Berlin, Germany, May 20, 1933.

Dear Moffat:

With the courier pouch which we are next sending out, will go forward my despatch No. 1303 of May 12, in which I give some comment with regard to the American correspondents in Berlin and particularly with reference to Knickerbocker. I think you may be interested in this background which I thought was of sufficient interest to give in some detail as it gives an idea as to how things work out here under present conditions. I had had an opportunity to give to Goering some pretty straightforward observations on our correspondents here and on the general situation with respect to them, and I learn from his associate who was present at the interview that he was much impressed by what I told him, particularly with regard to those correspondents concerning whom they were very unhappy, among whom of course was Knickerbocker. After our conversation I understand he gave orders that Knickerbocker was not to be bothered, and when he heard that this telegram had gone forward asking for Knickerbocker's recall, he had the man put into jail within a few hours after he had sent it. Goering at least will let no one disobey any order of his and I think the whole incident had a very excellent effect. Our American
American correspondents here really are a very good lot.

I think that Mr. Bullit who has, I understand, been named as special assistant to the Secretary, is a great friend of Knickerbocker's and it occurred to me that he might be interested in this despatch No. 1303 because of its particular reference to Knickerbocker. If you see no objection, I would be glad to have you bring a copy of it to his attention.

We have had two major struggles here since March 5 so far as American interest in the internal situation in Germany is concerned. The first of course was with reference to the protection of the person and property and interests of Americans, particularly Jews, who might be affected by the revolution, and second, the protection of the tens of millions of dollars of American property invested in factory enterprise in Germany which was really seriously menaced. I believe the energetic steps which we took with respect to the physical molestation of Americans during the earlier days of the revolution, particularly Jews, had a great deal to do with stopping in a very short time the physical molestation of Jews generally. The people in the new Government really believe that this was entirely an internal matter and that no one outside of Germany would care what they did with regard to the Jews except naturally of course the Jews in other countries whom they felt they could disregard just in the same way as they did the ones in the country. The energetic protests which we had to make here because of the attacks on American Jews, the way in which we did it, and particularly the opportunity which it gave us to point out in a friendly way what the real effects of this upon the new regime would be both at home and abroad, were I believe the principal
principal elements in stopping these physical attacks and had a good deal to do in bringing about a more moderate attitude towards the Jews generally which is already showing itself in many ways. The second struggle was in some respects much more important, for the new Government and the Party were certainly unfriendly, to use the mildest term, towards foreign capital and towards foreign firms in Germany. It was the intention of the Party to destroy as far as possible foreign capital and to practically destroy foreign owned manufacturing plants in Germany by declaring their products as "foreign" even though they might be made in German factories with German labor and German materials. No representations of our Government in the earlier days of the revolution that this involved treaty violation, would have been effective and would only have aggravated the situation because the leaders of the Party themselves had taught this doctrine to their people and it was therefore necessary to carry on with the higher and intermediate leaders a campaign of education to show that foreign capital cannot be destroyed without at the same time destroying native capital with which it is intimately allied, and that these manufacturing plants owned by foreigners could not be destroyed without very seriously and permanently affecting unfavorably the internal economic structure of Germany as well as impairing her export situation. It took a lot of patience, but I am very happy to say that I think the matter is now definitely settled. In my last despatch on the subject you will find that not only the Government, but now also the Party leaders have definitely declared that they will observe all the treaty obligations of Germany in this respect, and what is more in these days of promises and declarations, we have concrete evidence that the discrimination against American owned German firms is being stopped. It was a long and a hard struggle into which I
put every bit of resource and tact which I may have, and we have succeeded in getting the result.

I felt that it was extremely important that we endeavor to do this without the necessity of calling upon the Department to make formal representations as this would have had to go through the Foreign Office which, as you know, is not in good repute with the present Government and Party and which is practically inoperative for the time being except for routine matters. It was important also, for if we had had to ask the Department to have us make formal representations through the Embassy, it would have been accompanied by publicity which would have held up the new Government here as a breaker of treaties and would have greatly embarrassed them not only externally, but in the country and vis-à-vis their own followers. Gordon and I were in accord that the policy which we were following here was the best and I am glad that circumstances have shown that we were not wrong. Incidentally, the higher authorities in the new Government and in the Party are really grateful that we did the job in the way in which we did, and while we are in no sense endeavoring to curry favor with them, it is obviously better to have them feel so friendly and appreciative. It has helped already in many other matters which are not of such primary importance but which could otherwise be very annoying and which we are able to settle here from day to day.

I think the idea of the President's address to chiefs of states was really a wonderful one and very effective, for the situation here was very tense. I think it had a good deal to do with moderating the tone of Hitler's speech before the Reichstag, if for no other reason than to give him an argument with the more radical
radical elements among his own advisers who were pressing for a more radical speech. I do not believe that the way of the Disarmament Conference or of the Economic Conference is going to be easy, but I do believe that again the intervention of our Government has been of tremendous help to Europe even though it may not particularly relish it in all quarters.

The situation here in Germany naturally remains acute in many ways. The leaders are growing more moderate but the masses are just as radical as ever. The situation may now be summarized by saying that what is going on now is to determine whether the intermediate leaders who are in closest contact with the masses and who at present share the radical views of the masses, will continue to be influenced by the radical masses or whether they will succumb to a moderating influence from the top. This is extremely important and in fact the whole future of Germany is bound up with what the outcome will be. My own feeling is that the intermediate leaders will grow more moderate through the influence of the primary leaders and I think we have learned in the last few months if we did not know it before, how extraordinarily docile the Germans are. If the intermediate leaders do go with Hitler, Goebbels and Goering in a more moderate policy, then I think a good deal of the danger is past or I should say, a good deal of the greatest danger is over, for I am definitely of the opinion that things have been started here which no matter how moderate the policy of the Government may become, will not altogether die out and Germany is going to remain a troubled spot for a long time.

I am very happy that the Department has told me to go to the Vienna meeting of the International Chamber of Commerce from May 28 to June 3, as I

attended
attended the Brussels and Stockholm meetings of the Chamber for the Department and only missed the last meeting at Amsterdam because I was at Buenos Aires. This Vienna trip although short, will not only give me the opportunity of seeing old friends from all over Europe and from home, but will provide a very pleasant change from Berlin where I have been continuously on the job without any respite since early last summer. Fortunately the situation is such now that I see no reason why I should not go away for about ten days.

Believe me, with all good wishes,

Sincerely yours,