

SECRET.

R U S S I A.

NOTE WITH REGARD TO THE ATTACHED REPORT ON THE VISIT OF A
BRITISH MILITARY MISSION TO GENERAL DENIKIN'S ARMY IN
SOUTH RUSSIA.

In reading this Report it should be remembered that it is based entirely on information supplied by General Denikin and his Staff, and on Colonel Blackwood's personal observations during his visit to General Denikin's Headquarters. Colonel Blackwood had no opportunity of studying the situation in other parts of Russia, or of comparing the information supplied by General Denikin with reports obtained from other sources.

There is no reason to distrust the information contained in this Report with regard to General Denikin's Army and the Cossacks although the forecast of future recruiting is perhaps somewhat optimistic. On the other hand the information with regard to the enemy (Appendix A.3) is necessarily based on incomplete data, and is largely guess-work, while the strength of the enemy troops opposing General Denikin is perhaps deliberately over-estimated by his Staff. For these reasons the information as to the Bolshevik forces contained in the War Office Memorandum of January 12th should be accepted, when it disagrees with Colonel Blackwood's Report. The figures for the total strengths in the two Papers are, however, tolerably consistent, if it is remembered that the total of 430,000 bayonets and 25,000 sabres, as given in Colonel Blackwood's Report, does not include the troops formed and forming in the interior of Soviet Russia (419,250), which are included in the Grand Total of 825,750, as given in the War Office Memorandum.

Military Section
British Delegation
30th January, 1919.

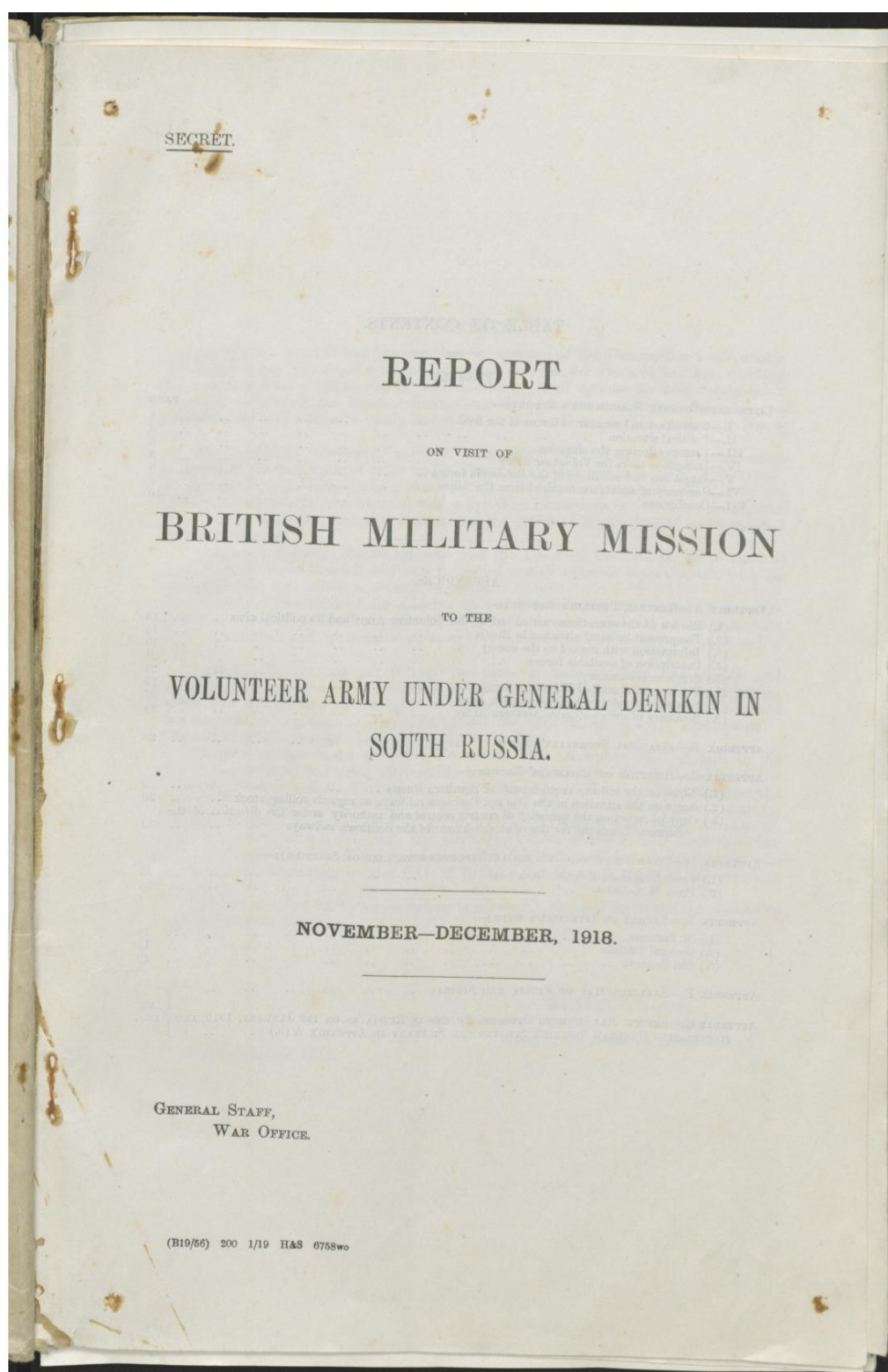


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REPORT ON THE MISSION OF THE VOLUNTEER ARMY UNDER GENERAL DENIKIN TO SOUTH RUSSIA

PREFACE.

In October when it was foreseen that the opening of the Dardanelles would enable the Allies to get into touch with the Volunteer Army under General Denikin, which in the neighbourhood of Ekaterinodar had maintained itself against Bolshevik aggression since the collapse of the Russian front, General Milne, commanding at Salonika, was instructed to hold a Mission ready to proceed at the earliest possible moment to Novo-Rossisk.

The successful movement in South Russia is the only spontaneous Russian effort to maintain the principles of order and civilization against the menace of Bolshevism; for the Siberian Government only came to life through the protection afforded by the Czecho-Slovak troops, who unaided held a line from Ekaterinburg to Samara throughout the summer, while the liberal aid given by the Allies to North Russia has awakened but little response.

Lieutenant-Colonel Blackwood, who was the Chief of the Mission despatched in November to Novo-Rossisk, has now furnished a very valuable report which, with its comprehensive appendices, is printed herewith.

A study of this report fully confirms all our previous information as to the sturdy nature of the effort of the Volunteer Army and the Cossacks, and also of the immediate need of financial and material assistance to enable this effort to be continued and to bear fruit.

General Denikin has put forward his plea for military help very clearly and explicitly in Appendices A (5), and E (2) attached to this report; the railway situation, which has become serious owing to the wanton Bolshevik sabotage and to the lack of raw material, is explained in Appendix C, and the importance of early resumption of commercial relations is laid before us in Appendix D.

Under the agreement with the French of 23rd December, 1917, it falls to the British Government to render all possible assistance to General Denikin and his Allies in North Caucasia and the Don region, while to the French Government is assigned the support of the efforts in the Ukraine and Crimea. It is, however, apparent that for success one united command must obtain, and General Denikin is obviously the man on whom the command will devolve. Our efforts, and those of the French, must therefore be co-ordinated, and it is of the greatest importance that these two Great Powers, who are primarily interested in the fate of Russia, should work together in complete harmony.

The action called for by the situation is admirably summed up in the conclusions to Colonel Blackwood's report.

HENRY WILSON,

General,

Chief of the Imperial General Staff.

22nd January, 1919.

REPORT ON VISIT OF BRITISH MILITARY MISSION TO THE VOLUNTEER ARMY UNDER GENERAL DENIKIN IN SOUTH RUSSIA.

I.—DISPOSITIONS AND NUMBERS OF VARIOUS FORCES IN THE FIELD.

In order to appreciate the situation with a view to future developments, it is necessary to take into consideration not only the forces actually in the field, but also those forces which General Denikin hopes to raise and equip during the next few months.

We have then :—

(i.) FORCES ACTUALLY IN THE FIELD.

(i.) The Volunteer Army operating in the Kuban area, numbering about 50,000 bayonets and sabres.

After mobilization in the present Volunteer Army area is complete, this army will number about 120,000.

(ii.) The Don Cossacks, operating in the Don area in co-operation but not under the orders of General Denikin, together with the so-called Astrakhan Army and Voronej Corps (Southern Army), amounting to 130,000.

It is estimated that these two forces can be raised to about 250,000 bayonets.

See Appendix A (4).

(ii.) FORCES PARTIALLY MOBILIZED AND OPERATING INDEPENDENTLY.

(i.) The Ukraine Army, which it is estimated can draw upon 320,000 available men.

(ii.) The Northern Army about Pskov, estimated at 5,000. (See Appendix A (8).) It is estimated that these two armies could provide 150,000 bayonets.

The estimate of the total maximum numbers available is therefore as follows :—

(i.) Volunteer Army	...	...	...	120,000 bayonets.
Don	} Army	...	...	...
Astrakhan		...	...	130,000 "
Voronej (Southern)		...	...	...
Total	...	...	...	250,000 "
(ii.) Ukraine	} Army	...	...	...
Northern		...	...	150,000 "
(iii.) Non-Combatants	...	...	...	800,000 "
Grand total	...	...	...	1,200,000 "

General Denikin's estimate of the forces available in the Don and Kuban areas may be regarded as correct, but the possibility of mobilizing the numbers he suggests in the Ukraine is remote, especially in view of recent events.

See Sketch Map in Appendix G.

II.—THE POLITICAL SITUATION.

General.—The influence of politics on the military situation has such far-reaching effects that it is absolutely essential to obtain a general view of the political situation as it stands before taking any other proposition into consideration.

During the dismemberment of Great Russia the various districts or governments which comprised Great Russia seized the long-looked-for opportunity of establishing local government and gradually proclaimed their independence or autonomy. The spirit of separatism was fanned by German propaganda and German intrigue. (See Appendix A (2)).

The Volunteer Army.—The Volunteer Army professes to have no politics, but its first aim is a re-united Russia.

Once Russia is united a Government is to be formed on democratic lines.

At the same time it must be remembered that members of the old *régime*, members of the Cadet Government, and the remnants of Petrograd society are gathered round the headquarters of the Volunteer Army.

It is inconceivable that any except a very few of the above are in favour of returning to the old form of autocratic government: the majority are in favour of a constitutional democracy, but would agree to any form of government provided the re-union of Russia is guaranteed.

As a rule the Russian officer does not concern himself with politics.

With the Volunteer Army is incorporated an Administrative Government, or, at any rate, the nucleus of a Civil Government, which administers part of the Black Sea and Stavropol Governments.

This government includes men who were well known before the war, such as Sazonov, Neratov and Shulgin, and is probably capable of providing a frame-work for an administrative body fit to deal with questions of general policy and of administering the country as a whole until such time as a Constitutional Government is established. These men disclaim any reactionary policy and aim at the re-union of Russia. Once the re-union is achieved they propose to resign and accept a constitutional government based on national representation.

Don Cossacks.—The attitude of the Don Cossacks is strongly anti-Bolshevik, and their troops are co-operating with those of the Volunteer Army against the Bolshevik forces.

It is probable that the Cossacks would be willing to fight as a whole under General Denikin's command, but are prevented from doing so by the Ataman, General Krasnov, who was deeply implicated with the Germans, and invited them into the Don province. He has organized and led the Don Cossacks with some success against the Red Army.

His present attitude is regrettable because unity of command* is essential for future developments.

On the other hand, General Bogaievski, the President of the Don Government, is said to be wholly in favour of placing the Don forces under the supreme command of General Denikin, and there is good reason to believe that he would have been elected Ataman in September last had it not been for a display of armed force by the Germans to secure the election of Krasnov.

A conference was held at Ekaterinodar on 13th November, at which were discussed (i) Unity of Command, and (ii) Centralization of Supply and Equipment. General Krasnov's representatives flatly declined to agree to either proposition, but offered to put a brigade of infantry and a division of cavalry, equivalent to one-fifth of the Don forces, under the command of the Volunteer Army. This offer was, however, refused. The excuse given by the Don representatives was that it was necessary that the bulk of the Don Cossacks should be at the disposal of the Ataman to maintain order in the provinces.

Georgians.—The Georgians aim at autonomy and are consequently opposed to the Volunteer Army. German influence was very strong in Georgia. The Georgians also concluded a treaty with Turkey, which acknowledged their independence.

See Appendix A (7).

Kuban Cossacks.—The Kuban Cossacks have given the Volunteer Army their whole-hearted support, but a certain amount of friction exists with regard to administration between the local Kuban Government and the Volunteer Government. This friction is largely due to the personal ambitions of individuals, and as such is not to be regarded as serious.

Ukraine.†—The Ukraine is pursuing an anti-Bolshevik policy and maintains a force in the field against the Bolsheviks. This force was organized by the Germans, but it is fairly certain that the Germans assisted both sides.

The Ukraine Ataman, Skoropadski, is regarded as an able man, and his sympathies are said to lean towards the Volunteer Army, though he kept in with the Germans in order to preserve order in the Ukraine at a critical period. There are a considerable number of high military authorities and many detachments of officers in the Ukraine who are in touch with the Headquarters of the Volunteer Army. The latter have been

Notes by General Staff.—* Krasnov has now recognized Denikin as Commander-in-Chief.

† Skoropadski's government has fallen.

placed for the present under the orders of the Commander-in-Chief of the Ukraine forces by General Denikin; thus it is clear that collaboration between the present Headquarters, Volunteer Army, and the military authorities of the Ukraine is foreshadowed, and is even now forming the subject of negotiations.

It should be remembered that the Ukraine has never suffered the horrors of the Bolshevik régime, and consequently the feeling against the Bolsheviks is not so bitter as in the districts where the Bolsheviks at one time established themselves.

There is, however, an important party under Petliura called the Samostiniki who have a distinct leaning towards Bolshevism and represent the Separatist Party of the Ukraine. This party is apparently gaining strength, and it is a significant fact that General Count Keller resigned his position as Commander-in-Chief of the forces in the Ukraine on 27th November. His successor is Lieutenant-General Prince Dolgoruki.

The political situation in the Ukraine is obscure, and much depends on current events.

See Appendices A (2) and E (3).

The Crimea.—The Crimea became independent on the arrival of the Germans and expulsion of the Bolshevik forces. The first government supported the Tartar element to the detriment of the Russian. After the departure of the Germans a new government was formed who requested the Volunteer Army to send detachments in order to preserve law and order. This request was complied with, and it is presumed that the new government is favourably disposed towards the Volunteer Army.

Armenia.—The Armenians are favourably disposed towards the Volunteer Army, but their troops from a fighting point of view are not to be relied on.

Siberia.—Admiral Kolchak has recently been appointed Dictator. The Orenburg, Ural and Astrakhan Cossacks are in favour of acknowledging the supreme command in the person of General Denikin.

SUMMARY OF THE POLITICAL SITUATION.

Both the British and French Missions are agreed that in order to achieve any results, unity of command and unity of purpose are essential. Political parties must sink their differences until Russia is united. They are equally agreed the Volunteer Army, which professes to have no politics, is the only body capable of coping with the situation, and it is absolutely essential that all assistance should be given through them and all dealings, military, political and commercial, should be transacted through the medium of the Volunteer Army. But in order to ensure thorough and loyal co-operation, the Ukraine and Don must be represented at headquarters.

To deal with each party independently would merely intensify the differences which already exist and foster the spirit of separatism.

To arm and equip each party separately would simply assist them to exterminate each other.

It is equally important that the Allies should declare their policy—and that as soon as possible.

The Cossacks regard the Allies with suspicion because they are under the impression that once Russia is united, the Allies intend to dictate what form of government is to be established—a form which may possibly be distasteful to the Cossacks themselves.

Once all parties are convinced that the intention of the Allies is to establish law and order under a temporary government, and then permit the various parties to unite under one government, or separate if they wish, there should be very little difficulty in persuading them to unite in their efforts to defeat the Bolsheviks as a common enemy.

See also Appendix A (2).

III.—FACTORS AFFECTING THE SITUATION.

Finance.—The finances of the Volunteer Army and of the country generally are in the most chaotic state which can possibly be conceived. This is due to:—

- (i.) Separatist tendencies of every district.
- (ii.) The absence of credit.
- (iii.) The absence of any form of common coinage or currency.
- (iv.) The total absence of any fixed rate of exchange.

The Volunteer Government has no means of issuing notes and no credit to back them

Local notes have been issued and guaranteed by prominent commercial magnates in certain districts such as Kislovodsk and Petrovsk, but these have no value outside a very limited area.

Up to the present the Volunteer Army has maintained its forces in the field by requisitioning, and an elementary form of taxation on private property recovered from the Bolsheviks. It is perfectly obvious that this state of affairs cannot last.

The only means of putting the finance on a proper basis is by foreign credit through a Financial Commission.

The whole subject is beyond the scope of a military mission, and it is suggested that a Financial Commission be despatched as early as possible in order to place the finance of the Voluntary Army on a sound basis.

See Appendix B.

Railways.—Generally speaking, the railways are in a most deplorable condition. At the outbreak of hostilities the Russians were short of rolling stock and a good deal has been destroyed during the war.

The Bolsheviks destroyed railway signals, points, and rolling stock during their stay in Southern Russia. A large number of engines are idle through lack of material for small repairs.

No operations on a large scale can be entertained until the railways are placed on a better footing, but the subject is too technical and beyond the scope of this report. It will be, therefore, necessary to study the full report obtained from the Director of Railways.

It is highly desirable that a Railway Commission should be sent to Russia in order to prevent waste of time, and to discuss and settle various technicalities on the spot.

See Appendix C.

Provision and maintenance of personnel.—The number of troops at present available is totally insufficient to carry out the two-fold task of active operations against the Bolsheviks, and of preserving order in rear.

The only means of increasing these numbers is by garrisoning certain points in the Ukraine and Southern Russia to preserve law and order, and finally proclaiming a general mobilization.

Even this is impossible unless the various States come to some agreement. And, should the various States act in unison, it is uncertain whether a general mobilization could be carried through without Allied assistance.

There are, however, 3,000,000 prisoners of war who should now be available.

Their attitude towards Bolshevism is, of course, uncertain, but it is estimated that a considerable number would be willing to join the Volunteer Army.

Time.—The question of time is most important.

(i) It is essential that war material of all kinds should be despatched as soon as possible in order that the present forces may be maintained in the field.

(ii) It is essential that the Bolsheviks should be expelled from the Cis-Caucasian districts before the spring in order to guarantee the corn districts of the Kuban and Stavropol areas, the oilfields, and communications with the East.

(iii) It is anticipated that the Bolsheviks will attempt to forestall the plans of the Volunteer Army by advancing on the Ukraine, seizing the principal railway centres, and thus paralyzing mobilization in this area.

It is, therefore, of the utmost importance that the Volunteer Army should be in a position to hold their front in strength, in order to cover a general mobilization and the area of strategical concentration.

Climate.—Owing to the severe climatic conditions in the north, military operations will be brought more or less to a standstill. This will enable the Red Army to withdraw troops from the north and concentrate against the Ukraine and Caucasus fronts during the winter months.

Equipment and armament.—The forces in the field are short of arms, equipment, clothing and medical stores of all kinds.

The necessity is urgent.

Arrival of the Allies.—The arrival of the Allied fleets and representatives created a profound impression.

The situation is aptly illustrated by the words of a member of the French Mission :—

"We do not want troops," he said, "but plenty of Generals with a bevy of Staff Officers and representatives; then the troops will be forthcoming."

Supplies.—It is estimated that there is sufficient food in the country to support an army in the field.

Prices are above normal, but there does not appear to be any real shortage.

The chief difficulty is transport, due to the disorganized state of the railways, and, secondly, to the fact that the peasant can receive nothing of value in exchange for his produce, and will, therefore, not bring it to market.

IV.—IMMEDIATE TASKS WHICH CONFRONT THE VOLUNTEER ARMY.

1.—The first and foremost task is to form and bring about a union or agreement of the various semi-independent provinces.

A general policy must be agreed upon, and steps taken to ensure mutual support and co-operation.

It is thought by the Russians themselves that the Allies could render invaluable assistance in this direction.

2. To establish unity of command and central control.

3. Prevent enemy troops entering the Ukraine, and to attain the following objectives:—

- (i.) To maintain order and to prevent Bolshevism from spreading in the Ukraine.
- (ii.) To gain sufficient ground for strategical concentrations.
- (iii.) To preserve the corn-growing districts, manufacturing towns, and important railway centres from pillage and anarchy.

4. To drive the enemy troops completely out of the Caucasus oilfields with a view:—

- (i.) To ensuring the oil supply for the railways.
- (ii.) To denying oil fuel to the enemy.
- (iii.) To opening up communications with the Caspian Sea and the Siberian Army.

5. To organize and equip a sufficient force for an advance on Moscow and Petrograd.

See Appendix A (5) for the strategical summary of the situation.

V.—INTENTIONS AND CONDITION OF THE BOLSHEVIK FORCES.

It is probable that the immediate intentions of the Bolshevik forces are:—

- (i.) To drive the Volunteer Army out of the Cis-Caucasian area to secure the oilfields and the corn district between Stavropol and Ekaterinodar. Owing to the mildness of the climate in this area, it is possible that the Bolsheviks may adopt this plan as a winter campaign.
- (ii.) To advance into the Ukraine in order to seize the corn and manufacturing districts and prevent the Volunteer Army from mobilizing in this area and preparing for a further campaign.

The fact that the climatic conditions in the north bring warlike operations to a standstill during the winter enables the Bolsheviks to concentrate against the Caucasus and the Ukraine.

The Bolshevik forces number approximately 430,000 bayonets, 25,000 sabres and 1,120 guns.

All figures with regard to the Bolshevik forces must be accepted with reserve because they vary considerably from day to day, and it is almost impossible to arrive at a correct estimate.

On the other hand, they appear to be well armed and equipped.

Up till quite recently the Bolshevik forces were regarded by the Volunteer Army as armed bands, but now it is universally accepted that they have much improved and that they are well trained. This is due to the fact that the Germans took them in hand and that a large number of German officers and instructors are still in the field fighting with the Bolsheviks.

The Volunteer Army are anxious that the German Government should be forced to withdraw them.

A number of Russian officers, including officers of the former General Staff, are also fighting on the side of the Bolsheviks. This is partly due to the fact that the Bolsheviks have compelled them to join up under severe penalties, and partly to the want of money and the fear of starvation.

As their policy is one of destruction, it is probable that the transport and supply question with the Bolsheviks is acute.

Famine is known to exist in Petrograd and Moscow and, probably, in other towns. They are also short of clothing.

The appearance of the Allies in the Black Sea has created a profound impression among the Bolsheviks.

This is confirmed by agents and a speech made by Trotski at Moscow on the 19th November, 1918.

EXTRACT from the "Cis-Caucasian District," 17th-30th November, 1918 :—

"Our forces," says Trotski, "notwithstanding their large numbers, have now lost their significance. The fact of the matter is that, owing to the fall of Germany, the Anglo-French power has grown to an immeasurable extent. At the present moment the rumour of the arrival of even a small Allied force would be sufficient to create such a colossal impression in the ranks of the Red Army, that it would be almost impossible to induce them (the Red Army) to fight.

"Touching the question of the Ukraine, Trotski began by saying that up to a million troops were dispersed on the Ukraine and Don fronts. These troops, however, have lost heart to a marked degree, and it is impossible to persuade them to advance.

"After a lengthy debate, a resolution was passed to the effect that revolutionary Russia is menaced by a deadly danger on the part of the Allies."

See also Appendix A (3).

VI.—SUMMARY OF ASSISTANCE REQUIRED FROM THE ALLIES.

The Volunteer Army look to the Allies for assistance as follows :—

(i.) WAR MATERIAL.

Immediate assistance to enable them to maintain their present forces in the field.

The immediate provision of all kinds of war material is a question of great urgency. Lists have been prepared, and are submitted in a separate report.*

(ii.) TROOPS.

(The Mission held out no promise of troops, and pointed out that the employment of foreign troops was highly undesirable.)

Immediate assistance with the object of maintaining order, preventing the spread of Bolshevism and covering a general mobilization.

The numbers required are estimated as follows :—

To cover the main lines of advance on Moscow and Petrograd	5 Infantry Divisions.
To garrison mobilization areas—Bakhmut, Ekaterinoslav, Chernigov, Kiev, Kharkov, Jitomir, Bessarabia, Minsk and Baltic Provinces (2 Divisions)	11 Infantry Divisions.
To maintain communications—Kharkov, Kiev, Minsk and Baltic Provinces	4 Cavalry Divisions.
Garrison for Black Sea Ports	1 Infantry Division.
Garrison for Trans-Caucasian Oilfield about Tiflis and Baku	1 Infantry Division.

Total=18 Infantry and 4 Cavalry Divisions.

See Appendix A (5) for further details, also Sketch Map G.

(iii.) FINANCE.

Assistance in the shape of :—

- (a.) Loans or guarantees in order to establish credit.
- (b.) Means of printing notes.

See Appendix B.

* This report is not printed, but all necessary action is being taken.

(iv.) RAILWAYS.

Material of all kinds is required, but the requirements involve technicalities beyond the scope of this report.
See Appendix C.

VII.—CONCLUSIONS.

After having carefully studied the situation the Military Mission recommend the following measures as indispensable. It must, however, be remembered that owing to lack of time the Mission were unable to verify information received.

1. As a result of interviews with M. Sazonov* (late Minister for Foreign Affairs), Mr. Beech (President of the Kuban Government), representatives from General Krasnov (Attaman of the Don Cossacks), General Bogaievski (President of the Don Cossack Government) and various individuals, including British residents whose knowledge of the situation is unquestionable, the Mission have come to the conclusion that the Volunteer Army, the Kuban Cossacks, the Don Cossacks, the Ukraine and the Crimea are all striving towards a common goal, viz., the extermination of Bolshevism. They are, however, held apart by minor differences of policy chiefly due to the personal ambitions of certain individuals. The political situation is delicate, and the Mission are of opinion that political representatives should be sent by the Allies in order to bring about the co-operation and dispel the mutual distrust of the several quasi-autonomous States.
2. The Mission further considers that it is absolutely essential that the Allies should declare and make known their policy with the least possible delay in order to enlist the whole-hearted support of the various independent States who have recently obtained local government and who mistrust the Allies because they fear that some sort of government will be imposed upon them with which they have no sympathy.
3. That the policy of the Allies must be resolute, determined, show unity of purpose, and admit no differences whatsoever.
4. That the supreme command be vested in General Denikin, that all forces be placed unreservedly at his disposal (this has already been done by the Kuban Government) and that each State or district be represented on a War Council of which representatives of the Allied Military Missions will also be members.
5. That all war material sent out by the Allies be distributed under the orders of a central committee formed under the auspices of the supreme command. This committee shall include representatives from the various States. The action of this committee to be supervised by representatives of the Allies in order to ensure a suitable distribution.
6. That a financial committee be sent by the Allies to place the financial status on a sound basis.
7. That a commercial and industrial commission be sent from England to establish British commercial and industrial prestige in the markets of Southern Russia.
8. That a central commercial and industrial committee be formed at Headquarters comprised of representatives from the Allies and various Russian States.
 - (1.) To promote economy and to organize commerce and industry generally.
 - (2.) To prevent "cornering" and illicit profiteering.
 - (3.) To organize the distribution of material and ensure that goods from abroad reach the consumer by the shortest possible means.
 - (4.) To organize the export of material from Russia.
9. That a Railway Mission be sent as soon as possible to ascertain and deal with the technical requirements. This should form part of the Military Mission.
10. That all Russian railways be placed under central control in order to facilitate the concentration of rolling stock for military purposes and the distribution of material.
11. That a permanent Military Mission be established with the Volunteer Army and that officers be sent to visit or establish liaison with the various States to look after their interests and keep the Mission at Headquarters informed.
12. That the Allies despatch war material and other necessities even in small quantities at once, in order that the Volunteer Army and existing forces may maintain their present position in the field.

(Signed) A. P. BLACKWOOD, *Lieut.-Colonel,*
General Staff.

CONSTANTINOPLE,
6th December, 1918.

* See Appendix E (1).

DIARY OF MISSION TO VOLUNTEER ARMY, 18TH NOVEMBER, 1918,
TO 5TH DECEMBER, 1918.

18th November.—Captain Blake and Lieutenant Craig left Salonika by s.s. "Barryfield" at 1730 hours for Mudros, carrying letter from General Milne to General Denikin.

19th November.—Arrived Mudros 0800 hours. Transhipped to H.M.S. "Hazel," which left Mudros at 1800 hours for Constantinople.

20th November.—At sea. Lieut.-Colonel Blackwood, D.S.O., joined the party at Chanak at 1315 hours.

21st November.—Arrived Constantinople 0800 hours. Lieut.-Colonel Blackwood went on board H.M.S. "Superb" and learned from Naval Chief of Staff that H.M.S. "Liverpool," with French cruiser, "Ernest Renan," conveying French Military Mission, and two British destroyers were leaving the same day at 1400 hours for Novorossisk. Impossible to land and report personally to General Officer Commanding, Allied Forces.

Party transferred to H.M.S. "Liverpool" at 1315 hours. At 1400 hours left Constantinople.

22nd November.—At sea. Sketched out plan of operations for Mission.

23rd November.—Arrived Novorossisk at 1500 hours.

24th November.—Called on Military Governor of Novorossisk at 1130 hours. Civic and military reception on quay at 1300 hours. Lunch offered by town and military authorities, 1400—1900 hours. Left by special train for Ekaterinodar at midnight. Met General Erdeli in the train and asked him to arrange that we should be received by General Denikin at the earliest possible moment and be excused from as much of the festivities as possible.

25th November.—Arrived Ekaterinodar 0930 hours. Reception at railway station by civil and military representatives. Received by Kuban Rada in the Theatre at 1100 hours. Called on General Romanovski, Chief of the Staff of the Volunteer Army, at 1145 hours. Called on General Denikin at 1200 hours. Ceremonial lunch given by the Headquarters, Volunteer Army, 1300—1530 hours. Display by Cossacks 1530—1630 hours. Tea offered by the Hetman of the Kuban Cossacks at 1645 hours. Combined conference of British and French representatives with General Romanovski, Chief of Staff, 1800—1930 hours. After departure of French officers, arranged with Chief of Staff to hold a series of conferences with heads of departments concerning all questions, to commence at 1100 hours, 26th November.

26th November.—Interviewed British subjects and obtained information concerning local prices for food, &c. Also received parcel of maps of the district. At 1100 hours conference with the Inspector-General of Intendance and the heads of all his departments. Explained to them the scheme of work and the form in which we wished to receive all information. Detailed exposition promised for 28th November in order to give us time to study it before leaving. Colonel Zvegintsov attached to the British Mission as liaison officer.

Dinner *en famille* with General Denikin at 1500 hours. At 1800 hours conference with Chief of Staff, Inspector-General of Artillery and General Erdeli to explain our scheme of work for the remaining departments, particularly of those departments which are directly under the General Staff. Arranged for Lieutenant Craig to be put into direct communication with the Chief of the Intelligence Department. Arranged conferences for 27th November with Ministries of Railways, Commerce and Finance.

27th November.—British and French Missions laid wreaths on grave of General Alexeiev in the cathedral, and the spot where General Kornilov was killed, just outside Ekaterinodar.

1200 hours. Conference with Minister of Commerce concerning the re-opening of commercial relations and numerous questions of a commercial and semi-military nature. Arranged that he should present a report on the resources and reserves of supplies in the country before our departure.

Received a Serbian officer who desired to arrange for the return home of Serbians in this territory.

1800 hours. Conference with Minister of Finance concerning present financial position and his proposals for the future. Arranged with him that he should present a written report on the whole question.

2200 hours. General Levshin called and gave us the latest information concerning the "Dunsterforce," the Vladikavkaz Mission and the general position in the Terek region, and discussed means of communication with Baku.

Lieutenant Craig arranged with the Army Headquarters "I" and the Minister of War to receive information on all subjects concerning enemy forces.

28th November.—1000 hours. Conference with Chief of Red Cross Organization on subject of the supply of medical material, &c. In view of different position of Red Cross Society in Russia from their position in England, requested him to combine his requests with those of the Chief of the Medical Department.

1100 hours. Conference with Director of Railways concerning condition and needs of railways. He explained at length the general position and promised a detailed written report.

1200 hours. Five Englishmen, representatives of oil firms in the Maikop district, called and gave some information re the state of the oil industry.

1400 hours. Mr. Hopper, of Moscow, recently arrived in Ekaterinodar from the Kislovodsk area, called and gave a great deal of general information concerning the political, military, financial and economic situation in the Caucasus.

Lieutenant Craig obtained information concerning present political and military conditions in Caucasus from General Liakhov.

29th November.—Interviewed representatives from British firms in South Russia. Saw the General i/c intendants, and looked through the reports drawn up for us by his department.

1700 hours. Called on Mme. Alexieva, and there met an officer who informed us that a British wounded officer (Lieutenant Garfield) is at Ghelenjik, near Novorossisk, doing intelligence work. Made arrangements to meet him at Novorossisk on 2nd December, together with Lieutenant Craig.

Courier from Baku arrived, and was kept for the present at our disposition.

30th November.—Interviewed M. Sazonov on political affairs, likewise Beech, President of the Kuban Government. Further information re Terek region from General Liakhov. Obtained maps from General Staff. Interview with Mr. Hopper, who explained the plan of forming a commercial committee of prominent commercial and industrial magnates to regulate the whole question of imports, exports, shipping, finance, &c., between Russia and the Allies.

1st December.—M. Lebedev, Minister of Commerce, brought his report, and explained certain points. M. Shuberski brought his report on railways. Count Uvarov presented his report on the needs of the Red Cross and medical organizations. General Smagin, the representative with the Volunteer Army of the Don Cossacks, called to deliver a message from General Krasnov inviting the British Mission to visit the Don Cossack Headquarters at Novotcherkassk. With him came Colonel Yanovski, with a message from General Bagayevski, head of the Don Government, to the same effect. Promised to transmit the message to the right authority.

General Romanovski, Chief of Staff, called to request to postpone our departure for one day in order that the various reports might be completed. We called on General Denikin in order to pay a farewell visit. Captain Blake and Lieutenant Craig left for Novorossisk at 2300 hours.

2nd December.—Arrived Novorossisk 1300 hours. Met by Mr. Gulmuyden, British Consul, and informed that torpedo-boat destroyer arrives at 1000 hours, 3rd December.

Lieutenant Garfield did not appear. Discussed various matters concerning British commercial enterprises with the Consul. Lieutenant Craig left for Ekaterinodar by the night train.

3rd December.—Lieut.-Colonel Blackwood arrived at Novorossisk with reports from Headquarters Volunteer Army. Met Lieutenant Garfield, who is not a British officer. Received documents from him. Left on torpedo-boat destroyer at 1600 hours for Constantinople.

4th December.—At sea.

5th December.—Arrived Constantinople at 1130 hours.

APPENDICES.

APPENDIX A (1.).

SHORT HISTORY OF THE OPERATIONS OF THE VOLUNTEER ARMY. TOGETHER WITH ITS POLITICAL CREED.

The Volunteer Army, which was formed in November, 1917, on the Don by General Alexeiev, took as its object the salvation of Russia by means of the creation of a strong, patriotic disciplined army, which should wage merciless war against the Bolsheviks and depend for its support upon the classes of the population which were politically sane.

In the Don region, which was chosen as its base, the Army encountered strong opposition from the peculiar and inept Bolshevism of the Cossack masses. The army melted, there were no reinforcements; and, in order to avoid destruction, it had to leave the ROSTOV region on 9th/22nd February and move into the Kuban region.

Then began the marvellous march of the small but determined force, which consisted almost exclusively of officers, who fought as private soldiers, abandoned their families and made straight for death or serious wounds solely for the sake of a sacred idea—the salvation of the fatherland.

Suffering every possible privation, without rest or respite day or night, surrounded by a deep ring of Bolshevik bands, deprived of a base, the army hacked its way towards EKATERINODAR by a series of bitter and bloody battles.

But Ekaterinodar had fallen on 28th February/13th March. The political situation in the Kuban was very little better than on the Don. The material of war was diminished steadily day by day and the capture of fresh material from the Bolsheviks was the only source of supply. It was paid for in blood.

Many fell, and behind the army stretched an extraordinarily long column of wounded (at times as many as 1,500) which was a terrible impediment to any kind of military operations. Nevertheless, after covering hundreds of versts several times crossing the railway line, forcing a crossing over the Kuban river at UST-LABA and inflicting a series of heavy blows on the Bolsheviks, the army succeeded in effecting a junction with the troops of the Kuban Government, which then entered into the composition of the Volunteer Army.

After inflicting three more blows on the Bolsheviks, General Kornilov suddenly took the army over the Kuban River at ELIZAVETINSKAYA, and on 23th March/10th April, advanced to the storm of EKATERINODAR.

The Bolsheviks had, however, concentrated their enormous forces with inexhaustible supplies of material. The uneven struggle dragged on, the numbers steadily dwindled and war materials were almost exhausted; also alarming rumours began to arise on all sides that the army was completely surrounded.

On 31st March/13th April, the brilliant commander, General Kornilov, was killed; thus died a man of extraordinary personal bravery and strong will, who had served his unhappy country with unflinching singleness of purpose.

This disaster, together with the difficult position of the army, lowered still more the spirit of the troops. On 31st March/13th April, General Denikin took over the command of the Volunteer Army and decided, in view of the general situation, to give up the attack and withdraw the army.

The first big success, gained by General Markov at MEDVEDOVKA at once raised the spirits of the troops, and then by a series of rapid marches and demonstrations, which involved four crossings of the railway, the Army broke through the solid ring of Bolsheviks almost without loss, and on 18th/31st April, having completed its first Kuban campaign, concentrated in the region of SREDNI YEGERLYK on the borders of the Don and Kuban districts and the Stavropol Government.

About this time the Germans occupied ROSTOV and some other points in the Don region and thus a thorny question at once faced the Volunteer Army, i.e., their attitude towards the Germans, who were now such near neighbours. The new trial, this time a trial of political good faith and honour, the army withstood brilliantly; notwithstanding frequently repeated attempts on the part of the Germans to enter into negotiations with the Army Command, these attempts were always repulsed although thereby the army was deprived of a means of satisfying their crying need of materials of war, but it remained true to its brilliant Allies.

The Don region, which had begun at the end of March to throw off the yoke of the Bolsheviks had, by the month of May, obtained considerable successes, and gradually also the political and constitutional conscience began to wake up in the Kuban.

After rest and reinforcement by the arrival of fresh volunteers and the junction of fresh units which arrived from the Roumanian front, the army began to prepare for the second Kuban march with the object of liberating from the Bolsheviks the northern part of the Don region and later the Kuban.

After concentrating around METCHETINSKAYA station, to the number of 4,000 bayonets, 4,500 sabres, 20 guns, the army moved eastwards, having in front of it a force of more than 30,000 of the enemy and SOROKIN'S group 40,000 strong on its flank around BATAISK.

By the capture of TURGOVAYA station and the defeat of the enemy at SHABLEVSKAYA on the same day, 12th/25th June, and inflicting another defeat upon him on 15th June at VELIKOKN-YAZHESKAYA, the army had secured for itself a base for future operations towards the south, had cut off Kuban and Kuban Bolsheviks from Soviet Russia, and thus deprived them of reinforcements from the north. Then followed a number of sharp engagements at POLIVYANNI, RAZVILNI and PESTCHANO-KOPSKAYA. On 23rd June/6th July the enemy was heavily defeated after stubborn fighting at BYELAYA GLINA, and on 1st/14th July the Volunteer Army after turning both flanks of the enemy took the TIKHORETSKAYA railway junction, which connects the Kuban with the rest of Russia and at which the enemy had accumulated immense stores of war material.

As soon as it entered the Kuban region, the army quickly began to grow; the Cossacks rose and joined the army, coming over in detachments, sometimes even by whole regiments.

Further operations were developed in three directions, *i.e.*, along the railway towards KUSHCHEVKA, EKATERINODAR and KAVKAZSKAYA. By 3th/18th July the army had occupied the following junctions: SOSYKSKI in the first-named direction and KAVKAZSKAYA in the third; and in KAVKAZSKAYA a great deal of rolling stock was captured.

The Soviet Authorities and the Red troops were driven from STAVROPOL and our military governor took possession of the town. Operations developed further on the right flank; KUSHCHEVKA was occupied on 10th/23rd July and YEISK on 12th/25th July; thus the whole of AZOV and ZADONYE was cleared of the enemy.

The clearing of the ZADONYE liberated the southern front of the Don Army, and part of that army was immediately transferred to the northern front, which was seriously menaced.

In the Caucasus direction ARMAVIR was temporarily occupied on 14th/27th July, but fighting continued here for about 3 months, and only concluded on 14th/27th October.

Meanwhile about 15th/28th July the main body of SOROKIN'S force, about 40,000 strong was concentrating TIMOSHEVSKAYA station and began an advance in a south-east direction, capturing the stations of KORENOVSKAYA and STANICHNAYA on 16th/29th July. After a series of stubborn fights round KORENOVSKAYA and VYSELKI, lasting until 26th July/8th August, this group of the enemy was defeated and part of the Volunteer Army advanced and captured EKATERINODAR on 2nd/15th August.

On 11th/24th August, the cavalry on the right flank occupied TEMRUK, after defeating the TAMAN group of the enemy. At the same time, on the left flank our troops broadened their *pied à terre* at STAVROPOL, towards the west, south and east, and extended their occupation as far as the Kuban river in the westerly direction.

Thus, by 11th/24th August, all the ground on the right bank of the KUBAN river from BARSUKOVSKAYA to the mouth of the river had been cleared of Bolsheviks.

The enemy, retreating after this defeat at EKATERINODAR, was pursued, and the Volunteer Army carried its operations over to the left bank of the KUBAN river and occupied the railway junction of KRYMSKAYA; on 13th/26th August, the Volunteers occupied NOVOROSSISK and ANAPA, and on 21st August/3rd September TUAPSE, where they were joined by part of the coast detachments which had till then been co-operating with the Georgian troops.

One group of cavalry, starting from EKATERINODAR, had before 30th August/12th September cleared the left bank of the KUBAN river, and both banks of the LABA roughly left of a line TIFLISKAYA—PETROPOLYANSKAYA; another group captured BYELORYCHENSKAYA and MAIKOP on 26th August/8th September.

Meanwhile the group of the enemy which was retreating from TUAPSE, and had increased to a force of about 30,000, was moving through the KHODYZHENSKI Pass towards MAIKOP and BYELORYCHENSKAYA. After a succession of very bitter encounters this group was driven eastwards, and towards the end of September our troops had occupied the middle course of the LABA river. At the same time our irregular bands occupied the southern portion of the BATALPASHINSKAYA region and caused the Cossack population to rise against the Bolsheviks.

From 1st/14th October onwards the Army commenced its last operations in the KUBAN, the final expulsion of the Bolsheviks beyond the limits of the territory. As the enemy at this time received reinforcements in the north, he began to press the Volunteer and Don Armies south of Lake MANYCH, thus menacing the communications near TORGOVAYA Station; this rendered necessary a strengthening of the left flank at the expense of the centre, *i.e.*, STAVROPOL. While this advance of the enemy in the neighbourhood of TORGOVAYA was being dealt with about the middle of October, and he was driven back eastwards, our temporary weakness in the centre led to the capture of STAVROPOL by the enemy. This widened the aims of the operation and set the Army a new task—to retake STAVROPOL at all costs.

The recapture of STAVROPOL was dictated by two considerations:—

- (1.) The importance of having in our hands the rich surrounding district, which was one of the great sources of the supply of men and material for the Army.
- (2.) The moral effect. It was necessary to uphold the authority of the Army in the eyes of the Russian population of the STAVROPOL Government and to make them believe in its strength.

Apart from that, without the possession of the STAVROPOL district the borders of the Kuban district could not be guaranteed against fresh incursions of Bolshevik bands.

ARMAVIR was taken on 14th/27th October, and by 27th October/9th November, after a number of brilliant victories, formidable Bolshevik forces were heavily defeated and finally driven from the left bank of the Kuban river, and on 28th October/10th November the last village of the Kuban district was cleared of Bolsheviks.

The STAVROPOL operations demanded all our exertions and caused us considerable losses, for the Army was facing the enemy's TAMAN Army, which was 30,000 strong, and was composed of their best troops both in moral and training.

After stubborn fighting, STAVROPOL was captured by us on 2nd/15th November and by the 12th/25th the enemy had been driven back a distance of two or three marches to the East.

At present the Volunteer Army occupies the eastern portion of the KUBAN district, STAVROPOL and the north-west portion of the Stavropol Government.

The Stavropol group of the enemy, which has been very severely handled, received after the fighting an unexpected reinforcement from the TEREK region, where the Bolsheviks had succeeded in driving out the troops of occupation, part of which were united with the Volunteer Army.

In a general summary of the main work accomplished by the Volunteer Army during a period of five months, since the beginning of the second KUBAN march, the following should be noted:—

A handful of true Russians, 8,000 strong, full of a firm faith and a high spirit, had little by little become converted into a considerable force, which now counts 50,000 fighting men in its ranks.

Almost entirely without even the most elementary necessities of war, depending chiefly for the replenishment of their supplies on their successes, this army, in the space of half a year, waged a successful struggle against a force of the enemy which was many times superior to their own, and at times exceeded 100,000 men.

Having aimed at the liberation from the enemy of the southern portion of the Don region, and then of the whole of the KUBAN district, the army carried out its plan without the slightest outside help.

In addition, it liberated from the Bolsheviks the NOVOROSSISK and TUAPSE districts of the Black Sea Government and the north-west part of the Stavropol Government.

POLITICAL CREED.

The political creed of the Volunteer Army comes to this:—It considers itself the direct descendant of that Russian armed force which carried on a long and stubborn struggle with a terrible foe, and, as such, it has put aside every thought of an agreement with that enemy, and has remained, and will remain, true to all treaties made with the Allied Powers.

In fighting for the very existence of Russia, the Volunteer Army is pursuing no reactionary aims; it has not formed any decision as to the future form of government, nor even as to the means by which the Russian nation shall express its will.

It merely assumes the duty of creating such a condition of affairs that it may be possible to live decently and breathe, until an all-Russian legislative institution, which will represent the reasonable mind and conscience of the Russian people, shall direct its life along the new channel to light and truth.

While in no way excluding, either now or in the future, the possibility of granting the widest autonomy to the component parts of the Russian realm, the Volunteer Army cannot recognize the various baseless territorial sub-divisions, which are incompatible with the idea of a united, indivisible Russia, and which are but the tools of this or that political party.

The Volunteer Army has no party flag; it has but one device, under which her gallant warriors are fighting and dying for Holy Russia with supreme self-sacrifice, that is the tri-colour flag of the great power Russia.

Assembling in its shadow armed forces and men of experience in state affairs, the Volunteer Army calls upon all parts of the Russian realm to rally round it and collaborate with it for the purpose of reconstructing the State and to carry on the struggle against the enemy.

As preliminary conditions for the armistice, the representative of the Volunteer Army at JASSY was instructed to represent strongly the following points:—

- (1) The unity of representation of Russia to the exclusion of Bolshevik delegates and those territorial sub-divisions, the existence of which is not in consonance with the aim of the Volunteer Army, to attain a united, indivisible Russia.
- (2) The nullification of treaties, concluded by Soviet Russia with Germany or her Allies, the rescuscitation of rights infringed by these treaties, the repayment of losses caused by them (the return of gold, the naval and commercial fleet, war material, rolling stock of railways, and so on), and the cessation of the export from Russia of supplies and property.
- (3) The evacuation by Germany and her allies of Russian territory up to the boundaries of 1914, and including Finland. A similar demand is necessary with reference to Poland.
- (4) The occupation in Russian territory now occupied by Germano-Austro-Turkish forces of the most important strategical points by Russian units or, temporarily, by forces of the Entente until sufficiently strong Russian detachments have been formed.
- (5) The immediate exchange of prisoners of war.
- (6) Engagement to be entered into by Germany and her allies not to hinder in any way whatsoever the re-establishment in Russia of a firm form of government.

APPENDIX A (2).

SKETCH OF THE PRESENT POLITICAL SITUATION IN RUSSIA.

(a.) CENTRAL RUSSIA.

The Governments in the centre of Russia are completely in the power of the Bolsheviks, who have destroyed by their socialistic experiments every form of economic, political and public life, have oppressed all thought, and have contradicted even the most elementary notions of freedom.

We may say without exaggeration that Soviet Russia groans under the yoke of a band of robbers.

The extraordinary examining commissions, which have been established in great numbers in all the country towns and at all railway and frontier stations of any importance whatsoever, are not only destroying without pity the intelligentsia and the officer class, but also terrorising their own supporters, the Soviet workmen.

Red terror walks openly on Russian territory and it suffices to say that in revenge for the murder of Uritski and the attempt on Lenin as many as 5,000 officers, and priests and members of the intelligentsia class were murdered in PETROGRAD and MOSCOW. Many thousands are languishing in prison awaiting the hour of execution. In the country the power has fallen into the hands of the dregs of the peasantry as a result of the formation of "Committees of Poverty."

The peasantry even of moderate standing and wealth, who are the mainstay of Russia—not to speak of the large peasant holders—are treated by the Soviet authorities as a counter-revolutionary bourgeois element, against which merciless war is to be waged with the help of the "Committees of Poverty" who exercise control over the distribution of foodstuffs among the population and have brought into being in the villages a dictatorship of the proletariat.

Since the "Committees of Poverty" consist of the laziest and most useless members of the peasant class, the dictatorship of the proletariat, combined with the fact that the Soviet authorities have requisitioned all "spare food supplies" in order to centralize in their hands its distribution among the populace, has led to the destruction of the economic life of the peasantry. The peasant is allowed for food, fodder and seed only the most limited quantity, which is totally insufficient for the coming spring sowings. The condition of peasant agriculture can best be expressed in the words of a phrase current among the peasantry, "The brigands have stolen everything of mine; I'm going on a "Committee of Poverty" myself now."

Among the peasantry there is considerable discontent, which has lately culminated in a certain amount of disorder. This is caused by a variety of circumstances; horses and personnel have been mobilized for the army, thus withdrawing from normal labour the last of the peasant animals and labourers; Soviet

agents adopt an extremely contemptuous manner in dealing with the peasantry; and finally a poll tax amounting to 40 roubles per head was levied. At the end of October disorders on a large scale took place throughout the greater part of the RYAZAN Government, during which the peasants destroyed 40 versts of the railway line, while small detachments of the Red Army sent successively to quell them probably joined forces with the peasants. This caused the Soviet authorities in Moscow to send Lettish troops which after a seven days' terror succeeded in stamping out the insurrection. In the second week of November a similar occurrence took place at MOZHAISK and in the VEREISKI district, and the latter outbreak caused Moscow to be put under military government for several days.

Hunger reigns in the towns. The economic and industrial life is dead as there is no transport of raw material and fuel, and on account of the extraordinary rates of wages demanded by the mass of the work-people. Railways are working under extremely abnormal conditions. The transport of any kind of goods is impossible on account of the general disorganization of the railway services and the widespread anarchy throughout the country.

It may confidently be asserted that another year of Bolshevik *régime* in Central Russia will convert the country into a desert.

The position on the outskirts of Russia is somewhat different.

(b.) SIBERIA AND EASTERN RUSSIA.

At the beginning of 1918 the Orenburg and Ural Cossacks rebelled against the Soviet authority and, notwithstanding their complete isolation and want of munitions, &c., stoutly fought independently until the end of May, when they effected a junction with the revolted Czechoslovaks, who had at that time captured TCHELYABINSK and SAMARA. The Czechoslovak Corps, together with the Russian detachments, which had united with it, had by August transformed itself into the Siberian National Army and had driven the Bolsheviks out of a considerable portion of Siberia and the Trans-Volga district. In this territory, which had been liberated from the Soviet authority, a composite Siberian Government was formed at OMSK; the SAMARA Government of members of the Constitutional Assembly, an extremely socialist organization, was formed at SAMARA, and the Orenburg and Ural Cossacks formed their own separate Cossack governments. In order to unite these various administrations a meeting of their representatives was held at UFA as a result of which the UFA Directory was formed, consisting of five persons which declared its responsibility to the First Constitutional Assembly, one-third of which consisted of representatives of the Bolsheviks. Composed as it was of comparatively unknown and unpopular personages, the Directory lost what authority it may have had by recognition of its responsibility to the unpopular Constitutional Assembly, the members of which formed part of the SAMARA Government and by carrying on a narrow party policy caused discord in the Army. The result of the unpopularity of the UFA Directory was that it was overturned and replaced by Admiral KOLOCHAK with unlimited powers. The ORENBURG, URAL and ASTRAKHAN Cossacks did not break with the UFA Directory in face of the common enemy, but they are endeavouring to join hands with the Volunteer Army, work together with it, and recognize its authority. In that territory a Siberian, National and Cossack Armies are being formed.

The *Siberian Army* consists of five corps, with a total force, including reserve units, of 300,000 men, occupies Western Siberia and the right flank of the Eastern Front from PERM to UFA.

The *National Army*, 20,000 to 30,000 strong, consists of detachments of various strengths. It does not represent any real force, as it possesses Committees and Commissaries in its organization. It is operating in the SAMARA direction.

The *Cossack Army*—The Orenburg and Ural Cossack troops, which have put into the field 35 infantry and cavalry regiments, totalling 20,000—25,000 men. This force is the most dependable element on the Eastern Front, and is operating south of ZLATOUST, and the districts of ORENBURG, URALSK and GURIEV.

The Cossack units are short of arms and material. If they received a supply they could put 50,000 to 60,000 men into the field. It is particularly necessary to take advantage of the British Fleet's command of the Caspian, and to despatch to the Cossacks *via* GURIEV arms and war material. The Siberian and National Armies obtained large quantities of material in the depôts they captured at PENZA, SAMARA and KAZAN, but if operations are continued for any length of time they also will stand in need of a further supply of munitions and clothing.

CIS- AND TRANS-CAUCASIA.

After the collapse of the Trans-Caucasian Government and the infringement by the Turks of the Peace of Brest-Litovsk, Georgia declared itself an independent socialist republic under the protectorate of Germany. With the help of the German authorities the socialist government is persecuting the Russian population of Georgia, and announced that all the reserves of material left by the Russian Army on the Caucasus front were its own property. As the Government has no authority over the people, it depends exclusively upon the German troops, humbly fulfils all orders of the German Headquarters, and makes no attempt to prevent the Germans carrying off the contents of the Russian Army Depôts. Under the wing of the Germans the Government is forming the Georgian Army, which is to consist of 2 Infantry Divisions, each of 3 infantry regiments, a frontier infantry brigade, and a brigade of cavalry. Apart from the standing army, there are detachments of a National Army, specially composed of Socialists and enjoying great privileges. Towards the Volunteer Army the Georgians have always shown hostility, and with the support of the German troops occupied, against the wishes of the inhabitants, ABKHASIA and the SOCHI district, whence they exported goods both to Georgia and Germany. Negotiations between representatives of the Volunteer Army and of Georgia concerning their evacuation of these territories broke down, thanks to the unbearable attitude of the latter. It is worth while noting also that Georgian troops are disposed along the borders of the TUAPSE district against the Volunteer Army.

After the completion of the projected formations the Georgian Army should consist of 2 divisions, each of 3 regiments, and a brigade of artillery; a brigade of cavalry of 2 regiments, each of 6 squadrons; a brigade of army artillery, consisting of 3 groups. In addition, there is a frontier brigade of 3 composite detachments and a national guard about 2,000 strong.

ARMENIA.

Notwithstanding the occupation of Armenia by the Turks, the Armenian population and its Government remained loyal to Russia, and now has its representative with the Volunteer Army. Of all the races in the Trans-Caucasia, the Armenians are the most civilized and the greatest economic force. For the defence of

their national rights, the Armenians have formed one infantry division of 6 regiments, each of 4 battalions, one cavalry regiment of 9 squadrons, and the detachment of General ANDRONNIK, with a strength of 15,000 men. The commands are chiefly in the hands of Russian officers. The Armenian Army suffers greatly from want of arms, munitions and clothing, as they have no reserve supplies and no import.

TEREK REGION.

Preparations for an open attack against the Bolsheviks in the Terek region began in May, but the actual beginning was not made until the middle of June. As there were no leaders of standing, the Bolshevik commissary, BITCHERAKHOV, came to the front and, seeing that it was impossible to put the rising down, he contrived to give it the form of a struggle solely against the pillaging of the Red Army, without denying the principle of the Soviet authority. A combined council of Cossacks and peasants met at MOZDOK under the presidency of BITCHERAKHOV and declared the executive committee of the social-revolutionary party to be the "Provisional Terek National Government." The Cossack intelligentsia, foreseeing the course of events, constituted the opposition. Troops were placed in position in the direction of GEORGIEVSK and VLADIKAVKAZ. An extraordinary meeting of the council, convened by BITCHERAKHOV in order to confirm the status of the government which had been forced upon the Cossacks, surprised BITCHERAKHOV by forcing him into the background and decided to do away with the previous government. At the same time it changed the whole personnel of the council of Cossacks and peasants and allotted to it the rôle of a government, thus creating a transition stage towards the normal Cossack regime under the leadership of the Ataman.

Such a position of affairs weakened the Cossacks more and more. The army contained in itself the seeds of defeat. There was practically no discipline. Committees were retained and meetings and mutinies were normal phenomena. As the army totalled as many as 12,000 bayonets, with 40 guns and 20 machine guns, it continued to hold the front towards GROZNY and towards VLADIKAVKAZ as long as the enemy remained passive. But the October advance of the Reds abruptly altered the situation. The PROKLADNAYA front (towards GROZNY) was broken. 28th October/10th November the Cossacks held a meeting to discuss their future plans. Part stood for carrying on the struggle, part against it. Those who refused to bow to the yoke of the Bolsheviks left the Terek region to the number of 5,000 and, crossing KABARDA, joined up with the Volunteer Army.

KUBAN REGION.

The present KUBAN Government separated as early as May, 1917, from the "Military RADA" which was assembled after the break-up of the EKATERINODAR Committee. The Military RADA and the Government, which were originally composed exclusively of Cossacks, were eventually forced to include non-Cossack elements. Bolshevism, which had gained a hold upon the KUBAN region, had, by February, 1918, become so strong that the Ataman, the Government and the RADA were forced to flee from EKATERINODAR, and eventually joined the Volunteer Army; of the non-Cossack members of the RADA and the Government some fled and some even joined the Bolsheviks. Thus nothing but the Cossack element remained in the Government, and it with the Ataman returned to EKATERINODAR at the beginning of August, together with the Volunteer Army. The Cossack population had long been awaiting the appearance of the Volunteer Army in their district, and greeted it as their saviours. Village after village rose. The Cossack regiments, which were formed, fought gallantly against the Bolsheviks. The Government's attitude was rather different. Following a local narrow provincial set of interests and relieved of the danger from outside, it has more than once been in opposition to the High Command of the Volunteer Army. At the present time, the whole of the KUBAN and the north-west part of the STAVROPOL Government have been cleared of the Bolsheviks, and are gradually beginning to return to more or less normal economic conditions. The KUBAN, together with the STAVROPOL Government, forms the granary of the south-east portion of European Russia, and in the present condition of affairs the KUBAN is the sole source of oil, although only in small quantities.

DON REGION.

The Don Cossacks began to fight the Bolsheviks at the end of March. As their position was secured on the south by the Volunteer Army, the DON forces quickly obtained great successes, and at present they have not only cleared the whole of the DON region but on the north they have carried their operations beyond its boundaries. On 5th May the "Cossack Assembly for the Salvation of the DON," which stood at first for an entirely Russian programme and supported an elective Ataman, who should be at the head of the Government. The Government was anti-German, and took measures to prevent the penetration of German political influence into the DON region.

After this same assembly had elected General KRASNOV as Ataman, the political course of the DON sharply turned, and a delegation was appointed to open negotiations with the Germans. The result was that the Germans received a legal right to establish themselves in the DON region, as reinforcements for the struggle against the Bolsheviks and the Ataman pursued an openly Germanophile policy. The "Great Cossack Assembly," convened in 14th/27th, August was disposed strongly against KRASNOV, but its sittings were dominated by German pressure; under that pressure, accompanied by threats, it was forced to confirm the election of KRASNOV, and several Ministers resigned. After the defeat of Germany and the dissolution of the German Army, this Germanophile tendency became less marked, and in present circumstances a common ground can be found for collaboration between the DON and the Volunteer Armies.

The DON Army includes forces formed under the protection of the Germans and backed by German money, the ASTRAKHAN Army and the so-called Southern Armies which in reality consists of the one VORONEJ Corps. These armies entered into negotiations with the Volunteer Army as soon as the Germans commenced to withdraw and are now endeavouring to become a component part of it.

THE UKRAINE.

At the very beginning of the Revolution Little Russia began to be flooded with agitators, who were partly Austrian and German agents and partly home-grown politicians, who preached at first autonomy and later complete independence; eventually Little Russia was re-christened THE UKRAINE.

Notwithstanding the dictates of common sense and political and ethnographic facts, this propaganda triumphed, and on 9th/22nd January, 1918, the UKRAINE was declared an "Independent Republic."

Bolshevism, which had gained much ground in the UKRAINE, reached its apogee in January and the Government and RADA were forced to flee from KIEV to the protection of German bayonets. The Germans, being invited to put down Bolshevism, seized the pretext to occupy the whole of the UKRAINE and commenced an organized pillage of Russian property and a systematic exploitation of the country, which roused the hatred of the populace and caused a series of risings which were mercilessly put down by armed force. The policy of the Germans originally was to support the Socialist Rada with which they concluded a treaty, but in March they changed their course and gave their full support to the Bourgeoisie. The Rada was driven out by its guests, the Germans, who then very cleverly stage-managed the election as Hetman of all the UKRAINE of General SKOROPADSKI who had willy-nilly become an instrument in their hands. The new Government, which was under the orders of the Germans and backed the fanatical supporters of separation and independence, caused discontent in all classes of the population, and that discontent speedily turned to hatred both of Germans and their servants, the traducers of Russia.

When Germany was defeated on the Western front and the German forces began to be dissolved, all the forces which had until then been repressed, appeared in full view. Officers, whose sympathies were with the Volunteer Army, and who had therefore been imprisoned by the Germans, obtained the right of free speech, and began to organise Volunteer detachments of officers, which declared their submission to General Denikin at the beginning of November, when a fictitious order, supposed to have emanated from him, appeared in the papers.

At the same time a rising of the Separatists (SAMOSTINIKI) broke out under PETLIURA, the late War Minister and a prominent "ZEMSTVO" worker, who is popular in some circles. The Hetman, seeing the ground slip under his feet, declared the whole of the UKRAINE under military law and gave Count KELLER the power of a Commander-in-Chief. In order to avoid duality of authority, General DENIKIN permitted the Officers' Volunteer detachments to put themselves under Count KELLER's orders, the latter stood unconditionally for a united indivisible Russia. General Count KELLER had some day's previously announced, when the question arose of his taking command of the Northern Army which was being formed in the PSKOV region, that he placed himself under the orders of General DENIKIN. On 12th/25th November General Count KELLER was dismissed by the Hetman from his post, and in his place Lieut.-General Prince DOLGORUKI was appointed with the same rights. The attitude of the new Commander-in-Chief towards the Volunteer Army has not yet been made clear. A few days ago the Volunteers received an invitation from the Ukrainian Minister of Foreign Affairs to send to its representatives to KIEV to a conference of the newly-formed South Russian States, i.e., the UKRAINE, DON, KUBAN, TEREK and GEORGIA, in order to decide questions such as the re-establishment of Russia, and the relations with her former Allies and with the Central Powers. The High Command of the Volunteer Army replied (1) that it saw no need for a discussion of its international relations, for these relations had been definitely settled in July, 1914, and the Army had sacredly observed those treaties. (2) That the venue of the conference was not well chosen and EKATERINODAR was suggested. (3) That the presence of representatives of GEORGIA is not permissible, as they do not recognize the sovereign rights of Russia. The rising in Little Russia is still continuing. There is information to the effect that the SAMOSTINIKI here entered into close agreement with the Bolsheviks, who owe their existence in the UKRAINE to German support. It is to be presumed that, since this part of Russia has not passed through the acute stages of Bolshevism, it is faced with a fresh and powerful outburst which will be aggravated by insulted patriotic feelings and the interference of enemy force, and it will require great efforts to bring the country back to normal condition of affairs. Everywhere sympathy for the aims of the Volunteer Army is strengthening, and all are awaiting their freedom from Germans and the artificial Ukrainian independence, which has been foisted upon them by their enemies.

CRIMEA.

The Crimean independent state organization was formed at the arrival of the Germans and the expulsion of the Bolsheviks. The Government is headed by General SULKEVITCH, whose political course has been until recently not clearly defined, but under German pressure he has shown a tendency to support the Tartar elements to the detriment of the Russian majority.

The Government was unpopular and was bound to fall when German support was withdrawn. This has now happened and the new Government has applied to the Volunteer Army to protect the country from the Bolsheviks by sending a force of volunteers. Their wishes were granted under conditions which they accepted, namely:—

- (1) Recognition of Russian sovereignty.
- (2) Military forces to be considered not local but all-Russian.
- (3) Military forces are not to mix in the internal affairs of the country.

APPENDIX A (3.)

INFORMATION WITH REGARD TO THE ENEMY.

1. NUMBERS.

The total strength of the enemy operating within the borders of European Russia, is, according to information up to 1st/14th November, estimated at 430,000 bayonets, 25,000 sabres and 1,120 guns.

2. DISTRIBUTION.

They are distributed as follows:—

- (a.) Against the Volunteer and Don Armies and the UKRAINE and Northern Armies which are now in process of formation, are the VIII, IX, X, XI and XII Armies, totalling 8 divisions, numbered from 21—28, the total strength of which is about 300,000 bayonets, 21,000 sabres and 600 guns.

- (b.) Against the northern front of the Allies, 2 Bolshevik divisions, the 17th and 18th, totalling 30,000 bayonets and 120 guns.
- (c.) Against the eastern front, 12th, 13th, 14th, 15th and 16th Bolshevik Divisions, totalling about 70,000 bayonets with 400 guns.
- (d.) On the western front, VITEBSK—BRYANSK, 19th Division of about 12,000 bayonets. Number of guns unknown.
- (e.) Further there were formed in the neighbourhood of STARODUB in September and October a number of irregular bands of Bolsheviks from the UKRAINE and the districts bordering on the UKRAINE under the command of KRAPIVYANSKI and ASMOS. These bands have now been formed into 2 divisions with a total strength of 30,000 men. These divisions are named after their commanders. In connection with these new formations an army staff is now being formed at OREL to combine these two divisions. This army of the two above-named divisions is evidently the nucleus of a Bolshevik south-western front, which will be supplied with troops from the reserves in the interior.

3. RESERVES.

Apart from the above-mentioned forces there are in process of formation within Soviet Russia, 11 divisions numbered from 1 to 11 and 25 heavy artillery groups, which would be ready for use at the end of the winter.

Each division normally consists 3 brigades, each of 2 regiments, a regiment consists of 3 battalions and a battalion of 4 companies. It is intended to include in each division 2 field artillery groups of 3 batteries each of 4 guns, 1 mountain group of three 4-gun batteries and also howitzer and heavy groups each of three 4-gun batteries.

4. PROBABLE RE-DISTRIBUTION OF FORCES.

Having regard to the change in the political situation in the Ukraine, it is necessary to assume that the western and southern fronts of the enemy will be strengthened at the expense of the northern and eastern.

At the secret conference of the military commissaries this was definitely stated to be the policy at the end of October; it was likewise mentioned in the official Press organ "The Gazette of the Council of Workers and Soldiers' Deputies."

Climatic conditions are another factor tending towards the realization of such a redistribution, for during the winter all operations on the Northern front are brought to a standstill. Another factor is the shakiness of the troops on the new Eastern front, for they have just retired from the line of the Volga. This all leads to the assumption that the Bolsheviks, no longer bound by treaties with the Germans, will look upon the Ukraine as the main area in which our preparations for offensive action are being made and will attempt to paralyse them from the very beginning, transferring to the front of the Volunteer Armies all that they can spare from the Northern and Eastern fronts, leaving there nothing but weak garrisons.

The motto, "Remember that the fate of the worldwide social revolution will be decided on the Southern front" is perpetually in the mouths of the Soviet Government in its conferences, and is continually recurring in the Soviet Press. In October six million roubles were assigned to propaganda work on the Don and Kuban, and a considerable number of first-class agitators were sent.

The railway system and the location of the large railway junctions renders it possible to effect the transfer of large bodies of troops even in the middle of operations.

5. STRENGTH OF THE ENEMY OPERATING AGAINST THE VOLUNTEER ARMIES.

In estimating the strength of the enemy's forces, operating on the West and South, we must take as a basis the total arrived at by the Intelligence Service, i.e., 430,000 bayonets, 25,000 sabres and 1,120 guns, leaving for the remaining fronts as being passive, nothing but reserves and possible future formations, which cannot as yet be the object of estimates.

The mobilization of all citizens in Soviet territory, born between 1885 and 1900 inclusive, has already been decreed. It has also been decreed that all citizens up to 40 years of age may be called up at any time into the ranks of the army, and that therefore permission to leave their place of residence, particularly if it is desired to go abroad, can only be granted by the mobilization department of the Central and Local "Commissariats." Near the end of October all late officers of the Imperial Russian Army up to 40 years of age inclusive, who were living in the Soviet territory, were mobilized, and in the third week of November all generals and officers up to 60 years of age were ordered to report for registration.

A census of horses has been taken both in town and country, and all harness in private hands has been registered and requisitioned for the Army.

This shows that the Soviet power is taking rapid and decisive measures towards the formation of reserves (up to a total of 11 divisions).

A military inspectorate has been formed, the functions of which are "Control over the intensity and productiveness of the work of the authorities responsible for the mobilization," and also to deal with movements or individuals, whose activities tend to retard the mobilization. At the head of the inspectorate competent persons have been appointed, who are served by specially organized staffs.

6. REINFORCEMENTS.

Taking the above-mentioned figure as a basis in all future estimates, it must be noticed that the supplies of men for the Bolshevik Army are far from being exhausted. It is open to them to carry out a mobilization on a large scale throughout the territory occupied by them. They have also in their possession a very large quantity of arms and material, left by the Imperial Russian Army.

In detail, reinforcement of the Red Army was carried out on the following principles:—

Until the end of June the Red Army was kept up to strength by volunteers.

At the end of June mobilization of classes was resorted to, but no orders concerning the cessation of the voluntary scheme were issued. Therefore it is probable that both systems are at present in force.

The basic principle of Soviet Army Organization is that of the "Nation in Arms." This principle is not completely applied owing to the fear of arming undesirable elements and only workmen and peasants who do not employ labour are used for combatant service, the remainder are used for base and non-combatant services only.

As the recruitment proved a difficult and complicated business, it was begun in the districts which were most threatened by the enemy and in the main industrial centres on a scheme which interfered as little as possible with public life and industry, i.e., by calling up two years' recruits every few months.

In order to carry out the principle of mobilizing the nation, every one should receive military instruction, and to this end "general obligatory instruction in the art of war" was decreed. All the available male population capable of bearing arms should receive military training and form a reserve, from which trained material could be drawn for the military formations.

Obligatory military instruction, like obligatory military service, applies only to workmen and peasants, who do not employ labour, between 16 and 40 years of age. The instruction should last for a period of 8 weeks without interruption, for not less than 12 hours per week. It is given by specially trained specialist instructors.

This general military instruction is carried into effect by short term mobilization of classes for instruction, culminating in manoeuvres; and officers of the general staff have reported that definite results have been obtained by this means.

In the towns, especially Moscow, this general mobilization for instruction takes the form of military courses of instruction.

As volunteers in the Red Army, citizens who have attained the age of 18 years are accepted, if recommended as politically suitable by organizations which support the power of the Soviets. Each citizen entering the Red Army as a volunteer engages to serve for not less than 6 months.

As the great mass of the mobilized elements have not been grounded in socialistic ideals and principles, great attention is paid to propaganda in this sense among all the inhabitants of Soviet Russia and especially among the mobilized material.

The following measures have been carried into effect with immense energy and by the complete use of every possible means:—

- (a) In all units, down to companies inclusive, communistic nuclei are formed, which act as the socialistic cadres of the unit and the source of the socialistic inspiration of the army. These nuclei are formed of experienced communists, who are in most cases the old active secret agents of the revolution.
- (b) All units, down to companies, are flooded with agitators, who have learnt their lesson well in the school of propaganda work and who are interested in their work, not only from an idealist standpoint, but also from the fact that they are very well paid (500-700 roubles a month, plus rations, &c.).
- (c) An educational organization on broad lines with the collaboration of the educated classes, principally artistic circles of all kinds.

Those who, from their political opinions, prove unsuitable for service in the Red Army are dismissed, and the names of those "who are unworthy of the high calling of a warrior in the Soviet Army" are published for general information, in order that any further attempt on their part to enter its ranks may be frustrated.

7. FORMATION OF COMMANDS AND STAFFS.

The question of the creation of a cadre of military specialists, recognized to be one of the most urgent and difficult, was solved by commandeering the services of officers of the old army, and at the same time by taking measures to create a new corps of officers.

The new corps of officers is recruited from young factory workers who have been thoroughly imbued with revolutionary ideas and have taken part in bringing the revolution about. They are admitted into the army only upon the recommendation of Soviet political organizations, i.e., professional leagues, who answer for the soundness of their political opinions. They take theoretical and practical courses in special instructors' schools and on training manoeuvres, after which they are appointed as junior officers. Great attention is paid to their political education in a purely socialistic direction. This contingent of officers forms the element which is the most devotedly attached to the Soviet Government and on which that Government depends for keeping the army disciplined and docile.

The old officer class is regarded with absolute distrust, and the only reason for taking advantage of its services is the want of highly trained officers in the new formations. The question of employing the services of the officers of the old army first arose when it was necessary to decide the point whether they should accept the services of those who volunteered. At the same time all the officers of the old army were specially registered and the question of forcibly enrolling them into the service was brought up. Meanwhile, in order to guarantee a sufficient supply of officers for commands and staffs, a special list of names has been compiled and individuals are appointed only after a very thorough investigation concerning them has been completed.

It was also recognized that it was absolutely necessary to take the greatest possible advantage of the services of late officers of the General Staff. Further steps were taken to train General Staff Officers.

8. TRAINING OF COMMANDS AND STAFFS.

The training of "Workmen's and Peasants" Commands and Staffs is carried out by means of instructors' courses, of which 13 are now running. For their further technical training the project for a musketry school has been worked out; an artillery school has been established and cavalry and electro-technical schools are proposed. The reform of all the military academies has also been undertaken.

9. TRAINING OF THE ARMY.

A new set of regulations is being produced. The regulations for internal administration and garrison service were completed last summer. Until the new regulations have been completed the old ones will remain in force so far as they do not conflict with the organization and spirit of the new army.

In formed units it was proposed to allot six hours per day for a period of two months for the purpose of training.

10. ARMS AND EQUIPMENT.

Turning to the question of the enemy's arms and equipment, we must remark that all the Bolshevik Armies are completely equipped with rifles and overwhelm us by the quantity of machine guns, field

artillery and even technical equipment. As practically all the works which manufacture artillery matériel are in their hands, they are able, notwithstanding the economic collapse, to produce a certain quantity of new material and repair damaged equipment.

In some places, which are cut off from European Russia—as, for example, the Northern Caucasus—they have made attempts, and to a certain degree successful attempts, to improvise works for the production of small-arm ammunition.

The enemy has little heavy artillery and few howitzers, but the lack of this is largely compensated by the quantity of light artillery.

11. SUPPLIES (FOOD, CLOTHING, &c.).

In this respect matters have lately somewhat improved. Firstly, they have within their reach a great quantity of untouched reserves of the old Russian Army. Secondly, they have not hesitated to resort to the most drastic confiscation to the extent of depriving the population of everything. This is still going on.

With regard to the food supply, the enemy is succeeding in feeding his army, although operating in a hungry land without transport and lines of supply, but it is done at the expense of the civil population.

12. HORSES.

As far as horses are concerned, the enemy is in an excellent position, for he has laid hands upon all the best horses in Russia.

13. FIGHTING QUALITIES.

As a fighting force the Bolshevik Army has noticeably improved; they are making heroic efforts to improve discipline, and disobedience to orders is being punished by death. With the same object endeavours are being made to introduce a common uniform, the distinctions of rank being shown by means of shoulder straps on the pattern of the Germans.

According to reports of officers of the General Staff of the Soviet Army, widespread agitation among the mobilized troops, the organized attempt to convince them that they are the chosen means towards the realization of the rights of the proletariat, and also instant execution, often in large numbers, of mutineers and cowards have exercised an appreciable influence in improving the fighting qualities of the Red Army which was as late as August last nothing but a collection of cowardly bandits, only good for pillage and terrorising the civil population.

The position of the commissaries becomes less important every day and the committees have already been abolished.

14. CONCLUSIONS.

By summarising the above information concerning the enemy, we may come to the conclusion that the Bolshevik Army, which was a short time ago an undisciplined band of brigands, is now taking the form of a real military force as a result of a series of measures which have been well thought out and energetically put into execution. As the Bolsheviks can dispose of large numbers of men, they did the right thing in devoting their attention to the questions of reinforcement and training. It is especially important to notice their efforts, unfortunately partly successful, to draw into their ranks not only junior officers but also superior officers and officers of the General Staff. Feeling the need of experienced leaders, they have even organized an academy. Notwithstanding their anxiety to break with the past, the need for establishing discipline has been so far recognized that they have gone so far as to recognize the old regulations with certain omissions and limitations.

All this shows very clearly that we have before us a serious foe who has already mobilized considerable forces and who will easily be able to keep them up to strength both in reinforcements and every kind of material.

The fighting value of the Reds improves every day. In their recent operations you can detect a plan in their dispositions and extreme stubbornness in their execution.

APPENDIX A. (4).

OUR FORCES.

We must now glance at our own forces. They may be divided into two categories:—

- (1) The Armies which have already been formed and are operating.
- (2) The Armies which it is proposed to form.

1. THE ARMIES IN BEING.

(a) *The Volunteer Army*.—Which is operating in the Kuban area at present amounts to 50,000 bayonets and sabres. After mobilizing a series of classes the total strength in bayonets will amount to 120,000.

(b) *The Don Army*.—Together with the ASTRAKHAN Corps and the VORONEJ Corps (Southern Army) amounts to 130,000 bayonets.

The Volunteer and Don Armies together will make a total of about 250,000 bayonets.

2. THE ARMIES TO BE FORMED.

(a) *The UKRAINE Army*.—At present it has cadres for eight Army Corps, and the Ukrainian General Staff proposes to call up about 1th/14th, December 1918, 320,000 men to fill the ranks of these formations.

(b) *Northern Army*.—It is being formed in the PSKOV area. It has reached a total of 5,000 men. It is intended to fill the ranks of this army by mobilizing the men of military age in Western Russia, but it is very difficult to estimate what numbers will be available.

In general, if all the projected formations in the UKRAINE and Western Russia are realised and if the mobilization is carried out in favourable circumstances, these regions can reinforce the Volunteer Army at least to the extent of 150,000 bayonets.

3. TOTAL STRENGTH.

By adding up the various figures given above, the following conclusions appear reasonable:—

In the Spring the Volunteer Army can put in the front line	120,000 bayonets.
The Don Army, together with the ASTRAKHAN and VORONEJ (Southern) Corps, up to	130,000 "
The Northern and Ukrainian Armies	150,000 "
Total	400,000 "

In addition to this 400,000, we estimate that in the auxiliary and base services there will be a total of not less than 800,000 men, making a grand total of 1,200,000 as ration strength.

These forces will most probably be organized finally as army corps, each of about 25,000 bayonets, and as the total force available is estimated at 400,000 bayonets, the Army may be presumed to consist of 15-16 army corps.

4. COMPOSITION OF THE ARMIES AT PRESENT.

The present composition of the armies can be given in detail only in the case of the Volunteer Army and to a certain extent for the Don Army. All the others are only in the initial stages of formation and it would be difficult to forecast the form which these armies will eventually assume.

Volunteer Army.

As stated above it amounts to 50,000 bayonets and in spring will increase to 120,000.

(a.) *Organization.*—Until lately the division has been the largest formation and consists of three infantry and one cavalry regiments. There are also rifle and Cossack infantry brigades. The cavalry was organized in divisions of four to six regiments, each of six squadrons.

There were altogether three infantry divisions, three Cossack infantry brigades and six cavalry divisions. These are now organized in three army corps and two cavalry corps.

(b.) *Reinforcements.*—The sources of reinforcement were volunteers and the mobilization of three yearly classes of the non-Cossack population and 12 classes of Cossacks. On mobilization the recruits were at once sent to the front. But now the period of training will be spent in reserve battalions, which are in existence to the extent of three army battalions and three divisional battalions each 1,000 strong.

As there is a great number of officer-volunteers, the Army suffers from no lack in this respect. There are units (originally regiments, now companies) which consist exclusively of officers. The Cossack regiments are rather worse off in this respect owing to the lack of officers of Cossack origin.

The situation of the Volunteer Army with regard to the question of arms and equipment of every kind is extremely unsatisfactory. Up to the present there has been no regular system of supply and requirements have been very scantily met in a haphazard manner.

(c.) *Arms.*—The great majority of the arms in the possession of the Volunteer Army have been captured in action and only a trivial quantity imported. The result is an endless variety of arms and equipment. The majority are armed with 3-line rifles, but there are also some Berdanis and rifles of every type which have been in use on both sides in the past campaign. And even this varied equipment could not be obtained for all the army and until quite recently there were Cossack units armed half with rifles and half with home-made lances. Now the whole army has 3-line rifles. The weapons cannot all be kept in good condition on account of the lack of lubricants and armourer's tools and also because there are no spare parts and no possibility either of repairing or carefully examining the rifles, since they are all permanently in action.

The number of machine guns is entirely insufficient. They are of every possible make and in most cases are trophies captured in action.

This unsatisfactory state of affairs was not compensated for by an abundance of ammunition, the supply of which was at times reduced to disastrous and infinitesimal proportions. There have been periods when the whole army has not had more than a few thousand rounds of small-arm ammunition and if at the beginning of a battle a machine gun had two or three belts of ammunition it was thought to be in an extremely happy position. The private soldier of the Volunteer Army has never had the requisite number of rounds in his pouch. Rifle ammunition was almost worth its weight in gold, and its distribution among units was always arranged by the high commanders in order to ensure that the distribution corresponded most nearly to the strategical situation. As an example, we may cite the fact that the whole army reserve on 1st/14th November was 1,870,000 rounds; also, not long ago, an issue of 10,000 rounds to an infantry division was to be their sole supply for two or three days' fighting.

The above applies also to the artillery. Sufficient to say that one division has 11 guns, another 10 and a third 9.

The reserve of artillery ammunition is so limited that artillery fire of normal intensity is absolutely impossible. There have been instances when the whole army reserve for days at a time has consisted of not more than 100 rounds for field artillery. Even now when the supply is becoming greater the total quantity in army reserve on 1st/14th November consisted of—

7,200 rounds for field artillery.
1,520 " mountain artillery.
2,770 " howitzers.
200 " heavy artillery.

The Army possesses 6—43-line howitzers and 2—6-inch guns.

(d.) *Technical equipment.*—The aviation equipment of the army consists of 25 machines, of which 7 recently flew over from the UKRAINE. They are principally Voisin and Nieuport chasers. They are organized in two army flights. Half of them are in such a condition that they cannot perform even the smallest part of the tasks allotted to them.

The army possesses four engineer companies and one railway company, but there is only a very small quantity of engineer material.

Means of communication are also extremely limited. There is not sufficient cable and what we have is worn out, is continually breaking and in need of constant repair. There are not enough telegraph and telephone instruments. Communications have to be maintained by orderlies and this hinders staff work considerably.

(c.) *Railways.*—The position of the railways is particularly critical at present in consequence of the almost complete absence of liquid fuel and lubricants. As a result immediate help is required from the Allies in obtaining oil from BAKU via TIFLIS and BATUM to NOVOROSISK until we can occupy the district of GROZNY.

(f.) *Transport and automobiles.*—Army transport is carried on solely by means of local carts of every imaginable type. There is no motor transport and even touring cars are so far the exception that only the highest staffs can be supplied with them. Those which we have are in a bad condition, and the absence of spare parts, the shortage of tyres and of properly equipped workshops renders this system of communication almost useless.

We have, of course, no tanks. We have six armoured motor cars.

(g.) *Horses.*—A shortage of horses is already beginning to be felt, and this question will have to be dealt with urgently in connection with the development of the Army. It would be desirable, if possible, to allot part of the horses to the artillery and run the transport on motors.

(h.) *Clothing.*—The clothing question is in a truly parlous condition. We may safely say that the army is clothed by a collection of odds and ends from all sources. It is absolutely impossible to put this matter on a sound footing without supplies from abroad, for in the territories we occupy there are no clothing materials whatsoever. We have neither warm clothing nor boots. The men are dressed in clothing they strip from enemy dead, but even that source fails sometimes, because the Bolsheviks are also suffering from lack of clothing.

In this respect the Cossacks are somewhat better off as they have in the villages a certain amount of material and clothing which they succeeded in saving from pillage by the Bolsheviks.

(k.) *Equipment and tents.*—There is no system or uniformity of general equipment, and supplies of it are irregular. There are no tents whatever.

(l.) *Medical.*—Medical stores and equipment may be said to be non-existent. There are no medicaments, no bandages, no linen, nothing but doctors who are powerless in the struggle against sickness. It has frequently occurred that patients' bandages have had to be contrived out of their own dirty linen. No one has a first field dressing.

(m.) *Food.*—The food supply of the army is based on local supplies and of these there is no particular shortage.

(n.) *Pay.*—As the army has no financial resources, the rates of pay are extremely modest. The men receive 30 roubles a month, the regimental officers 250 and the Commander-in-Chief 1,000. Taking into consideration the present value of the rouble these rates of pay are very low.

(o.) *Discipline and spirit of the troops.*—The only respect in which the Volunteer Army is rich is in the unfailingly high spirit of the troops and their faith in the rectitude and sanctity of their cause. Neither hunger, nor cold nor lack of equipment in a struggle against a well-equipped foe have shaken their firmness or tamed their spirit.

The discipline of the army stands on a similarly high level. All orders are carried out completely and without question, and the commanders, acting as examples of bravery to their men, lead the troops personally into action. The high percentage of losses in officers, including even very senior commanders, supports this statement.

Don Army.

In the matter of artillery and other equipment the Don Army is in a somewhat better condition than the Volunteer Army, but yet it is far from normal.

Ukraine Army.

It is impossible to give a full detailed description of the state of the UKRAINE Army and of its sources of supply at the present moment, especially in view of the changing political conditions. The Germans undoubtedly possessed supplies of arms and ammunition in depôts in the UKRAINE, but much of this has been taken away to Germany; it is difficult to predict into whose hands the remainder will fall.

In the UKRAINE we may assume that the food supplies are guaranteed.

Northern Army.

It is also difficult to describe the condition of affairs in the Northern Army. In the district of PSKOV and DVINSK there was a large quantity of our arms which had been captured by the Germans. The question of the moment, both there and in the UKRAINE, is who has secured this material? There is reason to suppose that the small cadre of the Northern Army which has already been formed could obtain from the retiring Germans a certain quantity of rifles and machine guns. As far as present information goes, it will be difficult to obtain a sufficient supply of horses. The most critical question then will be that of food supplies, as the district is poor, that can be put upon a satisfactory footing only by means of import from other districts.

5. CONCLUSION.

The main general conclusion to be drawn from the above is that the future fighting value of the units formed or to be formed depends entirely upon the question of the supply of every kind of material. The quantity of arms and ammunition, which has been entirely insufficient until now, must be increased as much as possible and that as soon as possible for this will increase their firmness and raise their moral. The importance of a sufficient supply of technical material and means of communication is obviously so important that it is unnecessary to dwell upon it; it is likewise essential that the matter of medical material, clothing and boots should be placed upon a normal basis.

As far as quantities are concerned it would be most desirable to receive from outside every kind of supplies, in the quantities indicated in the attached appendices.

APPENDIX A (5)

STRATEGICAL SUMMARY.

1. GENERAL OBJECT.

The main object of the armies is to destroy the Soviet troops, gain possession of Moscow, the centre of Russia, and at the same time aim blows towards Petrograd and along the right bank of the Volga.

2. IMMEDIATE TASKS.

(a) To prevent the enemy from occupying the UKRAINE and the Western Governments and by holding with covering troops the late demarcation line, to create an area of strategic concentration for future formations and for an eventual advance deep into Russia in order to liquidate Bolshevism.

(b) To take advantage of the present front held by the Don and Volunteer Armies as a starting point for an advance into Russia and the final eviction of the Bolsheviks from the Northern Caucasus.

The local operations in the Northern Caucasus ought to be carried out as soon as possible. If we let the winter pass without securing our future line of deployment and the starting points of our main line of advance, the enemy, by penetrating into the Ukraine will gain possession of the most important railway junction and hinder all our plans not only for mobilization but also for our proposed formations. The future line of deployment should be reasonably covered and if that is not done at once we may at the end of a month be face to face with another set of circumstances, in which every important strategic centre will have to be taken by force. *Vide sketch map III.*

The main lines of advance are as follows:—

1. PSKOV—PETROGRAD.
2. POLOTSK—VELIKI LUKI—BOLOGOYE.
3. ORSHA—SMOLENSK—MOSCOW.
4. GOMEL—BRIANSK—KALUGA—MOSCOW.
5. KURSK—OREL—TULA—MOSCOW.
6. VORONEJ—KOSLOV—RYAZAN—VLADIMIR.
7. The course of the VOLGA from TSARITSIN to KAZAN.
8. POVORINO—BALASHOV—PENZA—NIZNI NOVGOROD.

It would appear that these eight lines of advance indicate the dispositions of the future armies and separate corps, and the crux of the question is that these formations should come into being.

The line of deployment for these armies is:—

YAMBURG — PSKOV — POLOTSK — ORSHA — ROGATCHEV — KORENEVO — BIELGOROD — STAROBIELSK, and thence along the front held by the Don and Volunteer Armies. As far as the Northern Caucasus (including the TEREK region) is concerned, operations here also should be carried out with the least possible delay. It is important to clear this region of Bolsheviks for the following reasons:—

- (1) To secure as a base the Kuban and Stavropol governments, which are rich corn growing districts.
- (2) To occupy the oilfields of GROZNY and BAKU.
- (3) To occupy the railway lines which would make it possible to export the great reserves of oil.
- (4) To secure an outlet at PETROVSK and establish communication with the British forces by means of the Caspian.
- (5) To produce a moral effect upon the mountain tribes of the Northern Caucasus, who will come definitely over to our side when they realize our strength.
- (6) To secure command of the Caspian and hence to gain possession of ASTRAKHAN and the mouth of the Volga without difficulty.

This could all be done in a winter campaign for two reasons:—

- (1) The climatic conditions are favourable.
- (2) The enemy in this district is isolated and forced to carry on the struggle without communication with and support from the rest of Russia.

There is another circumstance which renders it necessary to settle this matter as soon as possible; namely, that the Bolsheviks, buoyed up in their success in the TEREK, may succeed in mobilizing for their benefit part of the Cossack population there and attract to their side the KABARDINES, on whose sympathies towards us it would be unwise to count very much.

The occupation of the line of deployment.—Up to the present the position of Russia has been such that parts of the territory west of the demarcation line, being in occupation of the Germans, have escaped destruction and pillage at the hands of the Bolsheviks. These districts have now acquired a special importance for us as:—

- (1) An area of strategic concentration for our advance into the centre of Russia.
- (2) A source of man power for the units of the Volunteer Army to be formed there.
- (3) An area which will ensure the possibility of the formation of these units and their supply and equipment.

It is absolutely necessary that we should secure these districts now whatever the cost, and as the task is too great for the Volunteer Army at the present stage, we must rely upon the help of the Allies.

The basis of the estimates of the amount of help required may be calculated upon the following facts.

After the conclusion of the Treaty of BREST-LITOVSK the Austro-Germans retained in the UKRAINE and on the DON, 28 infantry and 8 cavalry divisions. Such a large quantity of German troops was necessary, because they were acting as an army of occupation in a hostile country and a country which possessed not even the most embryonic forms of a governmental organization. In addition the Germans had to detail a certain proportion of these troops for the purpose of squeezing supplies from the territory.

These considerations are to a considerable degree no longer in force with reference to the Allies, and therefore it is possible to limit the number of troops occupying this territory to two-thirds of the above figures, i.e., 16 infantry and 4 cavalry divisions.

These forces might be disposed as follows :—

5 divisions to cover the most important lines of advance on PETROGRAD and MOSCOW.

11 divisions to occupy the districts which are important as mobilization centres and as the centres of the fiercest political conflicts. They are—

- (1) BAKHMIT; (2) EKATERINOSLAV; (3) TOCHERNIGOV; (4) KIEV; (5) KHARKOV;
(6) JIOMIR; (7) BESSARABIA; (8) MINSK; (9) VILNA; (10) BALTIC PROVINCES.

It is necessary to allot two divisions to the Baltic Provinces on account of the German sympathies of the ruling classes there and consequently their possible opposition.

In order to maintain touch between the divisions at least four cavalry divisions are also necessary and these might be disposed as follows :—

1. In the KHARKOV region.
2. " KIEV region.
3. " MINSK region.
4. " Baltic provinces.

As our economic and commercial organization has completely collapsed, the sole base for the import of material and supplies of all kinds is clearly the Black Sea, and the guarding of its ports will have to be done by Allied forces. These forces need not be very great in view of the presence of the Allied fleet. They may be estimated at not more than one division, assuming that it will be necessary to secure such points as ODESSA, SEVASTOPOL and NIKOLAIEV.

As far as TRANS-CAUCASIA is concerned, we may assume that it would be sufficient, in view of the general position of the enemy there, to allocate one Allied division to the defence of BAKU oil wells, and TIFLIS as an important political centre and to secure the use of the railway TIFLIS—BATUM—BAKU.

Summarising the above, we may say that it would be desirable to receive help from the Allies to the extent of 18 infantry and 4 cavalry divisions.

These forces will be used solely for the purpose of covering our line of deployment and guaranteeing the formation of our army. They will not be called upon to take part in any active operations.

Unity of command.—Success in the struggle against the Bolsheviks and in the formation of any army for that struggle depends entirely upon the settlement of the question concerning the creation of a single front and the recognition of a single command.

This question has unfortunately not as yet been determined in a favourable sense. As regards the KUBAN troops it has been settled and the KUBAN troops form a considerable part of the Volunteer Army; it is likewise settled as regards the Crimea, where units of the Volunteer Army now are, and the TEREK troops, who have put themselves under the Commander-in-Chief of the Volunteer Army and who, now that the TEREK front has disappeared, have joined the Volunteer Army and become one of its component parts. The Ataman of the ORENBURG Army has written to the Commander-in-Chief, Volunteer Army, that the ORENBURG Army is expecting to unite with the Volunteer Army and hope to come under its orders. A similar declaration has come from the URAL Army. Parts of the ASTRAKHAN Army and the so-called Southern Army, formed originally under the auspices of the Germans with German money and now located in the Don territory under the command of the Ataman of the Don, have raised the question of transferring their allegiance to the Commander-in-Chief of the Volunteer Army.

The volunteer detachments and bands of Russian officers formed in the UKRAINE declared their submission to the Volunteer Army at the first hint of the possibility of doing so. Count Keller, late Commander of the Northern Army, and afterwards appointed by the Hetman Commander-in-Chief of the Ukrainian Army, made a similar declaration, putting himself under General Denikin. The Hetman has not opposed the general tendency of these forces to put themselves under the Volunteer Army. The attitude of the new Commander-in-Chief of the Ukrainian Army, General Prince Dolgoruki, is not known. The three most influential political groups formed at KIEV, together with a representative of the Volunteer Army, a committee for organizing and verifying the quantity of munitions and war material in the UKRAINE, thus recognizing the suzerainty of the Volunteer Army.

Relations with the Don Army are on a less satisfactory basis, as the Ataman of the Don Cossacks categorically refuses to put the Don Army under the Commander-in-Chief of the Volunteer Army. A recent conference held in EKATERINODAR on this subject arrived at no decision, since the Ataman gave only conditional consent to placing one rifle brigade and one cavalry division under the orders of the Volunteer Army, but this, of course, does not settle the question. But in public circles the importance of union is fully recognized, and it is proposed to summon the Don Assembly to discuss the question.

If this question were settled with the Don in a favourable sense, that would undoubtedly ensure the general solution of the question, and it therefore becomes a matter of the first importance.

The arrival of the Allies at NOVOROSSISK, and the declaration of their representatives that they recognize General Denikin as the future Commander-in-Chief of all the Russian forces operating against the Bolsheviks, has already had a certain effect; it is now important to support that declaration, and especially important that all material supplied for the struggle against the Bolsheviks should be delivered through the Volunteer Army, for this would automatically put into General Denikin's hands the command of all the armies.

APPENDIX A (6).

LIST OF OFFICIALS OF THE VOLUNTEER ARMY HOLDING OFFICE IN THE ADMINISTRATION OF THE ARMY.

Position.	Rank and Surname.
Commander-in-Chief of the Volunteer Army	Lieut.-General Denikin.
Assistant Commander-in-Chief of the Volunteer Army	Cavalry General Dragomirov.
Assistant Commander-in-Chief of the Volunteer Army	Lieut.-General Lukomsky.

(6758) * The Don forces have now recognized Denikin as Commander-in-Chief.

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GENERAL STAFF.

Position.	Rank and Surname.
Chief of Staff of the Volunteer Army	Lieut.-General Romanovsky.
Quartermaster-General	Colonel Salnikov.
Adjutant-General	Major-General Trukhachev.
Assistant Adjutant-General	Major-General Ern.
Inspector of Artillery	Major-General Nevadovsky.
Inspector of Aviation	Colonel Kravtsevich.
Director of Military Communication	Major-General Tikhmenev.
Director of the Transport Department	Colonel Kobilyansky.
Director of Mechanical Transport	Colonel Dello.
Director of Military Movements	Colonel Kolchinsky.
Director of Wireless Communication	Lieutenant Sinitsin.

SUPPLY DEPARTMENT.

Director of Supplies	Lieut.-General Sannikov.
Assistant Director of Supplies	Major-General Kharitonov.
Deputy-Assistant Director of Supplies	Major-General Engelke.
Master-General of Ordnance (Artillery).. .. .	Major-General Kiryei.
Director of Ordnance Services	Major-General Filimonov.
Chief Engineer	Colonel Baumgarten.
Director of Medical Services	Rodzyanko (Civil Service).
Director of Veterinary Services	Zollberg (Civil Service).

SPECIAL COMMISSION.

President of the Special Commission	Cavalry General Dragomirov.
Secretary for Interior Affairs (Provisional)	N. I. Astrov.
Judicial Secretary.. .. .	Lieut.-General Makarenko.
Assistant of the above (Provisional)	M. Ivanovsky.
Director of Railways	Engineer Shubersky.
Assistant of the above	E. M. Filonenko.
Secretary for Commerce and Industry	V. A. Lebedev.
Assistant of the above	Engineer Klepinin.
Secretary for Foreign Affairs	S. D. Sazonov.
Assistant of the above	A. A. Neratov.
Financial Secretary	I. O. Heymann.
State Accountant	V. A. Stepanov.
Secretary for War.. .. .	Lieut.-General Lukomsky

Position.	Rank and Surname.
Representative of General Staff	Lieut.-General Vyazmitinov, General Staff.
Assistant of the above	Colonel Pronin, General Staff.
Representative of Administrative Staff and Departmental Services.	Major-General Firsov, General Staff.
Assistant of the above	Colonel Polyakov, General Staff.

(Signed) TRUKHACHEV, Major-General,
Adjutant-General of the General Staff of the
Commander-in-Chief of the Volunteer Army.

YATSENKO, Captain,
Inspection Director.

Certified true copy,

(Signed) BAZAROV, Major-General,
General Staff.

EKATERINODAR,
17th November, 1918.

APPENDIX A (7).

"I." Branch,
Volunteer Army.

THE GEORGIAN ARMY.

INFORMATION TO DATE, 1ST/14TH NOVEMBER, 1918.

The Army is in process of formation upon the following plan:—

The infantry to consist of two divisions and a frontier brigade. Each division to consist of three regiments, each of three battalions—

- 1st Division being formed in the KUTAIS Government.
- 2nd Division being formed in the TIFLIS Government.

The frontier brigade is divided into three detachments—

- 1st—Black Sea (CHERNOMORSKI).
- 2nd—MANGLISSKI.
- 3rd—DARIALSKI.

The artillery is divided into regimental, divisional and army. Each infantry regiment will be equipped with one mountain battery; divisional artillery to consist of two artillery brigades and four groups, two mountain, one light and one heavy group. Batteries are each of four guns.

Army artillery.—One army artillery brigade consisting of three groups.

Special troops.—Sappeur battalion consisting of two sappeur and one T.M. company, M.T. company armoured car company (three sections each of six cars), aviation company and technical battalion.

Cavalry.—One brigade of three regiments, plus a reserve squadron.

Military W/T consists of the TIFLIS station, a reserve mobile station mounted on motor transport, and workshops.

In TIFLIS there will be three stations:—

- (1.) At present working with a radius of 500 versts.
- (2.) A station with 420 metre wave length and a radius of 2,000 versts.
- (3.) A station (with continuous wave) which can communicate with distant stations, e.g., PARIS.

The Georgians fear lest the Germans on their departure may destroy the station, since cases have occurred of the destruction by the Germans of war material which they have been unable to take away.

GENERAL INFORMATION.

There is no shortage of officers among the Georgians, except specialists, therefore officers' schools have been opened for the Artillery and Engineers. Cadres of non-commissioned officers exist and in some regiments are complete. There is a great amount of desertion among the rank and file. Generally speaking, the internal state of the Army is unsatisfactory. There are reported to be a certain number of German officer instructors.

Apart from the Regular Army, there is also a National Guard concentrated for the most part in the SOCHI district and about 2,000 strong. These units have no value, as they suffer from all the defects of revolutionary armies, but as far as their equipment, arms and clothing are concerned they are much better supplied than the regular troops.

The principle of the formation of the Regular Army is intended to be based upon a gradual transformation of companies into battalions, battalions into regiments and so on. The period of instruction for the men has been fixed at 8 weeks. It was proposed to complete the training by the new year, but it is impossible

to estimate the number of trained troops which will then be available, because desertion has been very rife and the whole supply question is in an extremely unsatisfactory condition. Nevertheless, the success which has attended the formation of the army has been considerable.

The cavalry is in a pitiable condition. Squadrons are dismounted, horses in a dreadful condition (there are not more than 20—80 horses in a squadron). In each squadron there are 15—20 Chinese or Tartars serving as volunteers. There is a shortage of material, very few sabres and no uniforms.

The General Staff is being reorganized on a new basis.

ARMENIAN ARMY.

One Independent infantry division of 6 regiments each of 4 battalions.

1 cavalry regiment of 9 squadrons.

General Andronuk's detachment, about 15,000 strong.

Divisional Commander—Major-General Silikov. Chief of Staff—Colonel Zinkevitch.

There is a large percentage of Russian officers in the Army.

Attitude of the Army is pro-Russian. It has good fighting qualities, but the supplies and equipment are unsatisfactory.

APPENDIX A (8).

NORTHERN ARMY.

The formation of the Northern Army is concentrated at PSKOV.

Object.—Self-defence and defence of the population and property of the district. Temporarily the management and organization of the force is in the hands of M. Linde and Captain Rosenberg who are entirely unknown to the command of the Volunteer Army. The local merchants and Jews supplied the first contribution of 250,000 roubles. Support has been promised from PETROGRAD. The credits offered by the Germans were not accepted, but the attitude of the local command of the troops of occupation is friendly and helpful, and it has promised to hand over before leaving the governmental institutions and the power to this force.

According to information dating from the first half of October, when public recruiting of volunteers began, 600 officers and 60 men were recruited in PSKOV and about 4,000 men in OSTROV. The organization is also progressing well at DVINSK. Close touch is being kept between DVINSK and PSKOV. The question of horses is extremely difficult, and steps have been taken forcibly to requisition horses; also it is intended to mobilize all officers.

The centre of the organization is at PSKOV: there 5 companies of officers are being organized.

Politically the army is in favour of monarchy and a dictatorship.

It is in touch with PETROGRAD monarchical organizations and also—a very important point—a number of Bolshevik Commissaries are collaborating, giving the army information and helping with propaganda work among the Bolsheviks, the results of which are expected to be the following:—

At the moment the Army takes any open measures it is expected that the following units will go over to it—

Part of the Soviet Frontier Guards—800 sabres, of which 30 per cent. are officers, a section of horse artillery and 20 machine guns.

The front of the Army is intended to be from KARAMYSHEVO—TOROSHINO—15 versts east of OSTROV and further southwards to DVINSK.

The feeling of the Army is completely anti-German.

APPENDIX B.

REPORT ON THE FINANCIAL SITUATION MADE BY M. HEYMANN, MINISTER OF FINANCE IN THE PROVISIONAL VOLUNTEER ARMY GOVERNMENT.

Till the present the sources of revenue of the Volunteer Army have been:—

1. Revenues from the local government administration.
2. Money left by the Bolsheviks on current account with credit institutions in the liberated districts.
3. Money realized by the sale of military captures.
4. Percentage of the value of private property and goods which have been regained from the Bolsheviks and handed back to their owners.
5. The imposition of a contribution on the well-to-do classes of the populace in the districts liberated from the Bolsheviks.
6. Voluntary contributions.

Nevertheless, notwithstanding the fact that an important part of the needs of the Volunteer Army in food, forage, arms and equipment, &c., have been satisfied by means of requisitions against receipt and also without payment and likewise by means of the assistance afforded by the Kuban Government, the above-mentioned sources of income are undoubtedly far from sufficient to satisfy even the most elementary financial requirements of the Volunteer Army.

In order to obtain the necessary quantity of coinage the High Command of the Volunteer Army sent to Persia a mission under General Baron Arpschofen, in order to obtain from the Allies a credit, which would be used for the purchase of Russian bank notes by realizing this credit in Persia, where during the war a large quantity of Russian coinage has accumulated and could now be bought at a low rate.

However, according to information just received, Baron Arpschofen's mission was unfortunately unsuccessful.

According to the information collected for the purposes of that Mission, the total sum required by the Volunteer Army for present requirements of every kind reaches 163,308,700 roubles, and further a monthly expenditure of 37,652,861 roubles is necessary. These figures were arrived at on a basis of calculation, that the Volunteer Army would not exceed a strength of 150,000 men, and that the military operations undertaken would not go beyond the territory of Kuban, the Terek region and the Stavropol Government.

Now, it has become evident that all existing separate forces which are operating against the Bolsheviks must be united under one command, and that, therefore, the High Command of the Volunteer Army finds itself face to face with the inevitable necessity of incurring expenditure in connection with the mobilization of the population in the Crimea and the Kuban. It is necessary to increase the pay of all ranks of the Volunteer Army, who receive, in comparison with other Armies, an extremely low rate of pay; the theatre of war will be transferred beyond the boundaries of the Northern Caucasus; the Army contractors must be paid and also the requisition receipt notes. Hence the above-mentioned sums will be far from sufficient to meet the needs of the Army, which are estimated to reach 225,000,000 roubles for the period up to the end of the year, which sum it is absolutely necessary to receive at once either in Russian banknotes or in Allied values which can be easily realized.

The further supply of the financial needs of the Volunteer Army it is proposed to provide for by the creation of an issue bank, which shall issue a common coinage for the whole of the regions liberated from the Bolsheviks.

At the present time nearly all the offices and branches of the State Bank (Imperial Bank of Russia) are issuing their own token coinage, and this, combined with the circulation of a large variety of every kind of substitute for coinage, has caused confusion and difficulty in the financial situation.

The objects of the proposed bank would be as follows:—

1. To unite all the offices and branches of the Government Bank which are in the liberated districts.
2. The issue of bank notes and the gradual withdrawal from circulation all the present money tokens and substitutes.

But the new coinage must have some real guarantee behind it. This guarantee should be credits, which may be provided by the Allies in various foreign banks and the gold belonging to the Russian State which was pillaged by the Bolsheviks and partly handed over by their agents to Germany; this gold should now be returned to the State Bank.

APPENDIX C (1).

GENERAL STATEMENT OF THE RAILWAY REQUIREMENTS OF SOUTHERN RUSSIA.

During the war the most essential material was obtained with great difficulty owing to the large output required for special military purposes.

Consequently, while the war lasted, repairs and the renewal of material which deteriorated through fair wear and tear, both with regard to railway metals and rolling stock, fell in arrear and the state of the railways became noticeably worse and worse every year.

During the revolution, the railways suffered more from the hands of devastators and thieves than any other institutions, since the work of evacuation and civil war inevitably followed the lines of communication and formed the primary cause of their destruction.

As a result our railways at the present moment present a sorry spectacle and to put them in order will require a protracted, steady, systematic and organized effort.

From information received from the railways in the various districts of Russia it is possible to arrive at the following conclusions with regard to their present state:—

Out of a total of 21,000 engines 4,000 were usually under repair and 17,000 in working order.

At the present time over 13,000 are broken down and less than 8,000 in working order.

Out of 600,000 trucks and vans 30,000 were generally under repair and 570,000 in working order. At the present time over 200,000 are damaged and less than 400,000 in working order.

Out of 30,000 passenger coaches 4,500 were usually under repair and 25,500 in working order. At the present time over 19,000 are damaged and less than 11,000 in working order.

Points and especially signal boxes are in the most lamentable and dangerous state, since repairs have fallen into arrear owing to lack of material and the want of spare parts.

Signals and signal outfits have been mostly destroyed or carried off, so that traffic, especially at night, may be compared with the movements of a blind man through a crowded thoroughfare.

In many sections there is no traffic at all and in others there are only two or three trains a week owing to lack of fuel, train oil and illuminating material.

There is no necessity to emphasize the fact that the re-establishment of the railways is a question of the foremost importance both with regard to military operations against the Bolsheviks and the reinstitution of industrial and civil life.

In order to complete this task an enormous quantity of the most varied materials is required which cannot be obtained in Russia owing to the present state of the industrial system.

The bulk of the factories and workshops are not working at all and the output of those which are working is negligible.

Until the railways are put in order, work in the factories and workshops cannot be recommenced since they lack raw material and fuel.

On the other hand, until the factories and workshops start working, the work on the railways cannot be put in hand owing to the lack of material and implements which are turned out by the self-same factories and workshops.

Thus the problem resolves itself into a vicious circle to which there is only one solution and that is to provide the railways with a considerable quantity of implements and material from abroad so that work can be recommenced, for this is the only possible means of restoring national industry and of providing the railways with the products of the self-same industry.

The estimate* of material required by the railways of Southern Russia is drawn up under 15 headings and divided into two categories, 8 in the first and 7 in the second. The estimates are drawn up for the three districts as follows:—

- No. 1 Eastern District, including the CAUCASUS, DON PROVINCE and the lines leading from these areas and the southern reaches of the VOLGA to MOSCOW, that is to say, the lines ROSTOV—KOZLOV—MOSCOW—TZARITZIN—GRIAZI and KAMYSHIN—KOZLOV.
- No. 2 Central District, including the CRIMEA—DONETZ BASIN and lines leading to MOSCOW from this area, that is to say, the lines KHARKOV—KURSK—MOSCOW and VALUIKI—ELETZ—MOSCOW.
- No. 3 Western District, including the south-western district and lines leading to MOSCOW from this area, that is to say, the lines BAKHMACH—BRIANSK—MOSCOW and JLOBIN—ORSHA—MOSCOW.

Three bases have been selected to correspond with these three districts, NOVOROSSISK for the Eastern, SEBASTOPOL for the Centre, ODESSA for the Western. Under each heading in the estimate is shown the quantity and order in which the required materials should be despatched to each base.

The 15th heading includes material for railway servants, labourers and their families. Strictly speaking, this material cannot, of course, be classed as railway requirements, but it must not be forgotten that the re-establishment of the railways demands heavy and constant labour on the part of the whole railway staff, and it is difficult to obtain productive labour from people who have neither clothes, boots nor food.

Consequently the question of supplying the railway staff with the necessities of life is extremely important.

The three railway districts include over 35,000 versts, and the number of railway employees and labourers amounts to over 500,000 men, and counting their families, over 2,000,000. Consequently the requirements as shown under heading 15 are not large.

In order that the material and articles demanded in the 15 lists should reach their destinations on a properly organized system, it is highly important that the Allied Governments should arrange, if possible, to purchase and despatch them direct to the three bases in the name of the Volunteer Army, so that they may be distributed in accordance with the requirements of each railway district.

(Signed) E. SHUBERSKI, Engineer.

APPENDIX C (2).

BRIEF OUTLINE SHOWING THE AMOUNT AND CONDITION OF THE ROLLING STOCK OF THE DON AND CAUCASIAN RAILWAYS.

The following railways extending over 4,500 versts lie within the boundaries of the DON Province and North CAUCASIAN area.

- (1.) The VLADIKAVKAZ Line.—Out of a total length of 2,970 versts only 1,665 versts are in uninterrupted communication, the remainder from about MINERALNY VODY to BAKU is cut in several places by military operations. There is no information to hand with regard to those parts of the railway which are cut off by military operations.
- (2.) The South-Eastern Line.—Out of a total length of 3,282 versts about 1,800 versts lie within the boundaries of the DON Province, but this number varies continually in accordance with the military operations.
- (3.) ARMAVIR—TUAPSE Line.—Total length, 490 versts, including newly constructed pieces of line opened for temporary traffic.
- (4.) BLACK SEA—KUBAN Line.—Total length, 415 versts.
- (5.) YEISK Line.—Total length, 130 versts.

THE LOCOMOTIVE PARK.

The locomotive park of the district is for the most part merely a haphazard collection of locomotives of various railways. This is explained by the fact that at various stages of the civil war engines of distant railways were brought down and retained to work on the local lines. Also when the Bolsheviks retired, they often took away with them the locomotives of that railway which they were evacuating. The result is that there is now a general reduction in the number of engines available on the railways of the district as is shown in the following table:—

ENGINES AVAILABLE IN 1916 AND ON 1ST/14TH NOVEMBER, 1918.

	1916.	1918.	Reduction.	
			Total.	Per cent.
(1.) VLADIKAVKAZ Railway (part liberated from Bolsheviks) ..	470	470	..	..
(2.) SOUTH-EASTERN Railway (part liberated from Bolsheviks) ..	570	320	250	44
(3.) ARMAVIR—TUAPSE Railway	60	40	20	33
(4.) BLACK SEA—KUBAN Railway	57	57	..	..
(5.) YEISK Railway	20	20	..	..
Total	1,177	907	270	23

The above table shows that the general total of engines on the railway system has gone down from 1,177 to 907, or 23 per cent., and the South-Eastern Railway suffered the most severely, having lost 44 per cent. of its locomotive park.

* This estimate is not printed but is being dealt with separately.

The proportion of passenger to goods engines has remained as before, and is shown below in the order as above:—

	All locomotives.	Goods.	Passenger.
(1)	470	385	85
(2)	320	285	35
(3)	40	40	..
(4)	57	50	7
(5)	20	20	..
Total	907	780	127

The condition of the locomotives must be considered extremely unsatisfactory. In the following table is shown the number of locomotives which are under repair or awaiting repair:—

	Total.	Complete overhaul.		Minor repairs.		Total under repair.	
		Number.	Per cent.	Number.	Per cent.	Number.	Per cent.
(1)	470	200	43	28	6	228	48·5
(2)	320	150	47	20	6	170	53·0
(3)	40	16	40	3	7·5	19	47·5
(4)	57	14	25	4	7	18	32·0
(5)	20	9	45	2	10	12	60·0
Total	907	389	43	57	6·3	447	49·0

These figures show that about half the locomotives are out of action, while in normal times there was not more than 12 per cent. in complete overhaul and about 3 per cent. undergoing minor repairs; thus the normal number of locomotives out of action would not exceed 137, i.e., instead of 460 available engines as at present, there would be 770 at work, and if you would add to this the working proportion of these 270 which were taken away by the Bolsheviks, that is 280 engines, you obtain a total of about 1,000 locomotives at work on the lines of the district in normal times, a total more than twice as large as that which is actually maintaining the service at the present moment.

Locomotive repair work is being carried on under extremely difficult conditions for the following reasons:—

(1.) Shortage of materials for repair.

(2.) Shortage of expert workmen.

These two factors have led to the result that the workshops of the VLADIKAVKAZ Railway, which normally pass 65-70 locomotives through a complete overhaul between June and October, have this year completed only 32. The average time taken for a complete overhaul has been 300 days, whereas it was normally 100 days; medium repair takes 120 days, whereas a month was previously considered the maximum.

Moreover, the figures which are given for the VLADIKAVKAZ Railway are only characteristic of the state of affairs on the better organized and richer lines, which have retained their workshops and which still have some kind of supplies of metals and materials. The situation on the other lines is much worse. The South-Eastern Railway is cut off from its main workshops and even these workshops in peace time were inadequate; now this railway is limited to its branch shops which of course cannot undertake the work of the main shops. Further this railway has practically no reserves of materials and spare parts.

All the remaining three railways are in the same position; they are all young railways and therefore have not yet installed either large workshops or depôts of materials. All these lines are trying to obtain help from the VLADIKAVKAZ line, but, being unable to cope with its own difficulties, that railway is unable to help its neighbours. The general result of all this is that no serious locomotive repairs of any kind are carried out and work is confined to trivial patching.

TRUCKS.

The number of trucks required to carry on the normal work of the district reaches a mean of 6-7 trucks per verst. As the total length of the line is about 4,500 versts, a round 30,000 trucks are required. Under normal conditions the number of trucks under repair did not exceed 5 per cent., which means that, out of 30,000 trucks, not less than 28,500 were fit for use. At the present time the total number of trucks both in use and under repair is far below the figures indicated above.

The following table gives the distribution of trucks among the various lines and proportion under repair in round figures in the same order as in previous tables:—

	Total number of trucks.	Working.	Under repair.	Per cent.
(1)	11,000	8,700	2,300	21
(2)	6,400	4,950	1,450	23
(3)	1,120	860	260	23
(4)	1,020	875	145	14
(5)	460	400	60	13
Total	20,000	15,785	4,215	21

The percentage of trucks under repair is about four times the normal, and the reasons for this state of affairs are the same as were given in describing the conditions of the engines, *i.e.*, lack of materials and hands on all lines and insufficient workshop facilities on all lines except the VLADIKAVKAZ Railway.

The number of trucks in work compared with the number of engines in work gives an average of 34 trucks to a locomotive, which figure is very near the normal for Russian lines; this indicates that the dilapidation and destruction affected locomotives and trucks to an equal degree.

This short sketch is sufficient to show in what a serious position the railways of the DON and Northern Caucasus are. It must be noted, however, that these lines are fairly happily situated as regards industrial districts, for on the DON there are coal mines and metallurgical works and in the Caucasus there are oil works both for fuel and lubricants.

If in such extremely favourable circumstances the railways, which were only a comparatively short time in the hands of the Bolsheviks, could be brought to such a parlous pass, it is easy to imagine in what a state are the railways of Central Russia, which are cut off from industrial centres and have already been a whole year in Bolshevik hands.

(Signed) SHUBERSKI, Engineer.

APPENDIX C (3).

REPORT ON THE NECESSITY OF CENTRAL CONTROL AND AUTHORITY UNDER THE DIRECTION OF THE SUPREME COMMAND FOR THE RE-ESTABLISHMENT OF THE SOUTHERN RAILWAYS.

To the Commander-in-Chief of the Volunteer Army, by Courtesy of the President of the Special Commission.

The purpose and significance of the railway system in a State, both during peace time as well as during periods of war, are sufficiently well known and it is unnecessary to point out the fact that the railways require particularly careful attention on the part of the Supreme Authority.

Although the work of our railways in peace time evoked some blame, it served the most necessary requirements of the State quite satisfactorily.

According to general report, during the time of mobilization our railways succeeded in the responsible and difficult task of huge military transportation better than was expected of them.

Unfortunately, the same cannot be said of the work done by our railways during the first period of the war, as in many cases they failed to satisfy the demands made upon them, which created great difficulties both at the front and in the interior of the country, their working capacity not increasing in correspondence to the increased demands, but to some extent even diminishing.

I am fully convinced that the deterioration of the work of our railways was chiefly caused by the change from sole administration and sole authority to the division of the railways into two groups, one group serving each separate front and the other group serving the base, and to dual authority, the civil authority being represented by the Department of Ways and Communications and the Military by the Department of Military Communications. During the whole of the first period of the war the railway question was the source of strife between these two Departments, which was carried on with varying success on both sides, and continually depreciated the work of the railways.

Considerable improvement in the work of our railways took place in 1916, when on the railways, serving the fronts sole authority and sole administration were undertaken by the Director of Military Communications, to whom the Civil and Military organizations at the theatre of war were subordinated. Figures prove that the work improved by 18 per cent. in comparison to that of 1914. During the revolution the railways, besides undergoing the destructive experiments of democratisation and socialisation experienced by all institutions and enterprises, suffered a still greater misfortune as the wave of evacuation and the armed struggle for power were centred on the railways and led to their destruction.

Apparently, the first aim of every authority after liberating the territory of the Russian Empire from the Bolsheviks should have been to re-establish the railway system, which is so necessary to the re-establishment of the State administration and for the further struggle against the Bolsheviks.

However, information supplied by reports on the railways in the regions liberated from Bolsheviks only shows a slight improvement in a few cases; in the majority of cases, especially in the Ukrainian territory, it may be concluded that the destruction of the railway system and deterioration of work are still continuing.

This can be explained as follows:—The new State formations which have been established on the liberated territory have divided the railways into separate independent groups, without considering the economic and administrative order of the railways.

This resulted in many sections of the railway being cut off from the stations where they received orders; other sections were left without their chief workshops and even without their administration, which were established in neighbouring States, and nearly all the railways were separated from the markets on which they depended for necessary materials. Thus, instead of the principle of sole authority and sole administration, the administration was again divided and the authority placed in many hands, which led to the further destruction of the railway system.

Without discussing the methods by which the Russian Empire will be re-constructed, I consider it necessary to state definitely that it is impossible to split up the railways by making new boundaries, and to expect each separate section to work successfully. Should this division be found necessary it is imperative to re-organize and re-construct the railway system and its administration before this division takes place, and until it has taken place unity of administration and unity of authority must be established immediately on all the railways in the territory liberated from the Bolsheviks.

In view of the fact that the question of unity of civil authority in the whole of the territory of the Russian Empire cannot be decided immediately the union of the railways appears to be the best course to pursue, and this should be effected on the basis of unity of command, which we are on the eve of introducing. It is interesting to note that in France, from the very beginning of the war, the railways have been subordinate to the Supreme Command, therefore this decision of the question will seem both naturally and comprehensible to our Allies.

In view of the above, I consider it necessary to carry out the following principles and regulations, with the object of re-establishing unity of authority and administration on the railways:—

- (1.) The whole railway system and all the ways of communication on the territory which is being liberated from the Bolsheviks should be declared as an instrument of war, and as such should be subordinate to the Supreme Command.

- (2.) For the administration of the ways of communication on the whole of the territory, the Chief Department of Ways and Communications should be established, in connection with the Commander-in-Chief.
- (3.) The Chief of the Department of Ways and Communications should unite the authority of the Director of Railways in compliance with the "Regulations of Field Administration," 1915 edition, and the authority of the Minister of Ways of Communications.
- (4.) The Chief Department, which is being established, should consist of the Section of Ways of Communication which deals with the civil affairs of the Department, the Section of Military Communications, which deals with Military Affairs and the Section of Supplies.
- (5.) All the local administrations, sections and departments of the Ways of Communications and of Military Communications are subordinate to the Chief of the Central Administration, and are used as district organizations, but the sphere of their activity and the boundaries of the districts depend on the administrative division of the system and its technical equipment.

I beg to submit the foregoing propositions for favour of Your Excellency's consideration.

Director of Railways of the Special Commission attached to the General Staff of the Commander-in-Chief, Volunteer Army.

P. SHUBERSKY

APPENDIX D.

- (1.) Commercial and Industrial Report, by Lieut.-Colonel A. P. Blackwood.
- (2.) Commercial and Industrial Report, by M. Lebedev.

Enclosure I.—Estimate of tonnage in the Black Sea.

" II.—Vessels in the Black Sea.

" III.—Statistics with regard to imports and exports.

" IV.—Prospects of the Russian oilfields.

" V.—Report on the Grozny oilfields.

" VI.—Report on chemical industries.

" VII.—Export of manganese.

" VIII.—Condition of mining industries in the Donets basin.

" IX.—Primary necessities required during first six months.

APPENDIX D (1).

INDUSTRIAL AND COMMERCIAL REPORT, BY LIEUT.-COLONEL A. P. BLACKWOOD.

Although industry and commerce are not strictly speaking, within the province of a military mission, the influence which they exert on the military situation is unquestionable. This applies more especially to the present situation in Russia, because we are dealing with a civil war instead of a war waged between two nationalities.

This war is an aftermath of a social revolution caused, like most revolutions, by industrial unrest and brought to a head by an unsuccessful campaign. In order to understand the true significance of industry and commerce with regard to the present situation, it is necessary to trace the evolution of the revolutionary movement through the last 50 years.

The Crimean *déboile* was the indirect cause of disturbances among the peasants which lasted several years, and finally led to the emancipation of the serfs in 1861. The emancipation of the serfs was followed by a large influx of foreign capitalists, who constructed factories, built railways, and developed the commercial activity of the country generally.

The peasants now nominally free were in reality at the mercy of the landowners and foreign capitalists who shamelessly exploited them.

After the emancipation of the serfs in 1861, the ignorant peasant was stranded without civil rights, without land, without any means of livelihood, without means of redress, and had to either accept the conditions of labour offered by the landowners and capitalists or starve.

In many cases they worked 14, 15, 16 and even 18 hours a day for a miserable pittance varying from 1*l.* to 2*l.* per month. There were no restrictions with regard to child labour or to the housing of factory hands, and the result may be left to the imagination.

Serious disturbances, commencing in 1882, resulted in the establishment of a Government inspection of factories.

These inspections disclosed some glaring illegalities and terrible realities, but had no real power. For the inspectors were subordinated to the provincial Governor-Generals, and were consequently afraid to act in the interests of the working classes.

Any attempt to hold meetings or address the workmen was repressed with the utmost severity, and it is not surprising that these incredible conditions gave rise to the formation of revolutionary conspiracies.

Violence was answered by violence and, in 1881, Alexander II. was assassinated.

By murdering the Tzar the revolutionary party hoped to destroy autocracy.

Discovering their mistake too late, they realized that the power of autocracy was vested not only in the person of the Tzar, but in the body of government officials, who were the mainstay of autocracy.

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From this time onwards disturbances were directed against the capitalists, and it was not until the nineties, when riots occurred among the students, the workmen striking in sympathy, that they assumed a political character.

The Government, with the most lamentable short-sightedness, continued to suppress any attempt at social reform by the most barbarous methods and, in 1902, even introduced flogging as a punishment for participation in public demonstrations.

During the war in the Far East every defeat by land and sea increased the industrial ferment and political discontent.

Up to this period the revolutionary party never had any real following in the Army or Navy but, in 1905, the crew of the "Potemkin" mutinied and joined the revolutionaries. A series of political murders was followed by a more or less general strike in October, 1905, and, on 17th October, the Government were frightened into issuing a manifesto to the effect that in future no law would be enforced without the consent of the people's representatives.

This was obviously insincere, because the Imperial Council had the power to pass laws whether they were approved by the Duma or not. As soon as the general strike subsided, reprisals of the most stringent nature were instituted.

The outbreak in 1905 was spontaneous, being hastened by the disasters in the Far East, and consequently premature.

It secured no lasting results because it was premature; it lacked cohesion and organization. The working classes were not sufficiently educated to understand its political significance, so that when the Government failed to fulfil its promise the revolutionaries were not in a position to renew a general strike.

The last revolution is too recent to need description.

It was evident that drastic social reform was urgently needed, and that the crash would follow as the inevitable result of an unsuccessful war.

It is equally evident from the extravagant demands made by the working classes under the Bolshevik régime that the mind of the working man is not sufficiently developed to understand the true meaning of social reform, and that his mental equilibrium has been upset by the empty promises of irresponsible demagogues.

The following summary explains briefly the causes which ultimately gave birth to the doctrine of Bolshevism. Having studied the causes, it is possible to suggest a remedy.

It is quite patent that no lasting results can be obtained by force of arms alone.

It is equally patent that the present military situation can be bettered by an improvement of commercial and industrial conditions.

The policy of Bolshevism is negative and destructive, and can lead to nothing but bloodshed, misery and starvation.

On the other hand, a constructive policy which offers commercial and industrial prosperity, and which undertakes to carry out social reform, cannot fail to find adherents.

At the present moment conditions of life are so difficult and so uncertain that not only the individual but the small quasi-autonomous States of Southern Russia will gladly join up under the aegis of any governing body which is backed by the Allies, and which offers security of person and property, a revival of industrial and commercial activity, and the possibility of purchasing the ordinary commodities of life at reasonable prices.

Further, it is desirable that the programme should include land reform, and 8 hours working day, regulations with regard to child and female labour, the provision of adequate hospital accommodation, and efficient government supervision of the factories and housing.

If Russia is to be regenerated, the first step in the right direction is to render commercial and industrial assistance. Improvements of the industrial and commercial conditions is by far the surest method of achieving political agreement and unity of purpose between the various quasi-autonomous States of Southern Russia. It is a powerful tool in the hands of the Allies by which the military situation may be improved without sending considerable forces to Russia, and as such cannot be neglected.

Now the present industrial and economic state of Southern Russia is such that the Russian industries cannot possibly right themselves.

The complete breakdown of the railways and the want of raw materials have paralyzed the factories, the lack of transport has rendered the delivery of agricultural and mineral produce impossible, and the absence of a monetary standard has closed the markets because the producer will not part with his goods until he is guaranteed a fair rate of exchange.

It is, therefore, clear that the first steps towards putting the whole machinery in order must be inaugurated from outside in the shape of foreign credit, raw materials, rolling stock and so on. Foreign credit is indispensable in order that a fixed monetary standard may be established and the producer guaranteed thereby a fair exchange for his goods.

Raw material is the only means by which the worker can be guaranteed employment.

Unemployment spells discontent.

But both foreign credit and raw material, however desirable in themselves, are powerless to alter the situation without an efficient railway system.

National prosperity is based upon exchanges. The greater the facilities which enable the producer to dispose of his wares and the consumer to obtain those products of industry which he most desires, the greater the number of exchanges, and, as a natural consequence, the greater the wealth of that nation and the more rapid its material development. And nothing facilitates exchanges so much as good transport.

Therefore the railways are a matter of primary consideration.

The actual requirements for the railways have been set forth in detail under Appendix C, but the provision of money, raw materials and rolling stock is only half the battle.

Assuming that material assistance is forthcoming, we have the satisfaction of knowing that money and material have been placed at the disposal of the Russians, but we are still faced with a most serious obstacle and that is the inability of the Russian to organize. Over and over again the Russians have shown themselves incapable of organization, and now that Southern Russia is composed of several quasi-autonomous States the difficulties of combined effort and organization have increased tenfold.

It is therefore hardly necessary to emphasize the fact that material assistance is of little avail unless we are also prepared to assist the Russians in reorganizing the national industries.

Central control, to ensure a proper and suitable distribution and to prevent illicit profiteering, must be established under the supervision of the Allies.

So far, we have only considered the question from the point of view of assisting the Russians to re-establish their national industries.

There is, however, another side of the question to be looked at.

At the present moment there is a considerable amount of British capital invested in British firms, more especially in the North Caucasian oilfields, and these firms require our protection both as regards life and property.

So long as the Volunteer Army and Don Cossacks continue to hold the Bolshevik at bay their lives are guaranteed in the area which has been reclaimed, but there is always a fear the Volunteer Army may one day monopolize the oilfields with the two-fold object of providing themselves with oil fuel and filling an empty exchequer. It is therefore necessary that British firms should receive adequate protection.

(Please see attached letters A and B on this subject).

With regard to the purely commercial aspect, there is an enormous demand for manufactured articles of all descriptions, especially in boots and textile fabrics. Before the war German imports comprised 48 per cent. of the whole. For the past four years these imports have failed and a large field for British commercial enterprise now offers itself.

Several British commercial men visited the mission and were most insistent that this market should be secured for British manufacturers.

At the present moment German and Austrian firms are introducing goods of inferior quality for which the inhabitants are paying exorbitant prices because they are destitute of the ordinary necessities of life. The following advertisements taken from a newspaper illustrate the demand for the most ordinary commodities:—

Second-hand—

Officer's greatcoat (English cloth)	700 roubles.
Pair of new ladies boots	700 roubles.
Ladies slippers (worn)	100 roubles.
Black woollen fashionable dress	1,450 roubles.

Note.—The rouble, valued at 2s. 2d. before the war, is now worth about 6d., so that incomes have dropped to less than $\frac{1}{4}$ their pre-war value.

It is, of course, most important that all forms of war profiteering should be repressed and that the goods should reach the consumers by the shortest possible means.

For the provision of goods at prohibitive prices does not relieve the situation, but tends to intensify the cost of living and to foster universal discontent as an inevitable consequence.

It is, therefore, clear that some sort of central control must be established under the auspices of the Supreme Commander as suggested above.

It is equally clear that if British manufacturers are to secure the market of Southern Russia, which presents enormous possibilities, they must be offered facilities by the British Government in order to enable them to compete on favourable terms with foreign producers. This could probably be done by offering transport facilities and by an agreement with the Russians for preferential treatment for British goods.

(A list of Russian shipping is to be found in Appendix D.)

Finally, there is yet one other point which deserves consideration, and that is the enormous resources of the country which are more or less undeveloped, such as cereals, oil, potash, anthracite, iron, manganese, rock-salt, mercury.

A letter marked C is attached, offering potash for shipment; other offers would soon be forthcoming. Further details may be obtained from Appendix D, also attached letters C and D.

EXTRACTS FROM LETTERS RECEIVED.

(A.) From Mr. Taylor, North Caucasian Oil Fields, Ltd.

"In accordance with your suggestion, I beg to forward my request for assistance towards protecting the interest of the North Caucasian Oilfields, should conditions arise which I believe are impending

"It is the stated intention of the chiefs of the Volunteer Army to monopolize the trade in crude oil and its products . . . with the object of providing the army with oil and obtaining a source of considerable revenue. . . .

"At the present time there are stocks of crude oil and products in GROZNY of over 500,000 tons. . . . The total production of the GROZNY fields is about 200,000 tons per month. . . .

"Pumping stations have been severely damaged, so that we are dependent on the railway for transport. . . . The establishment of a monopoly of the petroleum trade amounts to a confiscation of our properties. . . . The company has already suffered great losses during the revolution. . . . Our bank and cash accounts have also been seized by the Bolsheviks. . . ."

(B.) From Syndicate F.A.B., Ekaterinodar, Ekaterinskaja.

"The KUBAN Province is one of the richest parts of Russia, and an almost untouched field of commercial and industrial enterprise. . . .

"Unless something is done, England will be left out altogether. . . .

"The object of this syndicate is to secure concessions in the KUBAN Province. . . . It is essential to get into communication with the Board of Trade and English manufacturers generally. It is important to us that fixed rate of exchange should be established."

(C.) From Malcolm McLaren, NOVOROSSISK.

"Am prepared to ship 100,000 pounds of potash to a British port at the earliest opportunity. . . ."

(D.) From The Russian-English Maikop Petroleum and Trading Company, Ltd., KOTLIAREVSKAIA 15, EKATERINODAR.

"Am prepared to deliver 5,500 tons per month of petroleum.

"Pipe exists to TUAPSE but requires about a month's work to put it in repair. . . ."

REPORT BY M. LEBEDEV, SECRETARY OF COMMERCE AND INDUSTRY.

ENCLOSURE I.

Estimate of approximate Tonnage of Transports on the Black Sea.

At the beginning of the war in the year 1914, all the Russian ships on the Black Sea and the Sea of Azov were commandeered. Several steamers were bought from foreigners, bringing the total to about 74 transports; during the war some of the vessels were lost, owing to various causes, some were returned to the foreign owners (Roumanians), so that now about 150 steamers are left. Of these it must be considered that 10 vessels will be required for passenger traffic, and on 20 vessels the cost of repairs required would not be justified; thus one may reckon that 120 vessels, approximate tonnage 12,000,000 poods, reckoning the average net tonnage as 100,000 poods, fit for service are at the disposal of the Government and shipowners. Three days must be allowed as the maximum duration of a direct passage between separate ports, Varna—Novorossiisk, Constantinople—Odessa, &c. Loading and discharging 100,000 poods will require at least ten days, thus a passage carrying a full cargo in one direction and empty return trip will take under these most unfavourable circumstances 16 days, with the unavoidable loss of 20 days or 2/3rd of a month. According to these suppositions, ships with a tonnage of 12,000,000 (twelve million) poods will carry during a month $\frac{12 \times 3}{2} = 18$ million poods. Reckoning that three million poods will be needed for carrying fuel, 15 million poods monthly of profitable freight remain. Deducting 20 per cent. for unforeseen occurrences, 12 million poods can be realized.

(Signed) W. LEBEDEV.

ENCLOSURE II.

Vessels on the Black Sea. 1st January, 1917.

No.	tons.	No.	tons.
1. Admiral de Ryuitser	5,000	51. — .. ..	..
2. Alexander Kamburov	3,000	52. Artemisiya	2,500
3. Ai Petri	1,000	53. Princhipeasa Khristiana	3,000
4. Ai Todor	1,000	54. Produgol	3,000
5. Alma	3,000	55. —	1,500
6. Afon	3,000	56. Rossiya .. ..	.. lost.
7. Baron Edmond Kai	3,000	57. Rostov*	1,000
8. Bulganak	3,000	58. Rus	5,000
9. Burdale	4,000	59. Sadko	4,000
10. Byelorossiya	1,500	60. Saratov .. ..	.. lost.
11. Vampo	4,000	61. Syatogor*	700
12. Varna	1,200	62. Syatol Nikolai	2,500
13. Velikrossiya	3,500	63. Ingul	5,000
14. Vityaz	4,000	64. Sukhum	2,000
15. Vladimir	15,000	65. Sofi	2,500
16. Woolverton	6,000	66. Tiger	3,000
17. Kavkaz .. ..	..	67. Thistleton	2,500
18. Tuapse	4,000	68. Trevorian* .. ..	..
19. Dutch Tug	1,200	69. Tresvolov	2,500
20. Gregor	750	70. Truvor	1,000
21. Vyera .. ..	..	71. Flora .. ..	..
22. — .. ..	..	72. —	3,500
23. Dmitri	5,000	73. Kherson	3,000
24. Drujba	2,000	74. Christian Nebo .. ..	..
25. Evfrat	2,000 lost.	75. —	2,500
26. Jenerovo .. ..	..	76. Tsar Michael Feodorovich .. ..	..
27. Ignatii Prokhorov*	3,000	77. —	1,200
28. —	2,000	78. — .. ..	..
29. Imperator Nikolai II.	1,500	79. Chernomor .. ..	..
30. Imperatritsa Mariya	1,500	80. Dnyestr*	1,500
31. Imriko	7,000	81. Equator .. ..	..
32. Injener Avdakov	3,000	82. Emerans	880
33. Sochi	600	83. Energiya	5,000
34. Jerusalem	600	84. Kacha	1,200
35. Kazak	1,200	85. Juliya	800
36. Kornilov	1,200	86. Jupiter No. 87 Dikhtau	3,000
37. Lazarev	500	87. Printsip	1,500
38. Lyudmila	1,200	88. Aleksandra	8,200
39. Malorossiya	600	89. Progress	3,000
40. Mariya	1,000	90. Gregori Gaponov	1,200
41. Mikhail Arkhangel	1,000	91. Ararat	2,500
42. Chiatura	1,200	92. Doch .. ..	..
43. Oksyus	500	93. Emmanuel	2,000
44. Oscar	1,200	94. Ruslan	3,000
45. Pavanna .. ..	..	95. Olbeniya .. ..	..
46. —	3,000	96. Starlight .. ..	..
47. Petr Berg	2,500	97. Syracuse* .. ..	..
48. —	2,500	98. Munteniya .. ..	..
49. Petr Karpov .. ..	..	99. Khios	8,000
50. Petr Regier	100. Frederika*

All those marked with an asterisk (*) have withdrawn.

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No.	tons.	No.	tons.
101. Preveza	129. Svatol Nikolai	746
102. ———	130. Boris	717
103. Tug boat	3,000	131. Margarita	4,000
104. Roi Albert	3,000	132. Klara Separis	3,200
105. Tigress	3,000	133. Lazar Kiryako	2,000
106. Violetta	3,000	134. Yalta Kreseta .. .. .	..
107. ——— .. .. .	..	135. Tug boat Skiff .. .. .	..
108. Levantso* .. .. .	..	136. Rize	2,600
110. Serbia* .. .. .	..	137. Dobicha	12,000
111. Athene* .. .. .	..	138. Princess Evgeniya Oldenburgskaya .. .. .	..
112. Amalia	800	139. Korol Albert .. .. .	..
113. Anton	1,200	140. Korolevich Alexander	2,500
114. Roma	1,200	141. Turkestan	1,200
115. Julia II	1,200	142. Sirotul	3,000
116. Tug boat .. .. .	..	143. Oltul	3,000
117. Uranta	2,000	144. Milkovul	1,200
118. Izmail* .. .. .	..	145. Elena	3,000
119. Nicholai	2,600	146. Daland	1,200
120. ——— .. .. .	..	147. Rion	2,000
121. Tsar Konstantin	74	148. Beshtau	2,000
122. Drug Jizni	122	149. Rodosto	2,000
123. Svatol Nicholai	104	150. Buchechi	3,000
124. Geroi	132	151. Karpati	2,000
125. Svatol Nicholai	487	152. Konstanta	2,000
126. Vostochnaya Zvezda	721	153. Turn Severin	3,000
127. Michael	647	154. Dobrudja	3,000
128. Prepodobni Sergei	670	155. Yassi	2,800

All those marked with an asterisk (*) have withdrawn.

Sail and Motor Barges.

No.	No.
170. Imperator Alexander I.	178. Belguzar.
171. Burevestnik.	179. Baldji.
172. Pamyat Azova.	180. Dervish.
173. ———	181. Apostle Philip.
174. Levatos.	182. Svatol Georgii.
175. Ivan Burkhard.	183. Klavdiya.
176. Probudenie.	184. Sergei Vitte.
177. Alexander Nevski.	

(Signed) Vice-Admiral KHOMENKO.

(Verified by) Flag Commander. (Signature.)

Audited and found correct—(Signed)

W. LEBEDEV.

Russian Volunteer fleet ships transferred for the use of the British Government.

	£
" Nijni Novgorod," " Tula," " Kishinev," " Jana," " Indigirka," " Tobolsk " and " Orel "	1,003,475
" Kursk," " Mogilev," " Novgorod," " Ekaterinoslav," " Krasnoyarsk," " Kamenetsk-Podolsk," " Vologda," " Omsk," " Irtish," " Voronej," " Tambov " and " Yaroslavl "	4,541,510

Ships of the Vladivostok Line.

" Sishan," " Stavropol," " Penza," " Simbirsk," " Iver," " Simferopol," " Tomsk," " Astrakhan," " Erivan," " Kolma," " Vitim," " Mangugai," " Vzvritel," " Georgii," " Orel," " Chefoo " and " Eldorado "	1,484,955
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Besides these, two ships ordered in America have not been received.

(Signed) W. LEBEDEV.

ENCLOSURE III.

Details concerning Exports and Imports for the Allied Command in localities under the control of the Volunteer Army.

From the 1st December, 1918, to the 1st July, 1919.

Compiled by the Commercial, Industrial and Supply Department of the Special Commission attached to the Staff of the Commander-in-Chief of the Volunteer Army.

General information.—Before the war our commercial balance gave a considerable turnover, sufficient to cover the deficits on our imports.

The following are the figures for foreign trade:—

Millions of roubles.

Year	Exports.	Imports.	Balance.
1912	1518.7	1171.8	+ 347.1
1913	1520.1	1374.0	+ 146.1

Naturally, during the war, the rapid increase of imports seriously affected our balance. However, in spite of greatest upheavals, the vital forces of the country are so great, its natural resources so gigantic, that it is possible to hope that after a certain period our commercial balance may be re-established on a firm footing. But this period will be unavoidably protracted, owing to the complete absence of manufactured products on the Russian market. At the commencement, this deficiency must to a great extent be made good by imports from abroad. Before the war most of the import trade was in German hands; to be exact, imports from Germany constituted 48 per cent. of the whole, as may be seen in the following table:—

Imports in millions of roubles.

	1904-1908.	1909-1913.
From Great Britain	107.6	149.0
" the United States	55.0	78.5
" Sweden	7.6	10.4
" France	28.9	52.2
" Austria-Hungary	22.5	32.3
" Germany	275.6	487.3

During the Bolshevik régime Germany hoped, by taking possession of Russian provinces, to increase her future imports even more by establishing a number of special agencies. The victory of the Allies, however, and the internal collapse of Germany prevented her from capturing the Russian market.

At the present time an exceptional opportunity presents itself for the Allies to step in and supplant Germany in the Russian market. Therefore it is essential that the Allies should make special efforts to import into Russia those goods which are at their disposal.

Goods for import into Russia by the Allies at the present time may be divided into three categories:—

- (1.) Military supplies: such as artillery, engineering, automobile and aviation equipment, and commissariat and medical stores.
- (2.) Articles of primary necessity for the people: leather or ready-made footwear, cotton and woollen material, ready-made linen and other clothing, medical stores for retail chemists, paper and machinery for printing money, agricultural machines and implements, machinery, plant and materials for shipping, post, telegraphs and railways, necessary haberdashery, small metal ware, chemical stores, machines and appliances for the outfit of Russian factories supplying the army or producing goods of primary necessity.
- (3.) Ordinary imports of secondary importance and luxuries. It would appear that until the demobilization of their army the Allies can only supply Russia with articles included in the first category, and some of those of the second, in order to relieve the most pressing needs of the people. After the order for the demobilization of the Allied Armies the articles of the third category might be imported at a rate governed by the re-establishment of peace conditions.

It is of the greatest importance that the Allies should immediately supply Russia with at least a small quantity of the goods of the second category, at the same time as they despatch war material. This is indispensable for two reasons. First, because the people being in the greatest straits through want of the first necessities of life, the Allies can, by their imports, show their sympathy with the Russians; and secondly, because it is only in exchange for the above-mentioned articles that it will be possible to obtain from the peasants the flour they have hidden, and which it is impossible to obtain by other means.

In order to do away with the speculation, which may easily arise in so large a transport of goods, and also to prevent the competition of the Central Powers, it is necessary to give the Volunteer Army control over the import of goods into those places where they are stationed. This control is to be placed in the hands of a special commission attached to the Commercial Department of the Volunteer Army. This commission is to consist of representatives of the Allied Powers, representatives of the Government and representatives of private commercial and industrial firms. It is to have sole power to issue permits for the import of goods within the limits of the control of the Volunteer Army, to form a scheme for the distribution of these goods, to control prices, and to make lists of the articles most needed by the inhabitants of any given place. The possession of the sole right of sanction for imports will give the Volunteer Army the best weapons for economic strife, which sometimes has greater results than military victories.

The Commission of Control itself must not take part in commercial operations. For the conduct of these, Russo-English, Russo-French and Russo-American import and export companies will be established, which will work on their own initiative and be subsidized by large Russian and foreign capital. Such companies are already being formed.

Means of transport.—Owing to the suspension of traffic by road and rail, the only means of transport will be by sea. If we bear in mind how greatly the Allies stand in need of tonnage, it is easy to see that it will be necessary to employ the commercial vessels and transports of the Russian Black Sea fleet.

Tonnage and freight capacity of the merchant and naval fleets of the Azov and Black Sea fleets.

200,000 tons net tonnage of the whole fleet;
 300,000 tons average monthly capacity of transport;
 50,000 tons monthly coal transport indispensable for the needs of the fleet;
 250,000 tons on an average, monthly, free for transport.

Proposed allotment of freight per month.

120,000 tons on an average for the transport monthly of equipment and supplies for the Volunteer Army;
 80,000 tons for the monthly transport of troops for strategical purposes;
 50,000 tons on an average for the import of the ordinary commodities of life;
 in all 250,000 tons monthly on an average.

The freight-carrying capacity of the Black Sea Transport Fleet, reckoned in Russian poods, works out at about 12 to 15 million poods net a month. Taking into consideration that at present many ships stand in need of refitting and supplying with fuel, material and crews it will only be possible during the first month to make use of 30 per cent. of their whole tonnage, during the second month of 50 per cent., during the third of 75 per cent. and after that of the whole tonnage.

An estimate of the approximate tonnage of the Black Sea transports, together with the list of their names, is herewith attached.

Owing to the fact that the Russian tonnage mentioned here is obviously insufficient for the entire transport, it will be necessary for the Allies to take the following steps:—

- (1.) Immediately to return to Russia all Russian vessels which at the beginning of the war were interned in the ports of the Central Powers.
- (2.) Immediately to return to Russia all Russian vessels seized by the Central Powers during the time of Bolshevik rule.
- (3.) Gradually, as it becomes possible to do so, to return to Russia all Russian ships at present at the disposal of the Allied Powers.
- (4.) From amongst the Russian ships sailing under the Allies' flags to assign a certain number of the largest vessels for long-distance voyages—such as from the Black Sea to New York, London, Liverpool, Marseilles, Genoa, &c.

We have received information that the Volunteer Fleet, the Russian-Asiatic Steamship Company and other companies possess no less than from 200,000 to 220,000 tons of Russian shipping.

All ships can be fitted out with Russian crews, Russian naphtha and Russian coal.

The order of effecting transports on the Black Sea.—In view of the fact that 75 per cent. of the transport for supplying the army and the population of Southern Russia will take place between the ports of the Black Sea, and only 25 per cent. will take place abroad, it would seem that only this latter part of the transport—that is, the voyages outside the Black Sea—ought to be included in the general universal scheme of the Allies' naval transport.

For transport within the limits of the Black Sea an entirely separate plan must be established, which will be worked out by a special commission of naval transport attached to the Volunteer Army. Allied representatives must also be members of this board.

For the proper use of all the Black Sea ports and of the Russian transport fleet, it is absolutely necessary to carry out the two following measures:—

- (1.) Entire control of the Russian military and commercial fleets and of the Russian ports of the Black and Azov Seas should be vested in a special commission formed under the auspices of the Volunteer Army.
- (2.) The actual working of the transport programme should be entrusted to private navigation companies or to the Union of Shipowners of the Black Sea, controlled by the special commission mentioned above.

The Black Sea coast belonging to Russia having been divided among newly-formed independent Russian provinces, misunderstandings will probably arise concerning passage of vessels between ports belonging to these provinces. Therefore it is absolutely necessary that all vessels should be subordinated to one central administration. Unless this is done the army and population cannot be supplied with regularity.

It would be very desirable to receive the regulations concerning naval transport which have been adopted in England during the war.

Similar regulations could be drawn up for the Black Sea.

The amount of supplies to be imported.—The Ministry of Trade cannot estimate accurately the amount of supplies necessary for the army. This will have to be the work of special military commissions. For approximate reckoning, it can be considered that supplies will be brought in a quantity sufficient to provide the army with war material according to the following estimate:—

1st month for an army of 150,000 men.	
2nd " " 250,000 "	
3rd " " 500,000 "	
4th " " 700,000 "	
5th " " 900,000 "	
6th " " 1,200,000 "	

These numbers are approximate and further details may be obtained from the General Headquarters of the Volunteer Army.

We hope that, as the British Government knows the approximate quantity of material required by our armed forces, it will be possible to arrive at an estimate of the freight by virtue of past experience.

The import of commercial freights, that is, articles of primary necessity, will require a tonnage of about 50,000 tons per month.

Imports.—An approximate specification of imports into South-Eastern Russia from abroad for six months is herewith appended. Of course, this is only a wish which ought to be fulfilled as nearly as possible. But it

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is of special importance and even imperative to have machines for printing money, and all accessories, paints, engraving slabs and paper in a quantity necessary for the work of the department for printing paper money during 10 months. More accurate information concerning this will be given by the Financial Secretary attached to the Volunteer Army.

Exports.—In former times the southern provinces of Russia used to export an enormous quantity of grain. But at present the decrease of cultivation, the export of all available grain by the Germans, civil war, the impossibility of giving peasants any kind of goods in exchange for grain, have resulted in producing only 20 per cent. of the usual quantity of grain. Therefore, all the existing stores of grain and fodder will be used to supply the army and population and cannot be exported.

The chief exports from Southern Russia during the first six months can only be the following:—

						poods.
<i>Oil products—</i>						56,000,000
Crude oil	..	..	..	..	..	52,000,000
Mazout ..	..	..	..	..	..	10,000,000
Illuminating oils	..	..	..	..	..	6,500,000
Lubricating and solar oils	..	..	..	..	..	.. about 17,000,000
Benzine ..	..	..	..	..	..	141,500,000
Total, up to 1st July, 1919.						
						poods.
Manganese	..	..	..	..	..	50,000,000
Iron ore..	..	..	..	..	..	25,000,000
Cement ..	..	..	..	..	..	3,000,000
Tobacco..	..	..	..	..	..	2,000,000
Potash ..	..	..	..	..	..	500,000
Vegetable oils	..	..	..	..	..	100,000
Merino sheep skins	..	..	..	..	..	3,000,000
Sugar ..	..	..	..	..	..	500,000
Different freights	..	..	..	..	..
Total amount of freights for export during six months ..						226,100,000

The above stated quantity of export freight can only be delivered at the ports of the Black Sea, if the railways and oil pipes are in good working repair. If the railway transport is not organized it will cause great difficulties both in transport of freight and in the movement of troops.

Information concerning the oil, manganese, coal-metallurgical and chemical industries is herewith appended.

Commercial agents.—It is desirable to receive permission, as soon as possible, for our commercial agents to go to England, France and America, in order to establish proper commercial relations between the Volunteer Army and the Allies.

Passenger service.—In order to establish permanent relations with the Allies, it is very necessary to arrange a temporary passenger service by certain steamers. Until the order for demobilizing has been given, and until peace has been signed, only persons holding special permits from the staff of the Volunteer Army or from the staff of the Allies will be allowed to travel on these steamers. After peace has been signed passenger service will be carried on as usual.

Likewise, it is necessary to establish regular postal and telegraphic communication, which will at first be under special military censorship. A special detailed agreement will have to be drawn up concerning this.

The Economic Conference.—To clear up all questions concerning the exchange of goods between Russia and the Allied countries, it is desirable to call a special conference of representatives of the Volunteer Army and the Allied nations in order to discuss economic questions.

The Manager of the Department of Trade, Industry and Supplies of the Special Commission at the General Headquarters of the Volunteer Army.

(Signed) LEBEDEV.

1st December, 1918.

ENCLOSURE IV.

Prospects for the exploitation of the Russian oilfields during the next six months.

Present political events allow one to suppose that the Volunteer Army will soon occupy the chief oil centres (Baku, Grozny). It is the right time to ascertain what the prospects are for exploiting the oil fields during the next six months (1st January—1st July, 1919).

The winter season and the work entailed in organizing and supplying the Army, owing to its enlarged functions, will to a certain extent retard operations against the Bolsheviks, and until 1st July, 1919, the territory occupied by the Army will be limited to the Ukraine, the Crimea, the Don, the North Caucasus and the Trans-Caucasus.

According to information to hand, the Baku and Grozny oilfields have not suffered material damage and can resume the production of oil immediately on being occupied by the Volunteer Army. The rich oil fields of Grozny produce 10,000,000 poods (1½ million tons) crude oil per month. Of this amount, 1,000,000 poods (150,000 tons) should be deducted for fuel and local requirements. There is no information to hand later than 1st November, 1917, with regard to Baku oilfields and their output. Taking into consideration that the industries were working up to the time of the Turkish occupation and that the export during that time was very limited, it should be borne in mind that the reserve of crude oil products should exceed the reserves of 1917 (1st November). With regard to the output of crude oil and its by-products, it should be remembered that in consequence of a long period of inactivity and the lack of technical appliances during the initial stages, the average monthly output during the first six months will be less than a corresponding period before October, 1917, by 20 per cent.

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Working on the above assumption, we can estimate the output which could be supplied for export by the BAKU and GROZNY district by 1st July, 1919 :—

	Reserve, in thousands of poods.			Production for six months, in thousands of poods.			Total by 1st July, 1919.		
	Grozny.	Baku.	Total.	Grozny.	Baku.	Total.	Grozny.	Baku.	Total.
Crude oil	18,000	10,000	28,000	3,000	40,000	43,000	21,000	50,000	71,000
Mazout	1,000	5,000	6,000	..	43,200	81,450	39,250	48,200	87,450
Illuminating oil	1,500	6,000	7,500	6,680	23,000	29,680	8,130	29,000	37,130
Lubricating and solar oil ..	100	3,500	3,600	460	4,800	5,260	560	9,300	9,860
Benzine	14,000	500	14,500	4,600	250	4,850	18,600	750	19,350

The following is an estimate of the consumption of oil products in the UKRAINE, the CRIMEA, the DON territory, the NORTH CAUCASUS and the TRANS-CAUCASUS (including Persia) for six months, reckoned in thousands of poods :—

	Exported in the direction of Rostov from Baku and Grozny.	Along the Trans- Caucasian Railway from Baku.	For the Trans- Caspian territory and Persia.	Total.
Crude oil	1,320	12,700	500	14,520
Mazout oil	18,000	8,000	9,000	35,000
Illuminating oil	5,000	20,000	2,000	27,000
Lubricating and solar oil ..	850	2,150	200	3,200
Benzine	2,200	..	..	2,200

In view of the oil requirements and the desire of establishing a reserve as early as possible, the produce of the MAIKOP oilfields have not been included in this estimate, but have been left as a reserve for satisfying the requirements of the population.

The following is the amount of superfluous oil products which can be exported abroad :—(Crude oil, about 56,000,000 poods (1,000,000 tons); mazout, about 52,000,000 poods (90,000 tons); illuminating oils, about 10,000,000 poods (150,000 tons); lubricating and solar oils, about 6,500,000 poods (100,000 tons); and benzine, about 17,000,000 poods (300,000 tons) (up to 1st July, 1919).

Export from GROZNY for consumption at home and abroad may be effected along the VLADIKAVKAZ line through BOSLAN—MINERALNIYA VODI to ROSTOV and NOVOROSSISK; from BAKU the oil is transported by train to BATUM, where it is also conveyed along a naphtha-pipe which conveys about 120,000 poods (2,000 tons) in 24 hours. It is necessary to bear in mind that at the exploitation of oil districts, difficulties will not arise with regard to the small output of the districts, but only with regard to transport.

To avoid this the following measures should be taken in due time :—

- (1.) To suggest that the VLADIKAVKAZ Railway should repair all the tank wagons at its disposal and have in readiness the required number of engines, borrowing them from the neighbouring railways, in case of need.
- (2.) To suggest that the UKRAINE, DON and CRIMEA should do the same with regard to their railways, and should send their own tanks for oil.
- (3.) To request that the Allies concentrate some tank ships in the Black Sea for transporting oil products abroad.
- (4.) For the purpose of increasing transport in tank wagons, all oil products for the WESTERN UKRAINE and the CRIMEA to be shipped through NOVOROSSISK.

It should be borne in mind that at present the GROZNY district is occupied by the Bolsheviks and their Allies the Chechents, among whom the Germans have spread pan-Islam propaganda; the most pressing need of the moment is an immediate advance on GROZNY by the Volunteer Army and its occupation by the latter.

Only in this way will it be possible to supply the population with oil products and to save GROZNY from destruction which will be caused by its occupation by the natives and the Bolsheviks. The oilfields, when working, will have to be guarded against native robbers.

With regard to the exploitation of the BAKU district, the necessary condition for work there is the establishment of firm Russian authority; besides this it is necessary that the TRANS-CAUCASIAN Railway should be subordinate to the Volunteer Army.

(Signed.) W. LEBEDEV, Mining Engineer.

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ENCLOSURE V.

Commercial, Manufacturing and Supply Department of the Special Commission, attached to the General Staff of the Volunteer Army.

REPORT ON THE GROZNY CRUDE OIL INDUSTRY.

Description of the GROZNY Oilfields.

The GROZNY crude oil industry is carried on in two districts, the old and the new. The former has a site of 1,100 desyatins, extending in a longitudinal direction, length 12 versts, width 1-2 versts; the centre of the district is 12 versts west of GROZNY station on the VLADIKAVKAZ Railway. The new district has a site of 1,700 desyatins and is 6-8 versts south-east of GROZNY station. The old district is in the Tersk Cossack territory. The new district is in private-owned land in the towns of BYELIK, CHERMOEV and KURUMOV and partly in Government land, which has permanently been placed at the disposal of the Chechentsi population of NOVIYA ALDI; after the revolution the Chechentsi definitely secured these rich lands for themselves.

To revenge the murder, without reason, of their countrymen by soldiers of the III Bolshevik Regiment, the Chechentsi set fire to the New Oil Fields on 24th November, 1917. The equipment and buildings which were left after the fire were pillaged by the Chechentsi. Two wells are still burning at the present time; the Chechentsi prevent their being extinguished.

The old district is worked by the following firms:—The Grozny Oil Production Society, under the name "I. A. Akhverdov & Co." (Belgian, capital 8,312,500 roubles); the Northern Caucasian Oil Field Industrial Society (English, 8,000,000 roubles); Old Field Industrial Society, "Spies" (English, 6,250,000 roubles); the Petrograd-Grozni Oil Field Industrial Society (Russian, 10,000,000 roubles); Russian-Grozny "Standard" (Dutch, 12,000,000 roubles); Chelekeno-Dagestan Oil Society (Russian, 3,000,000 roubles); the Anglo-Russian "Maksimov" Society (English, 3,784,000 roubles); and several others of lesser importance. The new district is chiefly under the control of Russian Baku firms—Brothers P. and S. Tsaturov, the trading house T. Mailov & Sons, &c.; the only foreign firm working there is the North Caucasian Society.

The old district has 663 bores; the new, 112. The number of bores in operation in the first district is 358; in the second, 31. The average output of the old district is about 200,000 poods a year, that of the new district exceeds this. The average depth of the bores which are being worked in the old district is about 300 sajens. To prepare new fields for production, the usual number of bores made in the old district was 20,000 per year, and in the new 10,000.

The average monthly production of oil in the old district is 6,000,000 poods and in the new 3,000,000. The presence of several very powerful spurting bores and a greater intensity of pumping would make it possible to treble this output, but the limited means of transport and the impossibility of despatching all the oil produced renders it necessary to limit the output to the amount given above by artificial means.

Boring and pumping in the old district were carried on by an alternating current and steam; the current is generated at two electric stations—the Society of I. A. Akhverdov & Co. (gasometer) and the "Spies" Society (steam turbine), the power of which respectively amounts to 1,800 and 3,600 kilowatts.

The oil received was conveyed to Grozny station by the oil conductors of the Society of I. A. Akhverdov & Co., the Vladikavkaz Railway Company, the Moscow Company and the "Spies" Society. The unconveyed oil products are kept in iron reservoirs, capable of holding about 15,000,000 poods, on the old oilfields and about 20,000,000 poods at Grozny station.

The oil is converted at oil converting works; the Vladikavkaz Railway Company 30,000,000 poods a year, the Russian—Grozny "Standard," 30,000,000 poods, I. A. Akhverdov & Co.—25,000,000 poods, "Polza" and "Uspekh" with a smaller output.

During normal times 7,000 workmen were employed in the old district, 2,200 in the new, and 800 in the oil converting works; in all, about 10,000 men were employed in the oil industry.

Oil and mazout are transported in tank trains to Rostov and Novorossisk, where they are pumped by means of the oil conductor of the Society of I. A. Akhverdov & Co. to Petrovsk, on the Caspian Sea (the oil conductor is 150 versts long, diameter—8, output 50,000,000 poods a year. Benzine and kerosene are transported in oil tank wagons to Rostov and Novorossisk. To illustrate the transporting capacity of the Vladikavkaz Railway and the requirements of Russia as regards oil products, the result of the transport from September, 1916, to August, 1917 (12 months), can be given:—

	Poods.
Transport of benzine and its products	3,381,500
" " kerosene	4,942,500
" " mazout (by the railway oil conductor)	59,511,700
" " crude oil	15,864,500
" " lubricating oil and asphalt	1,454,500

During the same period the monthly transport to various districts was as follows:—

	Rostov.	Novorossisk.	Petrovsk.
	Poods.	Poods.	Poods.
Benzine and its products	268,000	24,200	7,000
Kerosene	252,400	13,000	3,610,000
Mazout	1,778,000	130,000	8,000
Crude oil	95,000	8,400	1,600
Oils, &c.	46,300	200	
Total	2,439,700	175,800	3,621,600

Present condition of the GROZNY Oilfields.

On the 1st September, this year, the position in the Grozny district was as follows:—The town was occupied by the Bolsheviks; the adjoining Stanitsa of Grozny, the Vladikavkaz Railway Station, the oil converting works and the Old oilfields were occupied by the Cossacks.

From information to hand the Cossacks have now completely driven out the Bolsheviks from this district and the latter have withdrawn to KIZLYAR. It is feared that when retiring the Bolsheviks will burn the reserves of benzine and other oil products, which threatens the destruction of the works. To restore the latter would be exceedingly difficult.

Transport.—Since October, 1917, the oil conductor from GROZNY to PETROVSK has not been working, and is in the hands of savage Chechentsi tribes. It may be concluded that both pumping stations at GUDERMES and KHASAV-YURT have been destroyed in the same manner as the New Oilfields. Owing to this it is impossible to count on the speedy re-establishment of an oil conductor, and at present there is no necessity for this, as the Volga is in the hands of the Bolsheviks and its routes are closed for Grozny oil.

The re-establishment of the oil conductor must be preceded by the conquest of the Chechentsi and the acknowledgment by them of the lost power of Russian authorities.

Consequently the oil industry must be based on the railway from GROZNY—BESLAN—PROKHLADNAYA, which is in need of repair, to increase its capacity for transport.

The labour question.—The oilfield workers (3,000 men) are completely disorganized and entirely beyond the control of the oilfield administration.

Since the first days of the revolution the output of the workers has diminished; from November, 1917, they have entirely ceased work, the reason for this being that their personal safety was not sufficiently guaranteed, and they are not working up to the present time, although they receive full wages. When, after the destruction of the oil conductor, it was ascertained that the number of workers exceeded the requirements of the oilfields and works, the Soviet of Deputies for the discharge of employees and workmen. The workmen had entered into a contract with the firms, which came into force on the 1st of May, 1917, but the contract did not fulfil expectations, and did not lead to satisfactory relations between the workers and the firms. The workers do not fulfil the terms of the contract and rudely violate them, and the power which would be capable of compelling them to carry out the contract does not exist in Grozny.

The financial condition of the firms.—Since November the firms have ceased to transport goods and receive money for same, and from this time remittances from their administrations came to an end, owing to the seizure of ready money by the Bolsheviks and the interruption of communication. The workers and employees were paid in full; a contribution was levied on the firms, to the amount of 250,000 roubles; they were compelled by the Bolsheviks to support "Red" battalions to protect Grozny from the Chechentsi. The firms were compelled to pay in full the salary of workers returning from the front, according to newly established rates. All this led to the fact that by April, 1918, the firms had already been deprived of their circulating capital.

From this time the Soviet of Deputies itself began to pay the workmen and employees' salaries for the firms; to guarantee the return of this enforced loan the last of the current accounts of the firm were confiscated, together with all the oil products (crude oil, benzine, kerosene, mazout, oil). From this time the firms have practically stopped work, and all the Grozny oil industry has fallen into the hands of the Soviet of Deputies. In this way it may be seen that the firms are entirely minus circulating capital, and are in debt to the Terek Cossacks for the hire of land; it is impossible to receive remittances from their administration in the near future, and they are faced with the immediate necessity of paying their workmen and employees.

Reserve products.—Although the new oilfields have been burned and the old oilfields have ceased work for a year, the Grozny district is still overfull of products. This is explained on one side by the fact that the export of benzine abroad ceased in 1914, and by the disorganisation of transport which has prevailed lately (from 1st November, 1917, to 1st November, 1918, transport was only carried on for 136 days) and on the other by the power of the spurting bores, which began to work in the middle and at the end of November, 1917, and could not be hermetically sealed, and through the covers still give out 1,500,000 poods of oil a month. Before the last spurting bore was exhausted it produced 500,000 poods of oil in 24 hours. The reserves of oil in the oilfields amount to 15,000,000 poods, at the works about 3,000,000 poods, mazout about 1,000,000 poods, kerosene about 1,500,000 poods, and benzine about 14,000,000 poods.

Necessary steps to be taken for the rapid re-establishing of the Grozny Oil Industry and using it in the interests of the Volunteer Army.

Transport.—As has been seen, the transport, even during normal times, did not fulfil the requirements of the Grozny oil industry; at the present time the speedy re-establishment of this industry entirely depends on the transport, and immediate steps should be taken to set the latter in running order, so that after the occupation of Grozny not one day will be lost and the railway will be working at its maximum capacity. To clear Grozny of the immense reserve of benzine, representing valuable goods, lying idle, not only useless in their present position, but also presenting great danger to oilfields and to the town, owing to its exceedingly inflammable nature, it is necessary first to organize the transport of benzine to Novorossiisk and its further export abroad. To accomplish this the following should be done:—

- (1.) The Vladikavkaz Railway Company should at once commence to put all oil tank wagons in a state of repair.
- (2.) To inspect and repair reservoirs for oil products at Novorossiisk, also equipment for transferring them to oil tank steamers.
- (3.) To enter into communication with the Ukraine and Don, and ask them to repair the oil tank wagons when Grozny has been occupied and to concentrate them near the frontier; and
- (4.) To enter into communication with the Allies and ask them to prepare the boats at Novorossiisk for the transport of benzine. After the occupation of Grozny, it will be necessary to guarantee the safety of the route from Grozny to Prokhladnye which, I am fully convinced, can only be accomplished by taking decided steps to repress the native population, who boldly seize State goods and the property of Russian citizens, unpunished.

At the same time the routes must be repaired which have been damaged by the natives by the continual breaking up of the rails.

It would be most profitable to export the benzine abroad (on principles of exchange) owing to the above-mentioned considerations and also in view of the fact that as the tanks are discharged at NOVO-OSSISK, the journey will be the minimum and the maximum transport will be guaranteed. The question arises, of how much benzine can be exported abroad without infringing on the interests of the Russian population. With a monthly output of oil from GROZNY amounting to 3,000,000 poods (see below) of which an average of 75 per cent. is converted into mazout, 13 per cent. into kerosene and 9 per cent. into benzine, the monthly output of mazout would be 2,250,000 poods, kerosene 390,000 poods and benzine 270,000 poods. From the information given above concerning the transport, it can be seen that the monthly export of products fully supplies internal requirements, the reserves of 14,000,000 poods of benzine, &c., could be exported abroad.

Organization of administration.—Since the first days of the revolution GROZNY was left to its own resources; there was no institution, no individual, who even to some extent checked the destructive instincts of the workmen.

Owing to this, anarchy prevailed in the oil industry. After the taking over of the industry by the Soviet of Deputies a staff was made of all Commissaries, who completely disorganized the industry. To put an end to this disorganization it is necessary, immediately after the taking of GROZNY, to place a capable person at the head (not only of the oil industry) but of all industries in GROZNY, giving him full power to decide all questions which arise, owing to the present suspension of communications, and to organize the administration. It will also be necessary to have a Council of local specialists in all branches of industry. The authorized agent must act within the limits of the instructions drawn up in conjunction with the representatives of the firms, subordinate to all Departments of Trade and Industry of the Special Commission attached to the General Staff of the Volunteer Army.

Organization of production.—If new spouting bores are opened on the old oilfields, and if the most productive bores are worked, the output of the oilfields could be increased in the near future up to 10,000,000 to 15,000,000 poods a month; in view of the lack of transport the output of oil must not exceed 3,000,000 poods per month. This is done by artificially suppressing the bores. It would be unreasonable to work the oilfields to their full capacity. In connection with this it will be necessary to decrease the number of workmen from 3,000 to 1,500. It may be concluded that the discharged workmen will withdraw with the Bolsheviks. In case this does not take place, their discharge must be carried out in agreement with the representatives of the firms, and on a just basis. After order has been established among the Chechentsi, allies of the Bolsheviks, the re-establishment of the oil conductor to PETROVSK and of the New oilfields must be accomplished, by delivering an ultimatum to the Chechentsi, to give back all the plundered technical equipment of the oilfields. Unless this is done the re-establishment of the oil conductor and of the New District will be rendered more difficult. The oilfields have always suffered from the absence of a line for direct delivery; at present, owing to the lack of motors and horses, during the period when the roads are impassable the oilfields will be completely cut off from the town and the railway station. To avoid this a delivery line, 20 versts long, must be constructed from GROZNY Station to the old oilfields.

Financial measures.—As shown above, firms dealing in crude oil are out of funds; notwithstanding this, a certain sum is absolutely necessary for workmen's wages and cost of upkeep during the first month. According to my estimate as much as 5,000,000 roubles is needed for this. The only way out of this difficulty would be by giving these firms credit at the State Bank. Payment could be guaranteed by their products and property. In view of the fact that the price of crude oil fixed by the Soviet power is very low (five times as low as in KUBAN), it would be necessary to raise the price in accordance with the general increase in the cost of living.

Prices up to the 1st of August were—

									Roubles.	k.
Crude oil	..	..	..	..	..	..	..	..	2	0
Mazout	..	..	..	..	..	..	..	..	2	20
Kerosene oil	..	..	..	..	..	..	..	..	5	20
Benzine	..	..	..	..	..	..	..	..	11	0
Benzine (for aeroplanes)	..	..	..	..	..	..	..	..	30	0
Lubricating oils	..	..	..	..	..	..	..	..	16	0

Besides this, the Department of Trade might support the manufacturers in their appeal to the TEREK Cossack forces to reduce part of their rent for the last year and to extend the term for payment of the rest.

It would, moreover, be necessary, in order to increase the floating capital and obtain new capital for the oilfields at GROZNY, to issue a temporary law deducting a part of the taxes on their profits. At present these taxes amount to 90 per cent. of the profits, which spells ruin for the industry. It is self-evident that all decrees of the Soviet Power with regard to the confiscation of products and current accounts will be annulled.

Labour question.—It has already been mentioned that, to begin with, it will be necessary to diminish the number of workmen and employees in accordance with the requirements of the firms. In dealing with the remaining workmen it will be necessary to take the utmost care in order to establish and confirm cordial relations between them and their new masters. For this purpose the wages of the workmen should be examined and raised to an extent corresponding to the price of articles of primary necessity. It would be desirable to ensure their receipt of foodstuffs by organizing a system of exchange of goods. In line with this it would be possible to examine the general agreement itself, excluding from it all clauses which hinder the development of trade. It is absolutely imperative to give the board of the firms the right to engage and discharge workmen and employees.

Résumé.

It is evident from the above that:—

- (1) The GROZNY oilfields are a great commercial centre, and their occupation by the Volunteer Army is of extreme importance, not only with regard to the development of the country itself, but also for the commercial exploitation of all the south-east.
- (2) After the Volunteer Army has occupied GROZNY, it might, by means of levying an increased tax on kerosene and benzine, by instituting an income tax, and by levying a special military tax on all exported oil products, obtain even during the period of limited export a large monthly revenue up to 10,000,000 roubles per month.

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- (3.) The prolonged struggle between the weak Terek Cossack troops and the Bolsheviks and their Allies the Hill-Tribes (Chechentsi), and Ingushi (tribe), for the possession of the country round GROZNY, may end in the destruction of the whole oilfield district.

It is moreover necessary to bear in mind the fact that the occupation of the GROZNY district will make it considerably easier to obtain supplies for the Volunteer Army, for there are in this district large military toluol and tetryl factories, furnishing ready-made goods, and also large reserves of zinc, lead and sulphuric acid at the Alagorsk works.

(Signed) W. LEBEDEV, Mining Engineer.

7th November, 1918.

ENCLOSURE VI.

Special Commission attached to the
Staff of the Commander-in-Chief
of the Volunteer Army.

Department of Trade, Industry and
Supplies.

Chemical Section.

17th November, 1918.

To the Chief of the Industrial Section of the Department of Trade and Industry of the Special Commission,
attached to the Supreme Command Volunteer Army.

REPORT.

For the re-establishment of the chemical industry in Russia, it is imperative that steps should be taken to obtain from abroad those essential articles which we lack at present.

The sulphuric acid works, which form the basis of the whole chemical industry and are indispensable in nearly all other branches of industry, are in need of iron pyrites which is essential for the production of sulphuric acid.

Before the war, iron pyrites were received by the South Russian works, from Greece and partly from Spain. After the Iardanelles were closed, most of the pyrites was received from the Urals (about 400,000 poods per month), and a small quantity from the Caucasus (about 40,000 per month). At present the Urals are inaccessible, while the Caucasus after its liberation will be incapable of meeting the demand.

In view of the above it is necessary to request the Allies to organize immediately a despatch of iron pyrites by sea from Greece.

The requirements of the sulphuric acid works in South Russia, working at their maximum, would be approximately 4,000,000 poods per annum.

At present there is about 600,000 poods at the works and 500,000 poods in TSARITSIN.

As in the beginning the works will not be able to work at their maximum, I would consider it necessary to receive a preliminary 500,000 poods. Of these, 100,000 should be sent to ODESSA for the Chemical and Oil Products Anonymous Company in ODESSA and for the Podolsk Industrial Joint Stock Society in VINNITSA. 400,000 poods should be despatched to MARIUPOL for the Donetz Glass and Chemical Company's Works and the Livengov Glass and Cork Manufacturing Joint Stock Company, for the Shterovka Franco-Russian Society Works, and for the "Russokraska" Works.

At the same time, it is necessary to warn the Allies that the demand for iron pyrites will attain up to 4,000,000 poods per annum. As reference, I quote that before the war price of iron pyrites at MARIUPOL was 21-23 kops. per pood.

The second requirement of the chemical industry, Chilean nitrate of soda was obtained exclusively from America (Chile). The demand for this article estimated for the requirements of satisfying a peace time market will equal about 500,000 poods per annum for the South of Russia. As at the present there is only 8,000 poods of nitrate of soda in Yekaterinodar, 297,000 in the Ukraine, it is necessary to apply at once to the Allies for the organization of the import of nitrate of soda from America amounting to 200,000 poods.

In the beginning of the war the price of nitrate of soda was 4 roubles per pood (gross).

The third article, phosphates, required for the manufacture of super-phosphates, were obtained by sea from Tunis and Spain.

The pre-war demand was equal to 700,000 poods per annum; but now the production of super-phosphates should be greatly developed (as about 25,000,000 poods of super-phosphates were imported from abroad and principally Germany), and therefore we must consider that in the very beginning not less than 2,500,000 to 3,000,000 poods will be the required amount.

All the above articles are required for private enterprises. I should consider it desirable to obtain the consent of the Allies for the delivery of these articles and having ascertained their terms, to inquire of the Union of Chemical Industry in KHARKOV (Veterinarnaya Street 13) of their desire to purchase these articles on the proposed terms.

The financial position of many of the works at present is very critical, and it is possible that they will not be able to pay immediately.

In the latter case, I presume that the above-mentioned articles should be ordered, as we must hope for a re-organization of the Russian chemical industry, and stocks of such essential articles as iron pyrites, nitrate of soda and phosphates should be prepared beforehand.

Chief of the Chemical Section.

(Signed) Illegible,
Captain.

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ENCLOSURE VII.

To the Director of Commerce, Industry and Supplies.

REPORT.

In compliance with your personal request, I herewith furnish information concerning the export of manganese.

Export of manganese ore out of Russia according to the districts:—

In poods.

	Year.		
	1912.	1913.	1914.
European Russia—			
Districts { Russian-Prussian	2,216,109	1,594,110	399,967
{ Russo-Austrian	416,188	1,324,642	575,554
{ Black Sea	2,092,860	2,618,820	1,683,720
Total for European Russia	4,725,157	5,537,572	2,659,241
Asiatic Russia—			
Black Sea district	56,802,078	67,341,904	43,217,624
Total export from Russia	61,527,235	72,879,476	45,876,865

The given table shows that the amount of manganese ore exported through the Black Sea is as follows:—

	Poods.
In 1912	58,894,938
In 1913	69,960,724
In 1914	44,901,344

Thus it may be taken that, under favourable circumstances, the export *via* the Black Sea approximately amounts to 70,000,000 poods (about 1,160,000 tons).

The following were the chief consumers of Russian manganese ore on the world market:—

Holland, through whose ports 23·6 million poods were exported for German works in 1913. Great Britain, where 16·9 million poods were also exported in 1913, Belgium—12·4 million poods. The United States of America—8·3 million poods and 5·4 million poods were directly exported into Germany. Besides the enumerated countries, Russian manganese ore was exported in smaller quantities into France, Austria-Hungary and Italy.

The information has been obtained from the Statistical Bureau of the Council of the Congress of the owners of industrial enterprises in South Russia.

Chief of the Chemical Department.
(Signature illegible), Captain.

ERATERINODAR,
17th November, 1918.

ENCLOSURE VIII.

SHORT SKETCH of the condition of the Mining and Metallurgic Industry of the Donetz Basin at the time of the arrival of the Allied Squadron at Novoherkassk in November, 1918.

During the Bolshevik rule in the Donetz Basin the metallurgic industry died out completely. All the metallurgic works closed down. Many of the mines ceased work completely; the remainder reduced their output. Most of the mines are flooded. However, the machinery and equipment of mines and works has been preserved. In normal times the average output of the Donetz Basin equalled about 150,000,000 poods (25,000,000 tons) of coal. At the time of the German occupation of the Donetz Basin the monthly output did not exceed 30–35 million poods (500,000 tons); at present the monthly output has already reached 50–55 million poods (900,000 tons). The output increases slowly. This is chiefly due to the following:—

- (1.) The uncertainty of the political situation and the serious danger of a renewal of Bolshevik power after the withdrawal of the German troops, which has been confirmed by the events of the last days (the power taken by the supporters of Petliura).
- (2.) The absence of the most primitive guarantee of safety of life or property since practically nothing has been done in this direction either by the Ukrainian powers or the German Command.
- (3.) The extreme disorganization of the transport.
 - (a.) The lack of rolling stock, part of which has either been transferred to the north by the Bolsheviks or west of the River Dniester by the Germans.
 - (b.) The lack of lubricating material.
 - (c.) The absence of a sole administrator of the railways, parts of which are controlled by Don Cossacks and part by the Ukraine. The disorganization of the transport is so great that even the limited quantity of coal produced cannot be exported by rail.

- (4.) The impossibility of obtaining all requisites for the working of a mine, due to the lack of same, but chiefly to the lack of transport.
- (5.) The chaotic state of finance, due to the Russian and Ukrainian Governments not having met their liabilities for the supply of fuel.
- (6.) The limited productiveness of labour, partly due to the reasons stated in paragraphs 1 and 2.

Notwithstanding the small output of the mines, the reserve of coal is increasing and has now attained 120,000,000 poods (2,000,000 tons). This reserve, together with the current output, would guarantee the supply of fuel to the railways in the regions freed of Bolsheviks and to the Russian shipping in the Black Sea. The problem of dispatching fuel along the railways and exporting it to the ports (MARIUPOL, NOVOROSSISK, NIKOLAEV, ODESSA) owing to the lack of transport has still to be faced.

The blast furnaces are inactive owing to the impossibility of obtaining supplies (fuel, &c.). On 2-3 works slight activity is displayed by the newly organized departments.

The reserve of ore at the KRIVOI ROG Mines attains 100,000,000 poods (1½ million tons), but no work is carried on. Taking into consideration the impossibility of foundering being carried out on a large scale in the near future, part of the iron ore could be exported abroad. The lack of transport renders this impossible.

The establishment of industry in the Donetz Basin is possible, but great effort and time will be necessary.

To attain this, first of all it is imperative:—

- (1.) To establish law and order, ensured by a strong police, and the assurance of the impossibility of the return of Bolshevism. This can be achieved by an immediate occupation of the centre by trustworthy Russian or Allied garrisons and by organizing town and district police, backed by a strong government. It is important to note that at the present moment the occupation of centres by garrisons would be an easy matter, owing to the absence of resistance. Later, however, it is probable that the Ukraine will have to be reclaimed.
- (2.) The organization of the transport by supplying rolling stock and lubricating materials. Of course, the above-stated measures are insufficient for the re-establishment of the Donetz Basin industry, but without these measures all others will lead to nothing.

ENCLOSURE IX.

LIST OF ARTICLES of Primary Necessity which should be imported into the Governments of KUBAN, TEREK, STAVROPOL and the BLACK SEA, into the CRIMEA and the DON Cossack Provinces in the course of six months from the 1st of December, 1918, to the 1st June, 1919.

	Tons.
(1.) <i>Manufactured articles—</i>	
Textile goods (60,000,000 metres)	55,000
Light dress materials (80,000,000 metres)	90,000
Heavy materials (30,000,000 metres)	120,000
Ready-made linen (1,000,000)	500
Ready-made clothing (400,000)	1,000
Total	266,500
(2.) <i>Thread—</i>	
Reels (300,000 gross)	2,500
For tacking, black and white (300,000 gross)	200
Total	2,700
(3.) <i>Footwear and goloshes—</i>	
Ready-made boots (500,000 pairs)	2,000
Winter goloshes (2,000,000 pairs)	2,000
Summer goloshes (1,000,000 pairs)	750
Total	4,750
(4.) <i>Tea—</i>	
Chinese or Ceylon tea	5,000
Black tea	2,500
Total	7,500
(5.) <i>Stationery, &c.—</i>	
Writing paper	200
Pencils, lead (500 gross)	10
Pen nibs (50,000 boxes)	25
Total	235

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(6) Agricultural machinery and implements—		Tons.
Various reapers, 5,000	3,000	
Various reapers and binders, 5,000	3,000	
Various mowing machines, 10,000	5,000	
Rakes, 2,000	1,000	
Various forks, 100,000	150	
Hatchets, various; 50,000	1,000	
Traction engines, 200	1,500	
Petrol-motors, 500	2,000	
Tractors and accessories, 500	3,500	
Spare parts and adaptable fittings for agricultural implements	2,000	
Total	22,150	

(7.) Miscellaneous goods—		
Cord for binding sheaves	2,000	
Tin	200	
Lead	100	
Babite?	500	
Carpenters', cabinet makers' instruments, &c.	1,000	
Machinery, engraving slabs, colouring and special paper all for the preparation of paper money	1,000	
Newspaper	500	
Machinery for the weaving of cloth and cotton goods	3,000	
Total	8,300	

Approximate quantity of goods requiring to be imported during six months:—

1. Manufactured goods	266,500
2. Thread	2,700
3. Footwear and goloshes	4,750
4. Tea	7,500
5. Stationery, &c.	235
6. Agricultural machinery and implements	22,150
7. Miscellaneous goods	8,300
Total	312,135

The average of 52,000 tons monthly to be imported.

(Signed) W. LEBEDEV.

APPENDIX E (1).

INTERVIEW WITH M. SAZONOV, MINISTER OF FOREIGN AFFAIRS.

Points discussed:—

(1.) AIMS OF THE VOLUNTEER ARMY.

United Russia.—His personal view is that a constitutional monarchy is the only form of Government which has any chance of success or reasonable stability. A large measure of local autonomy should be granted to the various provinces, but not so much as to create anything like a series of independent States. Sazonov inclines towards the British form of government rather than to the French, and he considers the American even dangerous to Russia. There are many signs that in the South steps are being taken towards realizing unity on some such basis.

United military command.—The personal ambitions of a number of semi-independent leaders of anti-Bolshevik forces have delayed the realization of the above ideal, but between the aims of the various bodies of troops and population there is no distinction whatsoever. The mere appearance of the Allied representatives has already done a great deal towards turning the minds of these leaders towards the question of union and sinking their personal differences and ambitions. The difficulty with General Krasnov is exactly this personal one, and it could be at once overcome by the appointment of such a person as the Grand Duke Nicholas as Commander-in-Chief, but on the other hand, the appearance of the Grand Duke at this moment would be extremely dangerous, as it would alienate the sympathies of all those who fear a return to autocracy or anything resembling autocracy.

(2.) THE ARTIFICIAL DISMEMBERMENT OF RUSSIA.

The Ukraine as a State is a fiction. It has no basis either ethnographical, political, linguistic, social or artistic. It is an invention of the Austrians, who had long before the war maintained an academic propaganda in favour of Ukrainian separatism.

(3.) INTEGRITY OF RUSSIAN TERRITORY.

Sazonov admits complete Polish independence. The Poles have deserved well of Russia, especially during the early part of this war, and there is no justification for the retention of Poland under any foreign yoke. The rest of Russia should remain united and part of the Russian State, which should include the Baltic provinces and Finland for commercial and strategic reasons respectively.

COMMENT.

The statement by Sazonov with regard to the suitability of the Grand Duke Nicholas for the post of Commander-in-Chief, in order to solve the question of unity of command and pave the way for the creation of a constitutional monarchy, is interesting as representing not only his personal views but also those of many more or less influential persons who surround the Headquarters of the Volunteer Army. These Headquarters are the rallying point of many elements of Russian society who have sought sanctuary there, but there is a distinct flavour of the old Petersburg "monde" and governmental circles which inspires some distrust in the minds of the local leaders and people.

APPENDIX E (2).

FAREWELL VISIT TO GENERAL DENIKIN.

Points made by him :—

(1.) Everything is leading towards unity of command. There are signs that all the local commands are seeking a basis of common action. Witness latest development in Siberia where the UFA directorate has been replaced by Admiral Kolchak, who is of the same way of thinking as the Volunteer Army.

(2.) The needs of the Volunteer Army at the present moment are not so much rifles and ammunition of which for the present needs there is a sufficient store in hand. What is needed above all is warm clothing and boots and medical materials and comforts.

(3.) The lists of materials and equipments required for the larger operations in the future take no account of the source of the material. The Russian stocks in Roumania are known, but as far as the Ukraine is concerned it is not known what Russian material remains there; therefore, the Allies need supply the balance only after deducting what is found to be in the Ukraine.

(4.) There is an enormous amount of intelligence material in the possession of the Headquarters, Volunteer Army, only a small sketch of which has been able to be included in the present report. The rest of the material will, however, be put together and handed to the Allied representatives on the first possible occasion when it is ready. This information is particularly valuable, as it cannot be obtained elsewhere.

(5.) The question of the supply of some of the latest technical devices, such as tanks to the Volunteer Army, was touched upon by the Commander-in-Chief, and he emphasized their value to him as imposing psychologically upon his enemies rather than as engines of military value.

(6.) The Commander-in-Chief laid great stress upon the ill effect produced by the hauling down of the Russian flag and the hoisting of the Allied flags upon the Russian ships of war in the Black Sea. The mere fact of the Russian St. Andrew's flag flying on these ships gives him a moral support far beyond any naval value these ships could possibly have. He can also provide sufficient guards of naval officers to prevent these ships falling into the wrong hands.

APPENDIX E (3).

INTERVIEW WITH MR. BENNETT.

He considers Skoropadski made a mistake in promising land to peasants, because he has been unable to achieve anything in this direction.

Considers him to be a man of moderate ability and lacking in strength.

He was chosen by Germans and has been made a tool of by them. In order to keep the country completely at their mercy Germans refused to allow him to form an armed force.

The Samostiniki advocate the independence of the UKRAINE.

Petliura gaining strength and holds outskirts of ODESSA.

Considers he will gain possession of ODESSA and other towns merely because there is *no opposition whatsoever*.

He does not consider movement serious. Only a few fanatics believe in this party, the bulk of whom are either Bolsheviks or monarchists, and who hope to establish their own party by overthrowing the present Government.

The desire for law and order is very strong among all classes, and the majority are willing to back any party which is strong enough to establish the normal conditions of civilized life.

The use of the UKRAINE language is a farce.

Official documents are written in Russian, translated in Ukrainian and published again in Russian. Only a few professors know, or pretend to know, the Ukrainian language.

Mr. Bennett is a British subject who has lived and traded in MOSCOW during the last 25 or 30 years. He stayed in Russia through the revolution.

