Acc. #199

AMTORG TRADING CORPORATION

1928 -- 1938
(Bulk Dates, 1929 -- 1932)

29.8 linear feet in 46 boxes

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INTRODUCTION

In the early 1920's the Soviet Union looked to greatly expand and modernize its industrial capability. Quite clearly, expertise and assistance from the more technologically advanced countries of the West would be needed to facilitate the kind of progress envisioned by the Soviets. In May 1924, the Amtorg Trading Corporation was chartered by the Supreme Economic Council of the Soviet Union to deal with American companies, including FMC.

Henry Ford was greatly admired as an innovator in industrial techniques and Ford Motor Company was approached by the Soviets even before the fighting in the civil war had completely ceased in Russia. In the early 1920's, FMC sold over 20,000 tractors to the USSR through various means. However, trade through Amtorg was fairly limited until the beginning of Stalin's Five-Year Plan in 1928. The Soviets sought a contract with the FMC which would not only provide the USSR with automobiles, trucks and tractors, but also give them the means to manufacture them as well. After long negotiations, a contract was signed on May 31,1929, providing the comprehensive package the Soviets were looking for. The USSR was to purchase 72,000 vehicles from FMC over the course of four years while two Model A plants were being built in Nijni Novgorod and Moscow by Autostroy, the Soviet branch tasked with auto plant construction. As part of the plan, Soviet students were sent to Dearborn to learn Ford techniques and FMC engineers were sent to the USSR to help in the construction and initial operation of the two proposed plants. Throughout this endeavor, Amtorg was to act as the middleman between FMC and the Supreme Economic Council, which included Autostroy. Evidently Amtorg was to handle all of the ordering and accounting of Autostroy, as well as providing a liaison between FMC and Autostroy.

There were many problems with this venture. The Soviets were far behind in the technology of mass-production and FMC had to start virtually from scratch. Communication between FMC, Amtorg and Autostroy remained a difficulty throughout. In addition, costs often ran higher than expected either by FMC or Amtorg. In some cases this was due to unnecessarily high tolerations demanded by Autostroy. At other times it was caused by FMC making a tentative proposal and Amtorg accepting it as a final proposal. Of course, the higher final cost of manufacture was passed on to Amtorg and when it came time for billing, Amtorg would dispute the higher price, thereby delaying the shipment of any orders due at that time. Furthermore, FMC's and Amtorg's accounting practices were rather shoddy, often leading to timely delays and even more confusion. It also appears that FMC did not close its orders with Amtorg as quickly as promised. Lastly, by 1931 the Soviets were not ordering vehicles in the quantity promised by them in the contract, causing bad feelings between FMC and Amtorg.

By 1935 much of the business between FMC and Amtorg had tapered off to a trickle and the Soviets anulled the 1929 contract. Despite an agreement reached in March, 1935, trade with Amtorg continued to decline and by 1938 was discontinued.

Recommended Reading

Sorensen, Charles E. My Forty Years with Ford. New York: W.W. Norton & Company, Inc., 1956.

Nevins, Allen and Frank Earnest Hill. Ford: Expansion and Challenge: 1915-1933. New York: Charles Scribner's Sons, 1957.

Wilkins, Mira and Frank Earnes Hill. American Business Abroad. Detroit: Wayne State University Press, 1964.

Terry Hoover

From: Jeffrey Burds [jburds@lynx.dac.neu.edu]
Sent: Friday, February 09, 2001 1:59 AM
To: Terry Hoover
Cc: Bill Rosenberg
Subject: Amtorg

Dear Mr. Hoover,

Thanks again for the fascinating and informative presentation.

I promised to send the basic information re: Amtorg and Soviet industrial espionage in the 1930s and 1940s. Here goes.

William R. Corson and Robert T. Crowley, The New KGB: Engine of Soviet Power (New York: William Morrow and Co., 1985), pp. 465-478.

The Amtorg Trading Corporation, which set up offices in New York city in 1924, controlled the first real Soviet espionage effort against the United States.

Amtorg was best known for its use of the "Inspection" system -- whereby no contract between Soviet purchasing agents and American companies could move ahead without on-site inspection of American facilities by Soviet inspectors, ostensibly trained engineers working for Amtorg but in reality Soviet spies charged with stealing American technology.

By the mid-1930s, American producers starved for business contacts in the midst of the Great Depression, were virtually giving away American technology in exchange for highly desirable Soviet trade contacts. As a contemporary later wrote: "Many puzzled American firms, unaware of the Soviets' game, were mystified when contracts containing a unique provision began to pour in for American goods. No orders would be accepted, the contract said, unless a Russian representative had the right to inspect the plant at which the goods were made. In this way, a stream of thousands of 'inspections' was set in motion." (465)

The director of Amtorg's covert operations in America was Kirril Lambkin.

By 1930, the Soviet Amtorg staff numbered 489, 105 of whom were Soviet citizens; in addition, there were 61 Soviet citizens who had applied for U.S. naturalization papers. 305 were US citizens, and 18 others were of uncertain status. "Inspectors" from the USSR came in ever-increasing numbers: 66 arrived in 1926; 171 arrived in 1927; 220 arrived in 1928; 552 arrived in 1929; 575 arrived in 1930. The total for the year 1930 was 1,064 people in the United States who were either employed or sponsored by Amtorg.

Communications between New York and Moscow were carried on in code -- codes which to this day have never been broken by American cryptologists. This despite the fact that a Congressman from New York, Hamilton Fish, Jr., subpoenaed over 3,000 coded Amtorg telegrams in 1930. The cryptanalysts of the U.S. Navy's Code and Signal Section reported that "The cipher used by the Amtorg is the most complicated and possesses the greatest secrecy" of any code they had ever encountered. [466]

Amtorg channeled its operations through the Four Continents Book Company [until the end of the 1980s, located on Fifth Avenue near 14th street, in New York City].

Officially described as "importers of new, old and rare books from the

Soviet Union."

Until an American FBI sting operation closed down the spy activities of the Four Continents Bookstore in December 1949, the store was a major front for Soviet industrial espionage. Acting as an American false-front organization, the bookstore openly purchased otherwise restricted U.S. patents for pennies (literally the cost of copies), managing in 1945 alone to buy over 60,000 patents for a mere $6,000 dollars. It was only their audacity that eventually brought them to the attention of the FBI -- the bookstore had rapidly become the largest requester for US patent copies, which eventually (after nearly 3 decades of operation) made a clerk in the U.S. patent office suspicious.

* * * *

I'll be happy to send xeroxes of the pages summarized above if you like.

I'll also be grateful for information on the photo [Henry Ford with two Amtorg reps] you mentioned, plus the names of the two Amtorg reps. I will be in Moscow on sabbatical soon, and would like to track the fate of the two reps in files of the collections of the People's Commissariat of Trade. If you can get me names and dates of visits, I will be happy to send whatever I find.

Again, many thanks.

Jeffrey Burds
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Jeffrey Burds
Department of History
Northeastern University
249 Meserve Hall
Boston, MA 02115
Office: (617) 373-2079
FAX: (617) 373-2661

SCOPE AND CONTENT

The material in this collection probably came from the files of the FMC accounting department, as the bulk of the collection is orders and most of the correspondence is either to or from the accounting department.

The collection is organized into nine series respectively:

Contracts/Agreements
Procedures
Ordering
Shipping
Accounting
Labor
Subcontractors
Equipment/Material
Blueprints/Photos

Series I and **II** provide an overview of the collection and contain information necessary to understand the rest of the material.

Due to the preponderence of accounting information, parts of this collection have been organized in ascending numerical order. The significant codes are as follows: Amtorg purchase order number (or P.O., these were used to denote an order from Amtorg), FMC work order number (W.O., used by FMC for each part being manufactured or service provided), A and AA numbers (used to denote specific parts on Model A autos {A} or trucks {AA}), "Z" numbers (apparently used to denote fixtures) and Brass Tag (B.T.) numbers (used by Amtorg to denote machinery). At every occasion possible, the collection has been organized so that the researcher can take a specific P.O. number and cross-reference it throughout.

Furthermore, due to the nature of this collection, the series have a certain amount of overlap. As such, the researcher should check all areas pertaining to their interest. For example, if one is interested in electrical equipment and its costs, then many areas should be viewed. First, they should look in **Equipment/Material** as there is a section specifically on electrical equipment. Yet, since the electrical work was subcontracted, they should also search under **Subcontractors**. In addition, the researcher should also check **Orders** to find out what the FMC estimates were and how much they were sold for to Amtorg. Finally, the researcher should ascertain what the P.O. and W.O. numbers are in order to use these for cross-referencing.

Series I
Contracts/Agreements

Arranged in chronological order, this series covers the two agreements which facilitated business between FMC and Amtorg.

The contract of May 31,1929 was apparently not well-defined and through correspondence details not specifically addressed in the contract itself were worked out. Unfortunately, Amtorg did not fulfill the requirements of the contract and by late 1934 had anulled it. The "record of contract fulfillment" section provides an overview of Amtorg and its relation to FMC as defined by this contract. The "record of contract fulfillment," prepared by the auditing department, consists of 3 bound sets of chronologically-ordered correspondence between FMC and Amtorg covering the years 1929-1935. In addition, the analysis of USSR purchases vs. contract shows the difference between promised purchases and actual purchases per the contract between the years 1929-1935.

Despite their voiding of the contract, Amtorg still wished to do business with FMC and an agreement was signed on March 14,1935, to define further limited business between the two companies. Also included is correspondence pertaining to this agreement.

Finally, there was a small dispute at FMC caused by the USSR exporting Ford-designed trucks to eastern European countries in violation of their agreement. Apparently nothing came of it in the end as the Soviet-made trucks were inferior and there was little FMC could do to stop the Soviets from doing what they wished.

Box 1

Contract of May 31, 1929
- -Contract and relevant correspondence, 5/29-1/32 (includes Henry Ford's signature)
- -Record of contract fulfillment, 1929-30
- -Record of contract fulfillment, 1931-32
- -Record of contract fulfillment, 1933-35
- -Analysis of USSR purchases vs. contract, 5/29-6/35
- -Termination of contract, 11/34-6/35

Agreement of March 14, 1935, 3/35-2/37

Export of Soviet-built Ford trucks, 6/38-9/38

Series II
Procedures

This series gives a specific understanding of how business was facilitated between FMC, Amtorg and Autostroy. Arranged in chronological order, this material covers the working operations between FMC and Amtorg, both in how it was set up originally and how it changed throughout the course of their association. It includes many different types of procedures concerning such items as chain of command, ordering, manufacturing, accounting, shipping, and inspection, to name a few. The standards sheets are of particular interest as they are bound copies which Amtorg gave to FMC to cover all instructions for ordering and manufacturing equipment for the Nijni Novgorod plant.

Box 2 General procedure, 11/29-6/35
Changes in procedure, 2/30-6/35
Changes in organization-Autostroy/Amtorg, 10/29-8/39
Standards sheets, 3/31

Series III
Ordering

Clearly the largest portion of the Amtorg collection, this series is arranged in the sequence of the ordering process. There was a request from Amtorg to FMC, which was responded to with a proposal by FMC. Then Amtorg would place a purchase order with FMC based on the FMC proposal. When the manufacture of the required equipment was completed the order was closed. This series provides an opportunity to track specific orders through the entire process.

The orders themselves are organized roughly into five groups which each have a distinct P.O. grouping or organization. Each order has been bound by the accounting department into a folder along with relevant documentation concerning that particular order. The first group is in Boxes 5 and 6. These are orders placed by Amtorg in late 1928 and early 1929 (before the contract was signed) and are for spare parts for the Fordson tractor. The second group is in Boxes 7 and 8. These orders range from Jan. 1931 to Jan. 1933 and include order forms, invoices, telegrams and departmental communications. The third group of orders is in Boxes 9-12. These orders range from Jan. 1931 to Dec. 1931 and include order forms, work order billings, telegrams, proposals, inspection reports and invoices. The fourth and largest group is in Boxes 13-21 and ranges from May 1931 to Dec. 1931. It includes order forms, work orders, correspondence, proposals, and invoices. The fifth group is the "requisitions" in Boxes 22-24, which range from Jan. 1931 to Dec. 1931 and consist of bound order forms.

Again, there is some overlap between specific orders. If the researcher is interested in a specific order number, then it is recommended that they look at each group which includes that number in its range.

There are two items of particular interest in this series. One, the "purchase orders and proposals" provides the FMC perspective on specific P.O. prices versus the proposed costs. Two, the "completion of orders" illustrates the difficulties between FMC and Amtorg concerning delayed orders and payment.

Box 2 Ordering
(con't) Amtorg requests for prices and proposals, 6/31-3/34

Box 3 FMC proposals and estimates
FMC proposals to Amtorg #2-345
FMC proposals to Amtorg #347-399
FMC proposals to Amtorg #401-440
Refusal by FMC to supply Model 40 parts, 1/35-5/35
FMC estimates on equipment A-6510-AA-17285A

Box 4 FMC estimates on equipment A-17539-A-37142
FMC estimates on equipment A-37142-A-55001
FMC preliminary estimates on equipment, 10/30-2/31
FMC estimates for the purchase of dies, 6/30-4/32
Purchase orders
Receival of purchase orders by FMC (5/31-6/31)
Correspondence-purchase order copies (6/31-10/31)

Box 5 Amtorg orders Spec #21A to 2228

Box 6 Amtorg orders 5287-1 to 6485

Box 7 Amtorg orders 18-00-0030 to 18-56/0048

Box 8 Amtorg orders 18-56/0053 to 18-56-0163

Box 9 Amtorg orders 12-50-11 to 125-489-65

Box 10 Amtorg orders 125-489-66 to 127-044-251

Box 11 Amtorg orders 127-044-253 to 127-136-35

Box 12 Amtorg orders 127-136-36 to 215-227-15

Box 13 Amtorg orders 125-213-5 to 125-217-5

Box 14 Amtorg orders 125-217-6 to 125-227-8

Box 15 Amtorg orders 127-041-7 to 127-043-1

Box 16 Amtorg orders 127-044-61 to 127-044-25

Box 17 Amtorg orders 127-044-251 to 127-044-299

Box 18 Amtorg orders 127-045-1 to 127-136-46

Box 19 Ordering (con't)
Purchase Orders (con't)
Amtorg orders 127-136-47 to 127-136-95

Box 20 Amtorg orders 127-136-96 to 215-227-15

Box 21 Amtorg orders -misc. order numbers

Box 22 Amtorg requisistions 12-50-003-11 to 127-042-19

Box 23 Amtorg requisitions 127-042-21 to 127-044-275

Box 24 Amtorg requisitions 127-044-276 to 127-136-99

Box 25 Amtorg requisitions 127-136-100 to 183-154-12

Box 26 Purchase Orders and Proposals, 1931-1932
Purchase orders and proposals, 4/31-11/31

Box 27 Purchase Orders and Proposals, 12/31-4/32
Proposals waiting for purchase orders, 5/31-12/31
Purchase orders and proposals-changes and cancellations, 4/31-1/32
Purchase orders and proposals-summaries (4/31)
Completion of orders
Promise dates, 6/31-1/32
Correspondence-completion dates, 6/31-7/31

Series IV
Shipping

This series contains details concerning the shipment of equipment to the Soviet Union. It includes information on shipping procedure, inspection, and brass tags. Brass tags were supplied by Amtorg to be affixed to machinery provided by FMC. These are particularly useful if the researcher needs to cross-reference P.O's, W.O.'s, A and AA numbers, "Z" numbers and B.T. numbers..

Box 28 Shipping instructions, 9/29-5/35
Inspection, 7/31-9/31
Brass tags, 5/31-11/31
Shipping -misc. 1/29-7/33
Invoices, shipping orders and correspondence

Series V
Accounting

This series consists of four areas of accounting concerning Amtorg from the FMC accounting department. The first section is general accounting. It includes instructions requested by and given to Amtorg concerning accounting procedure, a sample of departmental communication between the accounting and appraisal departments at FMC and minute assembly cost detail. The second section concerns billing and payment between FMC and Amtorg. In addition to detail concerning accounting statements, correspondence is also included. Of particular interest is the "disputes over payments and prices." This file highlights the difficulties in payments and charges between Amtorg and FMC. The third section, reconciliations, covers all the various comparisons between estimated and actual costs. Note that there are individual audits of specific orders. The fourth section comprises labor and work orders, including rates for labor and charges for supervisory tutoring of Soviet students.

Box 28 General Accounting
(con't)
Accounting instructions to Amtorg, 4/30-8/31
Correspondence-Appraisal Department, 8/31
Accounting-misc. 11/29-10/31
Minute cost assembly detail and correspondence

Box 29 Billing and Payment
Amtorg weekly billings and balances, 5/31-3/32
Weekly billings to Amtorg, 4/31-7/31

Box 30 Weekly billings to Amtorg, 7/31-3/32

Box 31 Billing and Payment (con't)
Charges for week ending, 8/31-1/32
Invoices with charges for week ending, 7/31-3/32
Billing adjustments, 1/32-4/32
Billing-additional charges, 7/31
Correspondence-notification of charges, 10/31-5/32

Box 32 Disputes over payments and prices, 2/30-3/33
Foreign billing-Amtorg, 10/34-11/34
Reconciliations
Comparison of cost of estimate and work order cost, 7/31-8/31
Proposal cost vs. actual cost, 7/31-1/32

Box 33 Reconciliation of cost of estimate and billing
Autostroy P.O. 125-217-3

Box 34 Autostroy P.O. 125-217-5

Box 35 Reconciliations (con't)
Reconciliation of Cost of Estimate and Billing (con't)
Autostroy P.O. 127-044-62
Autostroy P.O. 127-044-67
Autostroy P.O. 127-044-264 to 127-136-67

Box 36 Audits of orders
Autostroy P.O. 125-217-3
Autostroy P.O. 125-217-5
Autostroy P.O. 127-044-62
Autostroy P.O. 127-044-67
Autostroy P.O. 127-044-264
Autostroy P.O. 127-044-291
Autostroy P.O. 127-136-67
Labor and Work Orders
Labor rates and charges, 1/30-12/31
Supervisory work orders, 6/31-12/31

Box 37 Work orders-correspondence, 2/30-2/32
Work orders-closing, 5/31-7/32

Box 46 Amtorg-closed work order lists (Ledger), 6/31-2/32
BB Box

Series VI
Labor

This section covers the exchange of workers between FMC and the USSR. The material on FMC workers in the USSR includes instructions concerning the importation of food, pamphlets from a German importer (in German), and lists of men who were in the Soviet Union. The papers on Soviet students at FMC includes payroll instructions and lists of Soviet students.

Box 37 FMC workers in the USSR, 2/30-3/32
(con't) Soviet workers/students at FMC, 1/30-9/30

Series VII
Subcontractors

This series contains information about the work done for Amtorg by either foreign branches of FMC or independent companies subcontracted by FMC for the Amtorg project. The material on Dagenham includes purchase orders, invoices, shipping and work orders. The Cork plant manufactured tractor parts which were sold to the USSR through Amtorg in 1928-1929, and this section is mostly correspondence. The independent subcontractors section is composed primarily of correspondence between FMC and each company. The independent subcontractors were used primarily for electrical work, i.e. small motors. For additional information, the researcher is directed to see electrical equipment in **Series 8**.

Box 37 Subcontractors
(con't) FMC-Dagenham, United Kingdom
Dagenham purchase orders, 2/32-12/32
Dagenham-invoices, 3/32-10/32

Box 38 Dagenham-misc. 3/32-12/33
Shipping and closing of work orders
FMC-Cork, Ireland/Tractors, 11/28-3/29
Independent subcontractors
Correspondence by company name
Invoices
List of suppliers
Correspondence by date, 6/30-4/32
Supplementary list of suppliers

Box 39 Subcontractors-Orders-P.O. 125-213-5

Series VIII
Equipment/Material

This series encompasses information on specific pieces of equipment and material and is organized by general type. If the researcher is looking for a specific piece of equipment, then this is the series in which to look. Of particular interest is a complete listing of dies for the Model A, as well as a listing of costs. Also, the electrical reports in Box 42 give a complete listing of small motors built by subcontractors for the Amtorg project. Finally, the "progress of incomplete tools" file shows promise dates and expected completions of tool orders.

Box 39 Dies
(con't) Lists of dies

Box 40 List of dies for Model A (4 folders)
List of dies for Model A-draft

Box 41 Die costs 5/30-6/32
Dies-misc. 4/31-6/31
Technical requirements, tryout, operations and die orders
Guages, 6/31-9/31
Electrical, 5/31-12/31

Box 42 Electrical reports

Box 43 Equipment/Material (con't)
Electrical (con't)
Machines
Amtorg machine reports
Correspondence-motor data sheets, 5/31-10/31
Tools, 2/31-8/31
Tooling equipment
Progress of incomplete tools
Tools-misc.
Welders, 8/31-10/31
Castings, 11/29-12/33
Correspondence-equipment, 11/29-3/32
Pattern Equipment, n.d.
Wood and aluminum models, n.d.
Scrap, 5/31-10/33

Series IX
Blueprints/Photos

This series is composed of correspondence concerning the blueprints of machinery sent to Autostory, actual blueprints of various parts to be manufactured for or by Autostroy, and photos and drawings of some of the automobiles made for and by Autostroy.

Box 44 Correspondence about blueprints and machines, 8/30-11/35
Blueprints (3 folders)

Box 45 Blueprints (3 folders)
Photos and drawings

OBSOLETE INVENTORY AS OF 4/10/97

FORD MOTOR COMPANY ARCHIVES

ACCESSION NO. 199

AMTORG TRADING CORPORATION

INVENTORY OF CONTENTS	BOX NUMBERS
INVENTORY Correspondence, Labor Overhead rates	*1
Correspondence between Ford Motor Company and Amtorg Trading Corp. (1929-38). Departmental communications and letters referring to Amtorg Trading Corporation; weekly purchase orders	*1A & 1B
Data Supporting billings to Amtorg Trading Corp.	2
Data supporting billings to Amtorg Trading Corp. and Ledger of Closed F.W. order lists	2A
Export production - all Amtorg orders 1931-32	3
Export production - all Amtorg orders 1931-32	4
Production Department - Amtorg Orders	5 & 6
Data supporting billings 1931 - 1932	7 - 14
Amtorg Orders and Requisitions	15 & 15A
Amtorg duplicate inspection tags; foreign billing file; correspondence; W.E. Carnegie file; proposal file; audit file; and weekly reports.	16 & 16A
Amtorg Orders and Requisitions	17 & 17A

* Boxes 1, 1A and 1B are Doc. boxes.
The remaining boxes are transfer cases.

Amtorg Orders	18 & 18A
Amtorg orders, statements and miscellaneous data	19 & 19A
Amtorg requisitions and invoices	20 & 20A
Amtorg orders and requisitions	21 & 21A
Amtorg die program; study of orders	22 & 22A
Amtorg orders and letters	23 & 23A
Amtorg data for die costs, requisitions, etc.	24 & 24A