I have done the same without in any way showing him any special attention. I think, however, that the contact I have had with him since his arrival here has not been unhelpful.

I think recent developments in the major picture have somewhat overwhelmed Oumansky. The success of the Moscow meeting made a deep impression on him and since that time he has been much more temperate in the private statements which he has made with regard to the Second Front and his criticism of us. I think the more recent developments of the meetings in Cairo, Teheran, et cetera, have even more overwhelmed him. I am inclined to believe that Oumansky has been one of those who held the thesis that Russia should play the lone wolf, using us in helping to win the war, but playing to the end a lone hand and so far as possible dominating the European situation with little reference to us or to England. He made a good many statements in private here to me and to others immediately after his arrival here which more or less indicated that that was the line of thinking he was following. Knowing diplomats as I do from long experience, I was not able to have any opinion as to whether Oumansky was reflecting purely his own views, whether he was reflecting the views of some of his friends in the Soviet Government, or whether he was reflecting the views of his Government. Because of the extravagance of some of his expressions, I doubted that he was expressing the views of his Government for the most part.

In any event, the recent developments beginning with Moscow and since then have undoubtedly made a deep impression on Oumansky and I think that whether he likes it or not he is accommodating himself to what he believes are to be a new set of circumstances. I am pretty well informed as to what he says in private and I know that during
during the last few weeks there has been a very marked change in the character of these expressions and they are more friendly as with regard to us and the British and less extravagant with regard to the preponderant role which Russia must play.

On the other hand, as I have indicated in recent letters to the Department, I think we must all recognize that Russia is going to play a much more important role after the war than she did before in both the political and economic fields. There is in my opinion no doubt as to her industrial development making great strides after the war. There is no doubt that she will become an important factor in the world agricultural situation. Heretofore she has had only her very considerable natural resources which only in recent years began to be developed. Even the most skeptical now must realize the degree to which Russian industry has already developed for with all the destruction which has taken place in Russia in this war, it is obvious that the major part of the material which her armies are expending is still produced in Russia although the material which we are furnishing her for use in the air and on the land and in the way of food is a tremendous factor in her war effort. There is in my opinion not the slightest doubt that at the end of the war the Russians are going to use German technical skill and manpower to the fullest advantage and this is one of the things that they are going to see they will do. Before Hitler came in there were thousands of skilled German workmen and literally thousands of German engineers in Russia who were helping to build up Russian industry and I shall never forget that when Hitler came into power in January 1933, General von Hammerstein, who had been Chief of the General Staff of the German army and who was a good friend of mine, told me that they had to withdraw immediately some 1800 engineering officers of the German army who had been working with the Russians in Russia. Before the German army began to send their engineers, companies like the General Electric had been sending engineers into Russia and furnishing material on a tremendous scale for the development of Russian industry. While I was Consul General in Berlin from 1930 to 1934, under confidential and oral instructions from the Department I was facilitating the flow of the stream of Russian engineers and technicians who went to the United States for Amtorg and who studied in our factories.
factories. I gave these men their visas to go to the United States and many of them came to see me on their way back from the United States to Russia. I saw the capacity of these men and I saw their capacity had been increased by their stay in our country. This is just a little background to tell you why I knew and why I was one of those who believed in the power of the Russian army and the Russian military establishment more than some of our people did and why I favored a policy of treating more intimately with the Russians over a period of some years back.

Keeping in mind all this and what we know that the Russian armies are accomplishing, we have to recognize that with her tremendous area, population and resources and with the new spirit which has been developed in Russia, we would be blind if we do not realize that Russia will be an important industrial and agricultural factor in the work markets just as she will be a political factor. I believe that Russia after the war will concentrate on the rebuilding of her industries and agriculture more rapidly than she will on the rebuilding of her cities. She will be more interested in producing as rapidly as possible than she will be in providing comfortable shelter, etc. In other words, the same zeal which is now being put into the war effort will be put into not only the rehabilitation but the expansion of Russian industry and agriculture.

This means that in markets which we and England and Germany largely dominated in the industrial world before this war, Russia will become a very important factor. I am not too deeply concerned about this because we have such a tremendous advantage in many respects over Russia that in many lines we need not be concerned respecting developments and competition. I think Russia will take good care that to a large extent she displaces Germany and she is certainly going to drain Germany of manpower, both technical and other, after the war. This is one of the prices that Germany will have to pay for the war and is one which does not even have to be imposed in any peace negotiations or controls because it is going to happen just as surely as the sun will rise tomorrow. I am mentioning the foregoing because Gromensky is certainly thinking along these lines although he does not express it here in that way. The only way he gives expression to it here is by saying
saying in official and in other quarters that Russia may before the end of the war be able to deliver agricultural equipment and that very shortly after the end of the war she will be able to deliver many kinds of fabricated products formerly received from other sources.

In the Americas we have to reckon with the fact that as a competitor for certain industrial products, Russia will to a large extent displace Germany and to a lesser extent England. I do not believe that this means that our own markets will necessarily suffer because I think there will be such an up-swing in a good many of these countries in the Americas that the total demand for goods will improve to such a degree that we will have a larger rather than a smaller market.

There are a great many readjustments that we have to make in our thinking as a result of the war and of the conditions which will prevail after the war. A struggle such as this cannot take place without causing a gigantic change in countries as well as in the world picture. One of these factors which we have to consider is that Russia is going to come out as one of the powers to be reckoned with in a primary sense in the political, economic and industrial fields while Germany and Japan will have to be less reckoned with. England will emerge in many ways considerably weaker and we will be the preponderant power if we know how to use our position. The Russians I believe will be inclined more and more to work with us if we know how to handle that situation and I think if we are wise we will deal with that situation in a very realistic way. After all, aside from the interlude of the first years of Communism, there is a long century-old background of friendly relations between our two countries. Stalin, although he has nothing in common with the old Czarist regime which lost the Russo-Japanese war for the Russians, is a Russian and as a Russian he knows that we saved Russia’s skin at the end of the Russo-Japanese war and that the Treaty of Portsmouth would have been a much more disastrous affair for Russia if it had not been for us. In other words, while Stalin and those who now and later will control the Russian Government have their reserves with respect to us for certain reasons, which they have for others, they have these reserves so far as we are concerned in much less degree than they have with
with respect to others. In other words, there is a basis for understanding and collaboration between ourselves and the Russians and if we are wise we will know how to handle this situation and recognize the importance of handling it.

This is no time when old prejudices and feelings can control our political or economic action. We have to recognize that we are passing through a period of fundamental changes in the world structure. We are helping to bring these changes about. The changes are inherent in the war. These changes will affect us as they affect others. We will emerge the preponderant power at the end of the war. Whether we hold that place, which we have to hold for our own safety in the future, will depend upon how well we know the degree to which we have to assume the responsibilities which our position brings us and how well we know how to deal with the other important factors in the world picture as it will be and how well we know the manner to differentiate between the method of dealing with friends and potential enemies.

I am led to make these remarks because there is so much hysterical talk and some foolish talk about the Russians and their designs in this hemisphere. The sending of Oumansky to Mexico set a lot of people to thinking but instead of thinking clearly they have been only acting hysterically. Whether Oumansky was sent to Mexico with the idea that he could from here be an opening wedge for the Russians in this hemisphere is important if true but it is not so important as the fact that even if there was no such thought in connection with Oumansky, the circumstances after the war are going to be such that Russia will have to be reckoned with in the industrial and agricultural picture in this hemisphere. The degree to which she will have to be reckoned with in the political and social picture in this hemisphere depends upon the manner in which we handle things. If we consolidate the Good Neighbor Policy, it will be a great asset. If we keep down our Butlers, Nyes and Wheelers, we will be wise. If we recognize that we have to deal with Russia as a competitor in the industrial field, but this does not necessarily mean injury to us, we will be wise. If, instead of hysterically trying to build up the economies of our enemies after the war, who are trying to destroy us now, we do what we can to build up the economies of our friends, including the Republics of this
of this hemisphere, we will be wise. This is one of the reasons why I am so interested in the Joint Mexican-United States Mission for Economic Cooperation because we have to see it in its real perspective and, of course, it is impossible for some of our people who have so much to do with things these days to see this perspective because they do not have the background which is essential nor adequate vision of the future.

I am sending you this letter in triplicate and I am sending a copy thereof to the Secretary for his reading at his leisure and he may wish to pass it along to Mr. Stettinius.

With all good wishes,

Cordially and faithfully yours,

In triplicate.