AMERICAN CONSULATE GENERAL,
Berlin, Germany, May 12, 1933

SUBJECT: With reference to the American correspondents in Germany, and to the visits of Dr. Schacht and Dr. Rosenberg to Washington and London.

STRICTLY CONFIDENTIAL.

THE HONORABLE
THE SECRETARY OF STATE,
WASHINGTON.

SIR:

I have the honor to inform the Department that the position of a number of the American correspondents in Berlin has not been easy since the accession to power of the National Socialist Government and since the establishment of the strict censorship of the German press and of public opinion-forming means. It is the intention of the present Government and of the Party not to allow anything to appear in the press or to reach the public, which is not in accord with its ideas or wishes. To this end there has been established the most effective control of public opinion-forming means of all kinds in Germany which has probably ever existed in any country. The press censorship may be considered as absolute. It was obviously the desire of the authorities to prevent what is from their point of view, undesirable news reaching
reaching the outside world through the foreign correspondents in the country. Here, however, was a problem which they found difficult to handle and it has not been handled altogether with much tact and success.

The American journalists in Berlin are for the most part men whose names are well-known in the journalistic world, and who have no desire to do anything but to report objectively what is passing in the country. They number among them some of the best known newspaper men we have in the field of foreign correspondents. They are not men who can be controlled or who can submit to improper censorship, as neither their self-respect nor what they feel their obligations to their newspapers and the public would permit them to submit to improper control. The American correspondents here are I believe almost without exception men who would under no circumstances serve as an instrument either for favorable or unfavorable propaganda.

The first of the American correspondents to have difficulty with the authorities was Mr. Deuss of the International News Service, who was accused by the authorities of having sent out unsubstantiated stories of physical cruelty since March 5. The authorities were finally willing to permit Mr. Deuss
to remain if the International News Service would publish in the United States certain statements. These statements they did not feel they could consistently publish and they preferred to remove Mr. Deuss to London and to replace him here by Mr. Hawley. I venture the opinion that the removal of Mr. Deuss to London in no way prejudiced him or his reputation and I believe that the action of the International News Service in preferring to remove him to London rather than to publish certain statements, was very commendable.

The second of the American correspondents to have difficulty, was Mr. Edgar Howser who is also the President of the Association of Foreign Press Correspondents in Berlin this year. Mr. Howser had published a book which was not pleasing to the present Government. The real reason, however, that he became persona non grata to the present Government, was more likely the fact that some of his accounts of happenings in Germany after March 5 were not pleasing. The authorities let it be known that if Mr. Howser was permitted to remain as President of the Association of Foreign Press Correspondents in Berlin, they could have no official relations such as they had had in the past, with the Association. It was therefore a question as to whether Mr. Howser should resign as President of the Association or not, and he placed
the matter before a general meeting of all the foreign correspondents in Berlin and there was almost a unanimous vote that he should continue as their President. As a result of this action Mr. Mowrer refused to resign. It is considered by many here that the attempt of the authorities to force him out of the Presidency of the Association was only the first move towards forcing him out of the country; but the refusal of the foreign correspondents as a whole to disown Mr. Mowrer undoubtedly had an effect and he has since been undisturbed. The question of relationships between the Association of Foreign Press Correspondents and the authorities has not come up in the meantime as there has been no public occasion which required the recognition of the Association by the authorities; but as the matter now stands, the Government has not changed its attitude. An endeavor is now being made to bring together in an informal way, the Minister of Propaganda, Dr. Goebbels, and Mr. Mowrer, in order that through this personal contact the difficulties may be ironed out and any objection to Mr. Mowrer removed. It is believed that the authorities are now prepared to find some reason for continuing to recognize Mr. Mowrer as President of the Association and to continue with the Association the relations which formerly existed between the Government and the Association.
Association.

The most interesting and in some ways the most important development, however, has arisen within the last few days with regard to Mr. Knickerbocker who is the correspondent of the New York Evening Post and the Philadelphia Public Ledger. Mr. Knickerbocker is as well known in Germany as he is in the United States on account of his books and his newspaper articles. He is very highly considered in many circles in Germany. The series of seven articles which he wrote on the economic situation aroused the resentment of certain persons in the Government and in the National Socialist Party, as did some of his other articles which he has written since March 5 on the happenings in Germany.

When I had a conversation with Minister Cœring some weeks ago, he brought up the name of Mr. Knickerbocker and seemed to particularly resent some of the stories which he had written. I took occasion at that time to point out to the Minister that Mr. Knickerbocker was one of the most careful correspondents I knew; that I had reason to know that he always took great care to document himself; and that he was in many respects one of the most conscientious newspaper men I had known. I called attention at the same time to the fact that the American newspaper men in Berlin were an unusually high class lot of men.
men and that they compared very favorably with the foreign correspondents which other countries had in Germany and were on the whole an outstanding group. I informed the Minister that I did not think that the Government or the Party could under any circumstances hope to control what these American correspondents sent to their papers, or dictate what they were to say. I said that he would understand that as high class newspaper men they could not submit to control or dictation as to what they were to write to their principals and maintain their self-respect. I expressed the hope, therefore, that these correspondents would not be interfered with and that before any action was taken against any one of them it should be carefully considered and all the possibilities involved in the expulsion of a correspondent should be taken into account. I said I could assure him that so far as I knew the American correspondents, and I thought I knew them well, none of them wished to be anything but objective. I said that it would be desirable if the Government or the Party objected to some of their activities, to take them into its confidence and to give them access to it freely as this would help to avoid misunderstandings. Minister Goering at the time seemed to be much interested in, and appreciated what I said with regard to the American correspondents.
correspondents.

It now appears that several days ago Mr. Luedke, the immediate subordinate of Dr. Rosenberg who is the editor of the "Völkischer Beobachter" and who acts as Foreign Minister of the National Socialist Party, during the absence of Dr. Rosenberg in London sent the following telegram to the Philadelphia Public Ledger:

"Syndicated articles handbills published by New York evening post other newspapers signed knickerbocker prove he is sending false reports American awards stop these distortions seriously endanger friendly German-American relations signify flagrant violation fundamental journalistic principles stop knickerbocker spreading insidious lies about Hitler government and conditions in Germany evident wants expulsion create new sensations with obvious intentions stop uncan believe newspaper your standing can continue upback journalist abusing his position and damaging his organization by spreading such lies and falsifications stop in interest friendly relations between Germany America we therefore request immediate recall knickerbocker stop unintended do him favor to bring about his expulsion but will no longer remain indifferent to his pernicious anti-German propaganda stop before taking further steps we appeal your decency recall knickerbocker in interest truth and justice stop grateful for immediate definite reply yes or no to address Rosenberg Chef aussenpolitisches Amt der nationalsozialistischen deutschen arbeiter partei wilhelmstrasse seventy".

To this telegram the Public Ledger informed Mr. Knickerbocker that it had replied as follows to Dr. Rosenberg:

"We have every confidence in Mr. Knickerbocker stop we must respectfully decline to recall him stop editor New York evening post".

Immediately
Immediately on the receipt of the foregoing information from the New York Evening Post and Public Ledger, Mr. Knickerbocker came to see me. He informed me that he had immediately on the receipt of the above got in touch with Dr. Hanfstaengl who is the head of the Chancellor’s Press Bureau. Dr. Hanfstaengl, who it is well known has a personal feud of long standing with Dr. Rosenberg, was very much upset and immediately in the presence of Mr. Knickerbocker telephoned to the Minister of Propaganda, Dr. Goebbels, who agreed with Dr. Hanfstaengl that the action of Dr. Rosenberg was improper and that Mr. Knickerbocker under no circumstances must be interfered with. Dr. Hanfstaengl then informed Mr. Knickerbocker that he and Dr. Goebbels, the Minister of Propaganda, would lunch with the Chancellor, Mr. Hitler, the next day and definitely arrange the matter. Mr. Knickerbocker informed me of all of the foregoing and asked my advice. I said that under the circumstances I felt sure he would not be disturbed and that it would be preferable to await developments before there was any action by the Embassy or the Consulate General. To this Mr. Knickerbocker agreed.

On the following morning I had a conference with Dr. Milch, the acting head of the Air Ministry for Mr. Goering, with whom I maintain personal contact. I had gone to see him about other matters and during the conversation Dr. Milch recalled what I had said to
to Minister Goering about Mr. Knickerbocker. He then went on to say that he wished to tell me very confidentially that a telegram had been sent by Mr. Luebecke, Dr. Rosenberg's immediate subordinate, while Dr. Rosenberg was in England, to Mr. Knickerbocker's principals asking for Mr. Knickerbocker's recall. He quoted practically word for word from memory the telegram already quoted in this despatch, and then quoted the reply which had been made to the telegram. He said "As soon as it was learned what Mr. Luebecke had done he was put into jail, and if his boss (meaning Dr. Rosenberg) had been here, he would have gone to jail too".

It will be noted that this happened on the morning that Dr. Haifstaengl and the Minister of Propaganda were to lunch with the Chancellor, Mr. Hitler, to settle this matter, and that the question of Mr. Knickerbocker's staying in Germany was therefore settled at once.

Dr. Milch told me that various people had come to Minister Goering to bring about Mr. Knickerbocker's expulsion but that the Minister had taken the point of view that although Mr. Knickerbocker had written "some very bad things", he was being much more fair now and that he was in no way to be interfered with. Although Dr. Milch did not say so, I gathered the very distinct impression that as soon
as it was learned that Mr. Knickerbocker had been acted against in spite of the very definite statement which Minister Goering had made that he was not to be interfered with, Mr. Luddecke was arrested at once. For me, of course, the most significant part was the rest of the statement: "and if his chief had been in Germany he would have been arrested too".

The status of Mr. Knickerbocker therefore seems to be definitely settled for the present at least, and the various incidents recited in this despatch I believe go far to show that the American correspondents need not fear interference with their proper activities as self-respecting and objective newspaper correspondents, although it is quite evident that much that they write is very far from pleasing to the authorities. This changed attitude on the part of the authorities and of the leaders of the Party in this respect, is characteristic of their changed attitude on many questions since they came into power. They have definitely learned that although public opinion may be controlled in Germany, it cannot be controlled abroad. In my conversation with Minister Goering I had made it particularly clear to him that even though he might not like all that the American correspondents wrote, it was on the whole much better to have such a high class group of American correspondents here than to have no one here, or inferior people
people who could do nothing but harm.

The statement of Dr. Milch that Dr. Rosenberg would have been arrested for this act of his sub-
ordinate, Mr. Luedcke, if he had been in Germany
instead of in England at the time, is significant in
many ways. It has been believed in well-informed
circles for some time that Dr. Rosenberg was losing
his influence and that his situation was very pre-
carious. It has been felt by some of the leaders
of the Party that his activities have in no sense
been helpful, but rather detrimental to their
interests. It is particularly interesting also,
from the point of view of the exercise of authority,
that Mr. Luedcke has in no sense been an unimportant
person and it is one of the first and few cases where
such an important man in the Party has been so definitely
disciplined. It is needless to say that the press
has carried no information as to the arrest and deten-
tion of Mr. Luedcke.

It is also interesting that while the leaders
of the Party, or at least some of them obviously
feel about Dr. Rosenberg as they do, he is at
present in England carrying on conversations with
officials of the British Government, and recently had
a conversation there with Ambassador Davis. The
censored press here still contains news concerning
his London conversations and activities and gives
a good deal of space to them. It is obvious, however, from the circumstances related in this despatch, that Dr. Rosenberg is in no position to carry on responsible conversations for the German Government or even for the National Socialist Party, and that his post as "Foreign Minister" of the National Socialist Party has lost most of its significance.

In this connection it is equally interesting to bear in mind that Dr. Schacht who is in the United States conducting conversations with the President and other officials of our Government and with bankers and business men, is really also not in a position to speak authoritatively for either the Government or the Party. As brought out in my despatches which have already reached the Department, Dr. Schacht is the outstanding and probably the only really worth while economic advisor that the present Government has; but as I also pointed out in these despatches, there is question as to his authority and power. Shortly before Dr. Schacht left for the United States, one of my friends who is one of the most outstanding business men and financiers of Europe and who is not a German, and who has known Dr. Schacht for years and has in the past rendered him many valuable services, was in Berlin and saw Dr. Schacht on several occasions. He came to get Dr. Schacht's specific assurances with regard to an important
important financial matter which affected companies doing business in various parts of the world. He wished to get a definite assurance from Dr. Schacht that the German Government and the Party would not take certain disturbing action which he feared would very seriously affect the companies in which my friend was interested. Dr. Schacht assured him that he could depend upon it that such action would not be taken. My friend insisted that a very great deal depended upon this matter and that he did not wish to appear foolish by telling the boards of his various companies that certain things would not be done when they might be done, and he therefore wished the most definite statement from Dr. Schacht. To this Dr. Schacht replied: "you can depend on it that it will not be done", and then as an after thought he said: "But of course you can never tell what Goering may do". This indicated most clearly that Dr. Schacht possesses even in financial and business matters no independent powers and cannot act without consulting with the Chancellor and Minister Goering. In a similar matter of equal importance where Dr. Schacht had made a very definite statement just before he left for the United States, he afterwards had to recede from his position and stated in explanation that "he had not been able to see Hitler and Goering and of course he had to see them before he discussed the matter". These two incidents above
above recited come to me from such an unimpeachable source that I feel that they should be transmitted to the Department.

The real leaders of the present Government are a very few individuals. There is no real dictatorship in Germany in the sense that there is in Italy. The power is in the hands of Mr. Hitler, Captain Goering, Dr. Goebbels and a few men who are in their confidence whose names do not appear in the press. Nothing can be done without these men and I am definitely gaining the impression that the two strongest men in the Government are Ministers Goering and Goebbels. Minister Goering has in his hands the S.A. and the S.S. and the physical force of the Party. Dr. Goebbels has in his hands the press and all public opinion-forming means and is in addition the one really great speaker of the Party who has a very definite power, influence and control of the masses. The Chancellor, Mr. Hitler, is not without power and influence and remains the rallying point and the popular head of the Government and of the Party. But it is a question as to whether in anything he could take any action in which he was not supported by Minister Goering and Dr. Goebbels is playing an increasingly important role.

The leaders of the movement are now beginning to feel themselves strong and in complete control.

They
They have up to now not felt that they were able to do many things which they realized must be done but which run counter to what they have previously taught their adherents. It is the curious situation of the leaders now having to repress their followers and to stop them from doing many things which the leaders themselves previously believed in, or at least taught their followers. Responsibility has already changed the primary leaders of the Party very considerably. There is every evidence that they are becoming constantly more moderate but there is no corresponding evidence of greater moderation on the part of the intermediary leaders or of the masses of the Party. If recent actions are an indication, there is reason to believe that the leaders are now feeling themselves strong enough to impose any action on the Party they see fit. If there is development in this direction there will be an easing up of the situation in many respects, and probably some steps towards restoration of economic order. The political situation will remain disturbed for a long time because this is primarily a political movement which is controlling Germany.

One of the fundamental things which I believe our Government will have to bear in mind, is that it is extremely difficult to determine who can talk for
for the present Government and Party with any
degree of authority, and who can not. The Foreign
Office is for the present completely out of the
picture and has no influence upon the situation.
Some of those who are speaking for the Government,
such as Dr. Schacht and Dr. Rosenberg, have enjoyed
power and influence but they have never been, and
are not now, independent agents who can bind the
Government but whose actions are controlled very
definitely by the three primary leaders of the
Party, Mr. Hitler, Captain Goering and Dr. Goebbels,
and their immediate associates. This obviously makes
any relations with the present Government exceedingly
difficult, but is a factor which must be borne in
mind when anyone speaks for Germany or is to speak
for her in any international conference or in any
matter involving international agreements or
attitudes.

Respectfully yours,

George S. Messersmith,
American Consul General.