

The Quiet Trade: Russian Art and American Money

During the last decade, art sales have made headlines—the \$5.54 million purchase of Velázquez's *Juan de Pareja* by the Metropolitan Museum of Art, for example. In 1970, it was the highest price ever paid for a painting. Last June's \$13.4 million sale of masterpieces from the Robert von Hirsch collection of Gothic, Romanesque, and Renaissance art was described as the largest one-day receipt in the history of art auctions. But in the late 1920s and '30s, a series of art sales of still unequalled magnitude—involving works by Rubens, Rembrandt, Watteau, Van Dyck, Titian, and Raphael—took place without fanfare. Here historian Robert Williams relates how the Soviet government under Stalin acquired badly needed American dollars through its quiet sale of art and imperial treasures.

by Robert C. Williams

In early 1931, rumors were flying in the art world that U.S. Secretary of the Treasury Andrew Mellon had pulled off an astounding coup by purchasing several Western European art masterpieces from the great Hermitage Museum in Leningrad. On May 10, the *New York Times* observed under a Washington dateline:

"A report that Secretary Mellon has purchased Van Dyck's *Portrait of Philip, Lord Wharton* was authoritatively denied here tonight. Mr. Mellon has bought no pictures from

Russian collections for his art collection."

But the gossip persisted, spurred by the new rumor that Mellon had purchased Raphael's *Alba Madonna* for \$1,166,400. On August 18, 1934, the *Times* dismissed talk of such a transaction as pure fantasy:

If this is not the time when an American citizen would be likely to buy the most expensive painting in the world, neither is it the time when the Soviet government would be likely to sell the rarest of its national treasures. Selling off the family



Courtesy of the
National Gallery of Art,
Washington, D.C.
Andrew W. Mellon
Collection.

Raphael's Alba Madonna (c. 1510) was one of the last paintings bought by Andrew Mellon from the Soviet regime. Purchased in April 1931, it drew at the time the highest price ever paid for a single painting: \$1,166,400.

heirlooms by a government or individual is a sign of being hard up, and that is an impression which the Soviet regime at the present moment would not care to create abroad.

The *Times* Kremlinologist was as misinformed as most Americans—and just as uninformed about the massive Soviet effort to sell art abroad to help finance industrialization at home during Stalin's First Five Year Plan (1928–33). Andrew Mellon was not the only beneficiary of this campaign, nor the first, but he was perhaps the most famous.

The fact that the Soviet government quietly sold art treasures confiscated from former royal Romanov and private collections to wealthy foreigners during the Great Depression is simply not discussed in the

Soviet Union. Missing masterpieces are generally described as casualties of a 1931 fire in the Hermitage or of German bombardment during World War II. In one case, a 1950 Soviet article on the Hermitage included a reproduction of the *Alba Madonna* without mentioning that the painting had been sold to Mellon 19 years earlier.

Yet, for a time, the sale of Soviet art played a prominent role in Stalin's economic policies, especially in Soviet-American trade.

Imperial Collectors

The Soviet art sales of 1928–33 reversed the traditional flow of art from West to East. The Imperial Russian government had been a buyer, not a seller, of art. Catherine

the Great, who ruled from 1762 to 1796, was only the first of many Romanov rulers whose agents fanned across Europe in search of art to enrich the great imperial collections of the Hermitage. Before World War I, wealthy Moscow merchants were also avid buyers of Western art. In 1909, the *Burlington Magazine* reported, "St. Petersburg is rich in pictures of old masters, for the most part unknown to art critics;" but these pictures were rarely for sale.

The St. Louis Fair Fiasco

Around 1910, the British art dealer Joseph Duveen offered to buy the famous *Benois Madonna* of Leonardo da Vinci from Madame Benois, only to be outbid by Nicholas II, who bought it for the Hermitage. In 1911, the Philadelphia collector P. A. B. Widener tried to buy two Rembrandt portraits owned by the Yusupov family, but discovered that they were not for sale at any price; only after the Russian Revolution would his son Joseph acquire them—from an émigré family member in need of cash, Prince Felix Yusupov, the murderer of Rasputin.

When the Imperial Russian government did try to sell art abroad, it was not very successful. Russian paintings, sculptures, and bronzes formed a colorful part of the Tsarist Ministry of Finance's many exhibits at foreign trade fairs before World War I, but these were usually works

by contemporary Russian artists, not European masterpieces. The best paintings were often only exhibited on loan, not for sale, and were buried among the sealskins, sables, and wood products designed to attract the Western businessman. The 600 paintings in the Russian art exhibit at the 1904 St. Louis fair met a particularly ignominious fate. When the agent of the Ministry of Finance attempted to sell them in New York in 1906 without paying the tariff on imported art objects, the entire collection was confiscated by the U.S. Bureau of Customs. They were finally sold at public auction as "unclaimed merchandise" in February 1912 by order of the Secretary of the Treasury, with the approval of President Taft. No further Russian government art displays were launched in America until the first Soviet art exhibit visited New York in early 1924.

Throughout the 1920's, while the Hermitage was being greatly enriched by the new regime's seizure of private art collections, there were persistent reports in the West that the Soviets were about to sell European masterpieces and other art treasures from the national collections. In 1924, the head of the Soviet trade delegation in London declared, "These rumors are absolutely without foundation."

But to Stalin, such art was bourgeois, European, or religious,

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and also a potentially profitable foreign trade commodity. By 1928, his drive toward industrialization made the sale of art objects to earn foreign currency seem necessary.

Unhappy Task

The Hermitage curators had little heart for these sales. They generally carried out their orders from on high with great reluctance, saddened by the depletion of the museum's collection but fearful of the consequences of resistance. The head of the West European Painting Section, V. F. Levinson-Lessing, found himself assigned in 1928-33 as an art appraiser to the Soviet art export agency Antikvariat and to the Soviet trade representative in Berlin, the exchange point for most sales to the West. Lessing was not enthusiastic about his job; 30 years later he was perhaps the only Soviet scholar to admit in print that former Hermitage masterpieces were now in foreign museums such as the National Gallery of Art in Washington.

The man ultimately responsible for the Hermitage and other Soviet museums was Anatoly Lunacharsky, Commissar of Education.

Lunacharsky tried to resist the pressure from Stalin to begin selling art works abroad. On September 28, 1928, he persuaded the Armenian-born Commissar of Foreign Trade, Anastas Mikoyan, to cosign a Main Customs Administration order forbidding the export of valuable art objects, including paintings by "artists whose production is systematically collected in the museums of the U.S.S.R." as well as works "necessary for the study of the general history of art."

But Lunacharsky himself was under fire at this time for resisting party control of art and education,

and his efforts proved to have little effect. In November 1928, two months after the issuance of the customs order, the first Soviet sale of art abroad began at the Rudolf Lepke auction house in Berlin under the direction of Lunacharsky's cosigner, Mikoyan.

One Hermitage curator, Tatiana Chernavina, told what happened, in her book *Escape from the Soviets*, which was published in the United States in 1934:

We were commanded in the shortest possible time to reorganize the whole of the Hermitage collection "on the principle of sociological formations." No one knew what that meant: nevertheless, under the guidance of semiliterate, half-baked "Marxists" who could not tell faience from porcelain or Dutch masters from the French or Spanish, we had to set to work and pulled to pieces a collection which it had taken more than one hundred years to create.

As Chernavina soon discovered, reorganization was a prelude to foreign sales. In the spring of 1930, she was ordered to remain after hours in the Hermitage, remove Van Eyck's *Annunciation* from the wall, deliver it to a high government official, and hang another painting in its place.

Unknown to Tatiana Chernavina, the sales of art masterpieces to the wealthy U.S. Secretary of the Treasury had commenced.

The Sales Begin

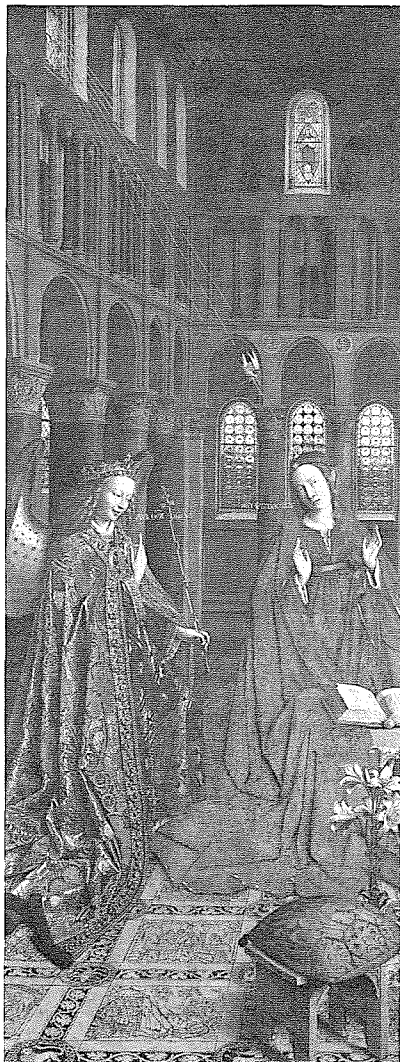
The decision to sell art objects abroad in the autumn of 1928 was ultimately the Politburo's, but the principal agent was Mikoyan. Mikoyan had become Commissar of Foreign Trade in 1926; by the autumn of 1927 he was already exploring the possibility of foreign art sales through Yuri Piatakov, the Soviet trade representative in Paris.

Piatakov proposed a "commercial venture" to the well-known French art dealer Germain Seligman, invited him to Moscow, and showed him great storerooms full of crystal chandeliers, malachite tables, jewelry, and paintings. Seligman, however, was more interested in recovering lost Watteaus and Matisse for France. Moreover, the French government was justly fearful of lawsuits in French courts by Russian émigrés who had owned the art the Soviets seemed intent on selling. The deal fell through, although Seligman was told that he could have a completely free hand in organizing auctions and deciding on the make-up and sequence of the railroad-car shipments of art to be sent from Moscow.

Mikoyan then initiated public auction sales in Berlin and Vienna in November 1928, but the works offered were not masterpieces, and Western dealers knew it. Prices were low, sales were disappointing, and there was indeed a lawsuit by Russian émigrés who claimed that the Soviet government was selling stolen property rightfully theirs. (Their case was upheld in Berlin but overturned by an appellate court in Leipzig.) When the public auctions proved less profitable than anticipated, Mikoyan decided to negotiate private sales of the best works from the Hermitage.

The American art market offered the best prospects. For several decades wealthy Americans had been steadily draining Europe of some of its finest art and antique collections.

Mikoyan therefore turned to one of the few Americans he knew in Moscow, Dr. Armand Hammer. Hammer had come to post-Revolutionary Russia in the summer of 1921 along with a number of other Americans associated with the New York



Courtesy of the National Gallery of Art, Washington, D.C.
Andrew W. Mellon Collection.

Philip III, 15th-century Duke of Burgundy, is the first recorded owner of Van Eyck's Annunciation (c. 1425). It passed to William II of Holland in 1819, then to the Hermitage in 1850, during the reign of Nicholas I. Andrew Mellon acquired it in June 1930.

"Bureau" of the first Soviet trade representative, Ludwig C. A. K. Martens. Hammer, through Martens, obtained a concession to mine asbestos in the Urals and another in 1925 to manufacture pencils. In the meantime, his Allied American Corporation was handling the sales of several dozen American companies in Soviet Russia, among them the Ford Motor Company. By the winter of 1928-29, however, it was becoming clear that foreign concessionaires were no longer welcome under the First Five Year Plan and that the Hammer pencil concession would soon be nationalized. Art objects provided an intriguing alternative commodity.

Foreign Geese

The first Mikoyan-Hammer art venture turned out to be a failure. In late 1928, Mikoyan hinted to Hammer (whom he had known since 1923, when the young industrialist arrived at Novorossiisk with the first shipment of Fordson tractors) that works from the Hermitage were now for sale and promised Hammer and his brother Victor a 10 percent commission on any paintings they could sell in New York. The Hammers promptly wired their brother Harry to get in touch with the world's leading art dealer, Joseph Duveen.

Duveen, in turn, set up a syndicate of New York art dealers capable of raising sizable sums of money, told his appraiser, Bernard Berenson, to get ready for a trip to Leningrad, and sent the Soviet art export agency Antikvariat a list of 40 Hermitage paintings for which the syndicate was prepared to pay \$5 million.

The head of Antikvariat was insulted. "What do they think we are? Children? Don't they realize we know what is being sold in Paris, London, and New York? If they want

to deal with us seriously, let them make serious offers." The arrangements fell through, but Mikoyan was still determined to sell paintings in America.

The abortive Duveen negotiations were part of a more general campaign by the Soviet government to distribute and sell art objects in America in 1928. That year, VOKS, the All-Russian Society for Cultural Relations Abroad (known to its U.S. critics as the Society for Stuffing Foreign Geese), working through Amtorg, the Soviet trading agency in New York, launched the first of its many Soviet art exhibits. The principal American organizer was a Philadelphia art critic, Christian Brinton, who signed an agreement to exhibit and sell contemporary and folk art for a 10 percent commission. Eight such exhibits were held in New York and other American cities from 1928 through 1934, featuring icons, rugs, textiles, toys, woodenware, and other objects familiar to any visitor to Soviet book outlets today. In 1929, Amtorg's income from such sales amounted to over \$1 million, more than double the 1928 figure.

Gulbenkian's Passion

Meanwhile, Mikoyan, thwarted by Duveen's inadequate offers for Hermitage paintings, decided to eliminate the middleman and sell directly to a fellow Armenian, Calouste Gulbenkian, head of the new Iraq Petroleum Company. Gulbenkian was then a British citizen living in Paris, who had been most helpful, some said, in helping Moscow dump its oil on the Western market. He was interested in buying European masterpieces from the Hermitage.

By June 1929, Gulbenkian had signed a contract with Antikvariat to make his first purchases from the

Hermitage. These included Dirk Bouts' *Annunciation*, a Louis XVI writing desk, and 24 gold and silver 18th-century French pieces. The objects were packed by Antikvariat officials in Leningrad under the watchful eye of Gulbenkian's agent, shipped to the Soviet trade representative in Berlin, and exchanged for a bank draft in pounds sterling, payable to the Soviet trade delegate in Paris.

Gulbenkian wrote one Soviet official that he was compelled to buy because of "this passion [to collect art] which is like a disease," but that his hair was "growing whiter" from arguments over prices. After endless haggling, he bought a number of other objects from the Hermitage between the summer of 1929 and the autumn of 1930. By late May 1930, he had purchased Houdon's statue *Diana* and six major paintings: Rubens' *Portrait of Helene Fourment*, Rembrandt's *Portrait of Titus* and *Pallas Athene*, Watteau's *Le Mezzetin*, Ter Borch's *Music Lesson*, and Nicholas Lancret's *Les Baigneuses*. Gulbenkian ultimately sold four of these to the Wildenstein Gallery in New York (in 1934 the Gallery sold the Watteau to the Metropolitan Museum of Art). He later acquired Rembrandt's *Portrait of an Old Man*.

"A Great Mistake"

Having consummated his purchases, Gulbenkian wrote to a friend, the head of the Russian state bank, on July 31, 1930, that the Soviet art sales were really a great mistake. "The objects which have been in your museums for many years should not be sold," he now maintained, adding that "the conclusion will be that Russia is indeed in a bad way if you are obliged to get rid of objects which will not in the end

really produce large enough sums to help the finance of the state." Finally, he admonished the Russian official not to forget "that those [capitalists] from whom you would ask for credit are precisely the same as the potential buyers of the objects you wish to sell out of your museums."

The United States was then the major foreign creditor of the U.S.S.R. The Soviet government desperately wanted to reverse its trade deficit with the United States, which ran as high as \$90 million in 1930 and 1931.

A New Buyer

In 1930, Andrew Mellon learned of the recent Hermitage sales to Gulbenkian from his New York art dealer, M. Knoedler & Co. Mellon, an avid collector, could not resist the new opportunity to buy. He put Knoedler to work.

At the same time, as U.S. Secretary of the Treasury, Mellon was involved with a number of issues related to unprecedentedly high levels of Soviet-American trade. The United States had become a major supplier to Russia of goods and raw materials (primarily automobiles, trucks, tractors, nonferrous metals, cotton, and rubber). Most of these sales were made possible by long-term credits extended by U.S. companies to Amtorg, which represented Mikoyan's Commissariat of Foreign Trade in New York. Imports from Russia (furs, hides, lumber, and manganese) were miniscule by comparison, and a highly unfavorable balance of trade had developed.

Nevertheless, the Soviet Union badly needed American capital, technology, and engineering know-how to carry out its First Five Year Plan. In 1929 Amtorg suddenly tri-

**HERMITAGE PAINTINGS SOLD TO M. KNOEDLER & CO.
FOR ANDREW MELLON, APRIL 1930 TO APRIL 1931**

All are now located in The National Gallery, Washington, D.C.

PAINTING	ARTIST	PRICE
<i>April 1930</i>		
Portrait of a Young Man	Hals	\$ 559,190
A Girl with a Broom	Rembrandt	
A Polish Nobleman	Rembrandt	
<i>May 1930</i>		
Portrait of Isabella Brant	Rubens	223,563
<i>June 1930</i>		
The Annunciation	Van Eyck	502,899
<i>July to November 1930</i>		
A Turk	Rembrandt	1,084,953
A Woman Holding a Pink	Rembrandt	
Philip Lord Wharton	Van Dyck	
Portrait of a Flemish Lady	Van Dyck	
Suzanna Fourment and her Daughter	Van Dyck	
<i>January 1931</i>		
St. George and the Dragon	Raphael	745,500
Pope Innocent X	Velázquez	223,562
<i>February 1931</i>		
Adoration of the Magi	Botticelli	838,350
Joseph Accused by Popiphar's Wife	Rembrandt	167,543
<i>March 1931</i>		
The Finding of Moses	Veronese	402,333
William II of Nassau and Orange	Van Dyck	
Portrait of an Officer	Hals	
The House of Cards	Chardin	
<i>April 1931</i>		
The Crucifixion	Perugino	195,602
<i>April 1931</i>		
The Alba Madonna	Raphael	1,710,558
Venus with a Mirror	Titian	
Total for twenty-one paintings		\$6,654,053

Sources: M. Knoedler & Co., archives; National Gallery of Art, object files; 36 U.S. Board of Tax Appeals, Docket No. 76499, promulgated December 7, 1937, p. 1046; *Art News*, February 23, 1935, pp. 3-5.

pled its orders from American companies, and in 1930 American exports to Russia reached a level nearly double that of 1928, supplying 25 percent of all Russia's imported goods. The Wall Street crash of late

1929, with the ensuing bank closings and massive unemployment, meant that from the American point of view exports to Russia were even more desirable. Competition among U.S. companies for Amtorg orders be-

came fierce in the first half of 1930. That year, primarily because of U.S. exports, Soviet-American trade reached an all-time peak of \$114.4 million (or \$509.3 million in current dollars).

Mellon's major headache in Soviet-American trade relations in 1930-31 concerned the "dumping" of Soviet goods abroad at prices below the "fair" market value. At precisely the time he was negotiating his Hermitage purchases, Mellon was being pressured by American businessmen to issue strict orders against Soviet dumping. He bought his first paintings in April 1930; in May he issued an embargo against Soviet matches; in July he issued another embargo against Soviet lumber produced with the use of convict labor. Between January and April 1931, Mellon consummated the greatest of his Hermitage purchases—almost \$4.5 million for 11 paintings, including the *Alba Madonna*. In February he ruled in favor of the Soviet government in the case of manganese ore. Throughout the years 1930 and 1931, he proved a reluctant enforcer of the protectionist will of Congress—and of many businessmen—as expressed in the Smoot-Hawley Act of June 1930. Only on April 22, 1931, did he impose a temporary embargo on Soviet asbestos, an embargo soon lifted by the new Roosevelt administration in April 1933.

Art by the Ton

Mellon chose a propitious moment to buy his paintings. The Soviet government was selling art objects in large quantity. Exclusive of the secret private sales to Gulbenkian and Mellon, 1,681 tons of art objects, jewelry, and antiques were sold by the Soviet government abroad dur-

ing the January-September 1930 period; 117 tons went directly to America, and more undoubtedly came into the country indirectly, through Europe. The dollar value (\$7 million) of Mellon's paintings alone amounted to almost one-third of all officially recorded Soviet exports to the United States in 1930.

From Titian to Tractors

The Treasury Secretary's purchases were never negotiated directly with the Hermitage but involved M. Knoedler & Co. and the subsidiary organizations of Mikoyan's Commissariat of Foreign Trade, namely, Antikvariat, the Soviet trade representative in Berlin, and Amtorg in New York. When a purchase was to be made, Mellon would deposit the amount in pounds sterling at Knoedler's, which would then make payments to the Russians' Berlin or New York trade representative, 10 percent down, the balance on delivery. The crucial intermediary between Knoedler's and the Soviet government was the Matthiessen Gallery in Berlin, whose lawyer was the contact with Nicholas Ilyn, the head of Antikvariat in Leningrad and Moscow. When the final purchases were negotiated in New York in the spring of 1931, the president of Knoedler's dealt directly with Ilyn and an Amtorg representative at the Hotel Biltmore. In this complicated way, and with a good deal of transatlantic cable traffic, 21 Hermitage masterpieces changed hands between April 1930 and April 1931.

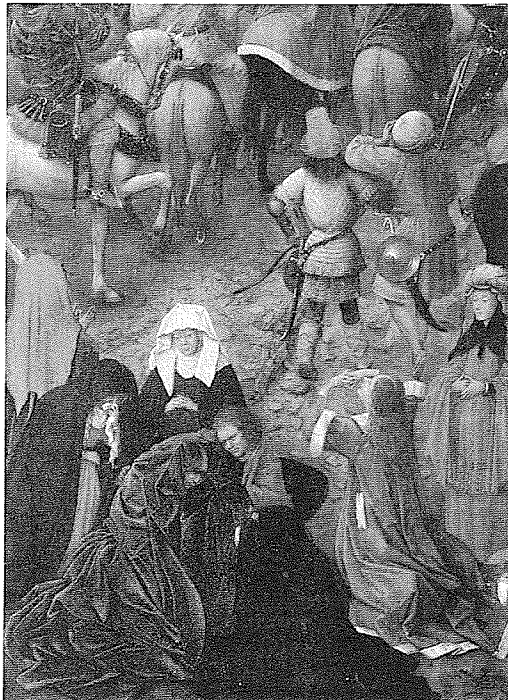
The fact that Berlin was the point of delivery was not accidental. As the Soviet Union turned away from America to Germany for credit in the winter of 1930-31, Mellon's money could be placed in a Berlin "blocked account" and shifted directly by the

Soviets to pay German bills. The same bank teller could literally convert Mellon's payment for a Titian into a Soviet payment for German tractors.

Whether the Soviets saw the final flurry of Mellon's purchases in early 1931 as a last opportunity to obtain American credit is impossible to say. It is likely, however, that by saving his greatest purchases until the end, Mellon took advantage not only of the steadily dropping values of the art market but also of the desperate Soviet need for credit. Few Americans at the time knew of his purchases. Blamed for the Depression and accused of conflict of interest, Mellon was driven from office in 1932 under threat of impeachment and became U.S. Ambassador to the

Court of St. James in London.* He retired a year later. In the years following his purchases, Mellon, when he said anything at all about the matter, denied owning paintings from the Hermitage. The paintings meanwhile rested quietly on the walls of his Washington, D.C., apartment or in the basement of Washington's Corcoran Gallery. They became public knowledge only in 1935, when Mellon was taken into

* Representative Wright Patman (D-Texas) accused Mellon on January 6, 1932, of violating the law which forbade the Secretary of the Treasury from being "concerned or interested in carrying on a business or trade or commerce." Charged with owning stock in 300 corporations, Mellon countered with the argument that in no instance did he hold a majority interest. The push for his impeachment abated when he accepted the ambassadorship.



*Detail from
Crucifixion.
The Soviets sold
Van Eyck's diptych
Crucifixion and
Last Judgment
(1426) in
May 1933 for
\$185,000. Its
value today is
\$2 million.*

Courtesy of The Metropolitan Museum of
Art, Fletcher Fund 1933.

court by the Internal Revenue Service for alleged tax fraud; he had made the mistake of trying to claim his paintings as a charitable deduction on his 1931 income tax. Eventually, he was acquitted of fraud and his estate paid his back taxes.

In 1937 Mellon died, and his great treasure trove of paintings went to the National Gallery of Art, which he himself had created and financed. Here they will undoubtedly remain—at least until America herself needs oil more desperately than oils.

The Boom Ends

Soviet foreign trade largely collapsed after 1931. Moscow's exports (of grain the Russians desperately needed as well as other commodities) led to antidumping measures by foreign governments, including Great Britain and Nazi Germany in 1933. Soviet trade policy resulted in shortages at home and a massive trade deficit abroad.

Soviet art sales faced the same pressures as Soviet foreign trade in general, and prices plummeted. The May 1930 public auction in Leipzig of prints and drawings from the Hermitage netted less than \$1 million; similar low prices prevailed the following year, when the highest price paid for a single drawing was \$5,000. The May 1931 sale of the entire contents of the Stroganov Palace through the Lepke house in Berlin brought a net of only \$613,000, less than the Soviet government had received for several individual works sold to Mellon. The drop in prices was most evident in the case of the Van Eyck diptych *Crucifixion and Last Judgment*, sold to the Metropolitan Museum of Art in New York through M. Knoedler & Co. in May 1933. When negotiations began in 1931, the Soviet government was

asking \$600,000 for the work. When they finally sold it two years later, the price was only \$185,000.

By the summer of 1933, Soviet art sales abroad had reached the point where *Burlington Magazine* bemoaned the "ever increasing impoverishment of the Hermitage." Many works of art had been sold abroad, the magazine reported, "for a profit that to a great state must be negligible, apparently in accordance with the orders of politicians whose boast it is that they are apostles of culture."

Other art treasures were disposed of during those years. In 1931, the Soviet government had begun selling off the confiscated possessions of the Romanovs, including great quantities of jewelry, icons, photograph frames, chalices, Easter eggs, and other art objects. Many of these were by the famous court goldsmith and jeweler Peter Carl Fabergé and had been stored for years at Tsarskoe Selo, Gatchina, and other palaces around Leningrad and Moscow. (Even the private library of Tsar Nicholas II ended up in the Library of Congress in 1931, via a New York bookseller who had obtained it from Antikvariat.) During this period of socialist construction, the Soviets saw these art objects as little more than unpleasant reminders of the Romanov past.

Marketing a Treasure

In January 1931, a German art syndicate calling itself the Import Antique Company began selling such objects through the Wallace H. Day Gallery in New York, but was temporarily stopped by a court injunction on behalf of Grand Duchesses Olga and Xenia; in March the sale went on but netted only \$69,136. That summer Duveen himself

COLLECTING ART IN MOSCOW

Armand Hammer published Quest for the Romanoff Treasure in 1932. Illustrated with photographs of imperial jewels (but devoted almost entirely to Dr. Hammer's mining and manufacturing activities), the book supplies this account of treasure-hunting in the Soviet Union at a time when priceless religious and imperial art objects were being "disbursed among the people" or melted down for gold and silver:

The collecting of these art treasures and intimate household articles of the Romanoff family had been the principal hobby of my brother [Victor] and myself. . . . Some articles [had] found their way to little shops where their acquisition was relatively simple, while others were in the hands of individuals who would part with them only after considerable negotiating. . . .

One day my brother Victor and I were eating at a small hotel in Moscow. He looked at one of the plates and called my attention to it. The plate had been turned out at the Imperial Porcelain Factory. It bore on its back the words "Nicholas I, 1825." It was more than one hundred years old and of exquisite workmanship. We asked the manager of the hotel where he had gotten the plate. He said it was from the palace, but he didn't like the plates because they broke too easily. We bought his supply, giving him some thicker plates which would stand harder usage by the dishwashers in the hotel. . . .

Our fellow collectors were very few. The most important were the French Ambassador, Ebert, and the German Ambassador, Count Brockdorf von Rantzau, who, on account of their diplomatic privileges, had no difficulty in sending their possessions out of Russia.

Whenever something of value would turn up in Moscow, we would be sure to meet the French Ambassador or his wife, who would appear on the scene, magnifying glass in hand. The German Ambassador rarely appeared in person. He apparently depended more on his agents.

Our home in Moscow became a virtual museum, filled with relics of the bygone splendour of the Romanoff Dynasty.

© 1932 by Armand Hammer. Reprinted by permission.

traveled to Russia and began buying up great quantities of tapestries and other art objects from the imperial palaces.

But the most successful seller of the "Romanov treasure" turned out to be Dr. Armand Hammer, the industrialist who had first interested Duveen in the possibility of purchasing paintings from the Hermitage in 1928. Hammer shrewdly perceived in 1931-32 that the glittering debris of the last Romanovs could be sold in

great quantities to wealthy American women, fascinated with European royalty and aristocracy but fated to live in a democratic society.

In 1929, the Hammers had signed an agreement whereby the Soviet government would take over their highly profitable pencil factories. By way of compensation, the Hammers would receive the equivalent of several million dollars but not in hard currency; some of it would be in rubles cash, and some in three-year

Soviet bonds. In addition they would be granted permission to leave Russia with their "household effects."

These "effects" included large quantities of art objects, mainly religious and imperial, which had been acquired cheaply. How and from whom they were acquired is not clear, but it is worth noting that Hammer's Allied American Corporation occupied the Fabergé shop in Moscow after 1922, that the Hammers had been in contact with Duveen for several years, and that the Hammer acquisitions occurred in the larger context of massive Soviet art exports.

Prices Plummet

By late 1932, the Hammers were marketing the "Romanov treasure" through retail department stores in St. Louis and other American cities. In October, Armand Hammer published his *Quest for the Romanoff Treasure*, which proclaimed that "business is business, but Russia is romance." In fact, the book was more about business than romance. It recommended American dealings with the Soviet government but did little to enlighten the reader about how the Hammers had actually acquired their art treasures. (Hammer was an active advocate of American-Soviet trade relations. On July 28, 1932, he wired the then Democratic presidential candidate, Governor Franklin D. Roosevelt, from Germany:

PRESS DISPATCHES HERE FEATURE YOUR INCLINATION TOWARD RECOGNITION OF RUSSIAN GOVERNMENT STOP AFTER BUSINESS EXPERIENCE IN RUSSIA AS AMERICAN CITIZEN LAST THREE YEARS I HEARTILY FAVOR SUCH RECOGNITION.)

Still, the book was a splendid advertisement for the impending sales at the Lord and Taylor department

store in New York. The sales opened in January 1933. Lured by an illustrated catalogue of "crown jeweled objects of art" (brocades, vestments, silver, porcelain, glassware, icons, and jewelry) and enticed by the prestigious Fabergé double-headed eagle on all the price tags, wealthy American women began buying at "bargain prices." Paradoxically, the Hammer sales reflected the low prices of the Depression in that only the rich could afford the trinkets of a vanished Romanov world. With their Lord and Taylor venture, the Hammers had started a profitable enterprise, which led a year or so later to the founding of the Hammer Gallery in New York as an outlet for Russian art.*

The sales of 1932-33 marked the end of massive Soviet art sales in America and the beginning of more conventional means of marketing art through dealers and galleries abroad. The great German art auctions came to a halt with the coming to power of Hitler in 1933. Russian art exhibits in America, after the United States had recognized Soviet Russia in November 1933, had less to do with economics and more to do with cultivating Soviet-American friendship through exhibitions of contemporary Russian arts and crafts.

The last major sale to an American occurred in 1937-38, at the height of Stalin's purges, when Ambassador

*As of this writing, Dr. Hammer is still going strong at age 80. Having acquired M. Knoedler & Co. in 1971, he merged the art gallery with a Swiss holding company to form Knoedler-Modarco S.A., a \$40 million art export firm. The company's purpose? To sell art to Arabs, Iranians, and other OPEC connoisseurs. Oils continue to flow toward the possessors of oil, it seems. Imagine a combined art collection of Messrs. Mellon, Gulbenkian, and Hammer—the founders of Gulf Oil, the Iraq Petroleum Company, and Occidental Petroleum!

and Mrs. Joseph E. Davies purchased large quantities of icons, chalices, and contemporary paintings in Moscow and Leningrad just before the government reinstated the 1928 restrictions on art exports. This time, the Soviet objective in permitting these sales was not so much to obtain hard currency as to win the political friendship that later found expression in Davies's rosy 1941 best seller *Mission to Moscow*. The Davies bought so much art in 1937–38, utilizing cheap black-market rubles deposited in Berlin banks by the Soviet government for the use of foreign diplomats living in Moscow, that they more than quadrupled the cost of these rubles, infuriating other diplomats who had to use the inflated rubles to buy food and pay salaries and rent.

The exchange of Russian art for American money would continue after 1938, through purchases by diplomats and tourists and occasional sales abroad, but never again would the Soviet government sell national art treasures in such quantity or of such quality on the Western market.

The Great Tradeoff

American buyers never publicized the fact that they had acquired art

that was originally the property of murdered Romanovs or purge victims, and the Soviet government was equally reluctant to admit it had sold its art treasures to Western capitalists. Crucial to Soviet-American trade, the sales were also seen by the Kremlin as a political weapon for influencing high-ranking Americans and thus an important element of Soviet foreign policy—aimed at exploiting the capitalist world, not overthrowing it.

Although war and revolution have been traditional forces in the international art market, only in the 1928–38 period did a government, rather than private individuals, sell off much of its art to wealthy foreigners who were its avowed enemies. As a result, American art collections were enriched by the debris of Stalin's revolution (which the acquisitive urges of Western collectors helped to finance).

In the art world, ideology rarely inhibits acquisition. The exchange of Russian art for American money suggests that in at least one aspect of the Soviet-American relationships of those days, trade overcame public antagonism and made art a force for détente, long before that word came into fashion.

