of the independent Soviet Republic of Ukraine. After the German troops had occupied all points belonging to the Ukraine, they continued to advance still further in the direction of Moscow and even occupied the southern part of the Russian governments of Tversk and Woronesj.

Therefore, the question of determining a line of demarkation on the Ukrainian front, which would determine the limits of the German advance, was quite acute, especially on the front near Woronesj, where Germany first demanded the occupation of some districts, but later only the occupation of the Waloeiki district, with the important strategic railroad junction of Woronesj. The question of the line of demarkation was closely connected with the question of cessation of hostiliities, and this was the beginning of negotiations with the Ukraine.

On March 30, the Ukrainian Rada addressed us with the proposition to commence negotiations, and the German government repeatedly pointed to our obligations as laid out in the treaty of Brest to conclude a peace with the Ukraine. From our side, we proposed opening negotiations at Smolensk (between Moscow and Brest). Although we sent our proposition directly to the Rada in Kief, and also to Berlin, our proposition did not reach the Rada in Kief soon enough, and it was not until April 16th that the Rada sent us a courier with a note proposing to conduct the negotiations at Tversk (halfway between Moscow and Kief), whereto our delegates rapidly departed.

The peace delegation of the Ukraine came but to Worosjby (half way between Twersk and Kief), but the constant hostilities made it impossible for the delegates to meet. At this time, the Kief Rada was displaced by the government of Skoropadski, and Germany insisted that the negetiations be transferred to Kief, here they commenced on May 22nd.

The first question to be acted upon was the question of an armistice. The most important question, however, was the determination of a line of demarkation. We had repeatedly in the past made the question of determination of the boundaries of the Ukraine a topic for discussion, as we considered this matter as most important, having to reckon with far reaching consequences in case of an unfavorable conclusion.

On March 29, we received a telegram from the German assistant secretary Busche, in answer to our queries, explaining that the circumference of the Ukraine was temporarily determined upon, nine governments being added to the Ukraine.

When the negotiations concerning an armistice started, the Ukrainians demanded much more. They demanded that the line of demarkation be extended further to the North and to the East, so that they occupy eight more districts. They wanted especially the government of Woronesj, making fourteen districts, with a population of three million, to be given them.

The extreme moment in the negotiations occured simultaneously with the critical moment in the South, with the critical moment upon the Black Sea, when Germany demanded that the Russian fleet near Nowo rossisk return to Sebastopol. The Germans did not limit their military forces to the nine governments added to the Ukraine on March 29th, but occupied Tagenrog and Rostof, on the Don (both of the Sea of Azof) on May 6. Their further advance came to a halt at the important railroad junction Batarsk (opposite Rostof on the Don), which was occupied by a Soviet army.

On April 22, the German troops had already invaded the Crimea and had more extensively occupied the peninsula of Tauri, while a certain part of our Black Sea fleet had time to live for Noworossisk. We received a number of notes from Germany, wherein she complained of hostile treatment in different places upon the Black Sea, where ships belonging to our Black Sea fleet were destroyed.

On the South, the Turkish army advanced into the Caucasian regions, occupied Alexandropol (south of Tiflis) and threatened Baku, while southern Trans Caucasia sent troops against Soviet Russia, against the adherents of the Soviet movement in the vicinity of Sackhum (in South Caucasia on the Black Sea).

and in the entire Abchasie (South Caucasian Mountain region). The advance of the Germans and their allies in the Kuban regions (the western part of North Caucasus) had already started.

And in this critical moment the demand was made of us to order the return of the Black Sea fleet from Noworossisk to Sebastopol.

As a result of further negotiations, we received the guarantee from Germany that ships would not be used during the war and that after the conclusion of a general peace they would be returned to Russia. At the same time, the troops would not advance further upon the entire line of demarkation on the Ukrainian front, which was similar to the real position of the occupation at the beginning of the Ukrainian negotiations, which did not extend beyond Walveki upon the Woronesj frontier and stopped at Batasjk (opposite Rostof) upon the Southwestern frontier. In case we refused, the advance to Koeban would continue, and besides we were told that the possibility of economic and political agreements, the order to cease all advances upon the Ukrainian frontier, and even the beginning of the work of the joint commission in Berlin, depended upon our consent to the return of the Black Sea fleet from Novorossisk to Sebastopol.

The question of the return of the fleet thus became the centre of the whole German diplomacy against us, so that they might influence the whole further progress of our relations. The return of a part of the fleet to Sebastopol on June 18 and the sinking of the rest on June 19 made an end of this critical event.

Quickly upon this, the commission in Berlin, which had not convened for a long time, began to hold sessions, and the advance of the German troops upon the Ukrainian front ceased. The negotiations progressed even more rapidly. Three days after our consent was obtained for the return of our fleet, on June 12, a general armistice with the Ukraine was concluded. On June 17, an agreement concerning the line of demarkation of the Northern Ukrainian front was arrived at, and representatives were sent to Vitebsk to determine upon this line of demarkation. The most important point in the peace negotiations was the question of the boundaries of the Ukraine. It was agreed that the fate of those parts over which no agreement could be reached should be decided by a referendum, held under conditions that would guarantee the free and unhampered expression of the people.

The advance of the Turks, and later, of the Germans. in the South, was made easy through the policy of the Trans-Caucasian government (Social Revolutionary and Menshevik) a government supported by the privileged classes of the population, who had adopted a hostile attitude against Soviet Russia. After the attempts of the Russian Soviet government to enter into communications with the Trans-Caucasian government did not materialize, Germany offered her mediation for "regulating" the relations between us. After we had agreed to this, Count Mirback proposed that we send our delegation to Kief for the negotiations with the Trans-Caucasion government. However, we proposed that we meet in Vladikavkas (in Caucasia) and we insisted that the negotiations be directly between the Russian Soviet Republic and the Trans Caucasian government. Finally Count Mirback informed us that the representatives of the Trans-Caucasian government, Vatshabelli and Tseretelli, were on their way to Moscow, and that the German government cherished the urgent wish that the negotiations between us commence.

But the Trans-Caucasian government collapsed. The Georgian National Council, which took the place of the government of Tseretelli, sent a representative, Mr. Khvendadste, to Moscow, with whom however, we did not start negotiations. We knew that the government of the independent Georgians represented only the privileged class and that the masses did not wish nor recognize the separation from Russia. We also received the report that fictitious representatives of the Mussalman of Askhabatz (the Trans-Caucasian region bounded by Persia) represented themselves as an independent government, while we knew very well that the masses of the people did not wish to separate from Russia. The German government also informed us of the contents of a manifesto of a government

of the Union of Mountain Tribes of North Caucasia, with the proclamation of their independence, while in reality, North Caucasus was in the hands of the adherents of Soviet Russia, who rejected the proposition

The independent Georgians permitted Germany to transport her troops over the Georgian railroad, which opened the way to Baku, on the Caspian Sea, for Germany.

The Turkish troops were, as we know, in the Armenian regions, in the beginning of July, 1918, where a strong Armenian movement was operating against them.

The question of the Caucasus was placed upon the order of the day of the Political Commission convened at Berlin (German and Soviet representatives). The question of economic relations between Germany and Russia was determined on one side by the necessity of the liquidation of losses through Czaristic war measures and through the social legislation of the October revolution in regard to German property in Russia, and on the other side by the necessity for the creation of mutual economic relations in both countries. The treaty of Brest-Litovsk obligated us to pay indemnity for the losses of German citizens during the war through the liquidation of their undertakings, or through the cessation of payments of dividends and interest on loans. The execution of these obligations demanded from us the creation of a department that should investigate the German claims. This department is now in existence as the Liquidation Department of the Peoples Commissariat of Trade and Industries, and functions with success.

If, therefore, the settlement of such obligations, caused by the Czaristic war measures, occurs less rapidly than we wish, which gives the German government occasion for constant complaints, then this is not caused by the partial defects of our department alone (these defects are new eliminated), but by the fact that the Russian bourgeoisie strives to take advantage of our obligations to the Central Powers, and endeavors by all kinds of fictitious contracts to make demands upon us. The question of payments of interest on old loans, dividends, etc., cannot be separated from the question of our other obligations, caused by social legislation, and, likewise cannot be separated from our duty to support our prisoners of war in Germany.

Our social legislation endeavors to unite the principal sources of the economic life of the country and place them in the hands of the Workers' and Peasants' Soviet. Many of these sources are in the hands of foreign subjects. If we nationalize these branches of industry, then we are compelled to compensate the German subjects for their losses. Our local Soviets do not always understand that the interests of the State of Workers and Peasants does not demand the indiscriminate confiscation of everything that happens to be there, but a suitable nationalization of such industries as are necessary for us, from the standpoint of the general economic plans of the state.

The indiscriminate nationalization of all possible kinds of moving picture houses and apothecaries, the requisition of foreign property without plan, without a direct necessity, caused the State of Workers and Peasants to pay damages which run into hundreds of millions.

To Be Continued

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