Berlin, Germany, March 28, 1933.

With reference to the interference with the operation of the Woolworth stores in Germany by the uniformed members of the National-Socialist party.

THE HONORABLE

. . . THE SECRETARY OF STATE

WASHINGTON.

SIR:

I have the honor to bring to the attention of the Department the following information with respect to the Woolworth stores in Germany.

The F.W. Woolworth Company of the United States which operates 5 and 10 cents stores throughout our country has organized a German subsidiary which is known as the F.W. Woolworth Co. G.m.b.H. The entire capital stock of the German company is owned and controlled by the parent company in the United States. The German company operates stores in most of the larger cities in Germany, in some such as Berlin having more than one store. The development of the business of the Woolworth Company in Germany has been rapid and its stores on the whole up until a few years ago were prospering. The company imports very little of the material sold in its German stores, in fact
fact practically all of the goods sold in the German stores are of German manufacture and origin. In addition, the F.W. Woolworth Company of the United States has a buying organization in Sonneberg, Germany, and exports very large quantities of merchandise to the United States from Germany for sale in the American stores of the company. The Woolworth organization therefore is an economic asset in that it has stimulated the manufacture in Germany of many articles, both for sale in the German and the American stores, and there should be no prejudice against the German stores as the goods sold in them are of German origin.

The National-Socialist party during the past few years as part of its program to attain popularity fostered a movement against department stores and chain stores and stores of the type of the Woolworth Company, on the ground that these stores made it impossible for the small shop-keeper to exist. Already before the elections on March 5 a movement against certain types of stores had crystallized and it was a question as to whether the Woolworth Company and other chain stores in Germany would be given authorization to open additional stores. The question was finally settled by granting to the Woolworth Company the authorization to open the stores contemplated but stating that no further stores could be opened.

As the Department is aware from press reports, immediately after March 5 and the National-Socialist victory at the polls, uniformed members of the National-

Socialist
Socialist party throughout Germany made difficulties for department stores, one-price stores and chain stores. The uniformed S.A. men in many cities picketed stores, posted themselves in front of them with placards warning the public not to enter or buy and in some cases compelled the closing of the stores. The Woolworth stores in various cities were among those which were affected. The movement against these stores is largely influenced by the fact that the large department stores are owned by Jews and this general interference with stores of this type is therefore one of the manifestations of the anti-Jewish sentiment so actively displayed in these days throughout the country. The fact, however, that the Woolworth stores are not controlled by Jews has been stressed in the press and the attack against them is more of a manifestation of the National-Socialist movement in favor of the small shopkeepers.

The Prussian Minister of the Interior, Mr. Goering, finally issued an order to the effect that stores were not to be interfered with by members of the National-Socialist party and that any measures in this direction would be taken by the Government. There was a specific warning to National-Socialist units throughout the country to stop interference with department and chain stores. This for some days was effective and practically no further incidents were reported. This fact was taken as an indication of the discipline which was maintained among the uniformed members of the National-Socialist party.

This
This morning Mr. Richard H. Strongman, an American citizen, who is the manager of the F.W. Woolworth Co., G.m.b.H., Berlin, Bellevuestrasse 11, and who is in charge of the stores of the company in Germany, called at the Consulate General and executed an affidavit a copy of which is transmitted herewith in which he states that on Saturday, March 25, the company was compelled to close its store in Liegnitz; that there were demonstrations in front of their store in Bochum by S.A. men, and also in Gladbeck; add that in Pfornheim the management was advised by the police to close the lunch department because other local restaurant men had protested against the operation of a refreshment counter in the Woolworth stores.

Mr. Strongman made a further affidavit a copy of which is transmitted herewith, stating that on Friday, March 24, the company opened a new store in Halle according to an authorization given by the Government. During Friday as well as on Saturday, March 25, National-Socialists in uniform entered the store and practically cleared it of customers, and the management was finally ordered to close the store.

There is transmitted herewith an affidavit executed by Mr. H.E. Overholt, a Canadian citizen, who is the field superintendent of the Woolworth stores in Germany and who was in Halle for the opening of the new store there. It will be noted that in his affidavit he states that after the store was closed by the police on Saturday, March 25, after the opening the previous day, he went with
the local manager of the Halle store to the local leader of the National-Socialist party in Halle. Mr. Overholt was advised by this party leader that they should not open the store again and that if it were opened and any S.A. men were wounded on this account he would come down there personally with his armed S.A. men to see that the whole store "was cleaned out". The local S.A. leader admitted that he had received instructions from Berlin that the Woolworth store was not to be molested but that he was unable to control all persons in Halle who carried National-Socialist badges. The Department will be interested in reading this affidavit as the temper of the S.A. leader as expressed by his statements is, from information which we get from other sources, characteristic of that displayed by other S.A. leaders in Germany.

There is transmitted with the original of this despatch a clipping from the "Berliner Tageblatt" of March 26, 1933 (morning issue) entitled "No disturbance of business" which goes on to say that the central political commission of the National-Socialist party had issued an order to the effect that all attacks against trade organizations and against individual firms and leaders thereof were to be stopped. This is a reiteration of orders which had already been issued by the Prussian Minister of the Interior, Mr. Goering.

The interferences with the Woolworth stores brought to our attention by Mr. Strongman and Mr. Overholt in the appended affidavits are the first indications which have come to us for some days of interference with business establishments.
establishments through closing or through intimidation of prospective purchasers and customers. It is difficult to estimate at this moment what the significance of these renewed incidents may be. The recent declarations by the Chancellor, Mr. Hitler, and by Mr. Goering with reference to the anti-Jewish propaganda and with reference to the interference with business have been very quieting and reassuring and have undoubtedly been stimulated by the unfavorable reaction in the foreign press to what has been happening in Germany. As was to be expected, these measures by the higher authorities have not been entirely pleasing to the National-Socialist uniformed men in various parts of Germany who are not happy to have their activities in this direction so abruptly stopped. What has happened in connection with the Woolworth stores will be brought to the attention of the authorities and the extent to which discipline actually exists will appear from the concrete fact as to whether these stores will be allowed to continue to operate unhindered and whether disciplinary measures will be taken against the local leaders under whose authority and with whose tolerance only this molestation could take place.

The further developments which may be expected in the National-Socialist program directed against department and chain stores are indicated in the appended summary of a "Notverordnung" (emergency decree) which has been brought to this Consulate General in a confidential way. The appended statement is a summary of an emergency decree.
decree now said to be under preparation by the Government, and it is stated that it is to be published and made effective about the beginning of April. I do not have time to analyze this statement before the leaving of the pouch, but it is to a large extent self-explanatory. The summary merely represents so far a proposal which comes of course from the radical and interested elements which desire to do all they can to break up the business of chain stores and of department stores, and the final emergency decree as it actually appears may contain considerable modifications. That a decree on this subject will be issued and that it will place heavy burdens on these stores may, however, be accepted as a certainty as the National-Socialist party has obligated itself to action in this direction. I wish at this time merely to call attention to those features which indicate that the taxation on these stores is to be considerably increased and this alone may make their operation practically impossible. The last statement in the summary that a representative of the Government "who is qualified in mercantile and legal matters" is to be placed permanently in the head office of every department and one-price store at a salary to be fixed by the Government and to be paid by the store is one of the most dangerous features of the new plan as in practice it will be equivalent to placing in the direction of every one of these stores a Government officer who can place innumerable difficulties in the way of
of the operation of the business, and it opens the way for illegal practices and for extortion. If this provision should appear in the emergency decree it is practically a certainty that the Woolworth stores in Germany would have to be closed as the local "Kommissar" to be placed in every store would not be subject to any central authority and could practically work his will in the operation of the establishment in which he is placed.

The third item given in the appended summary would make it possible for any branch store to be closed if it can be proved that the branch store is endangering the existence of small independent shop keepers in the city or in the section of the city in which the store operates. The local Woolworth stores would therefore, for example, be placed completely at the mercy of all the small shopkeepers who might feel or wish to feel themselves damaged by the operations and under such conditions the operation of the Woolworth stores would become an impossibility.

The Consulate General will not fail to keep the Department informed of any further developments in this matter, and should an emergency decree be issued the text of it will be immediately transmitted to the Department. As the Woolworth stores are organized as a German company although the capital is entirely American owned, the management of the stores desires so far as possible to avoid asking for the assistance of the Embassy or of the Consulate General until this should become
become essential. They prefer naturally and it is believed properly to operate so far as possible as a German company, and up to the present therefore the management of the Woolworth stores in Germany has contented itself with keeping in close touch with the Consulate General and with keeping us advised of the developments. It is trying to work out its own problems with the German authorities, but should the situation require it they will request the Consulate General and the Embassy to use their good offices as far as may be possible for their protection with the local authorities.

Respectfully yours,

George S. Messersmith,
American Consul General.

Enclosures:
Copies of 3 affidavits,
Newspaper clipping,
Summary of proposed emergency decree.

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GSM;HP