Berlin, Germany, November 1, 1933.

THE HONORABLE
THE SECRETARY OF STATE
WASHINGTON.

SIR:

I have the honor to refer to previous despatches in which I have recited to the Department developments in the anti-Semitic movement in Germany, and to transmit the following data and observations to bring the picture to date. In the more recent of these despatches it has been shown that although the active physical persecution and maltreatment of the Jews in Germany has been modified gradually and has now practically disappeared, the real movement against the Jews has continued without abatement in every sphere of German life, and that in reality the action against the Jews is marked by the same implacability as during the first days of the revolution. The attitude of the Government and of the party is still to eliminate them from active and gainful participation in any phase of German life.
It is unquestionable that the physical persecution of the Jews was brought about by the reaction of public opinion in the rest of the world rather than by the force of opinion in Germany. While the action against the Jews in the professions, in business and in other phases of German life has never been acceptable I believe to the mass of the German people, the force of this opinion within Germany has little weight as there is no expression of independent or opposite opinion within the country. The force of public opinion in the rest of the world has so far had little effect on the implacability and definiteness of the movement against the Jews in the professions and in business. The present leaders of Germany, while not so sure as they were eight months ago that they "can do as they will" in Germany, have by recent events been strengthened in their will to show independence of outside opinion. That the deepest fundamental reason for the action against the Jews in Germany is not so much racial as one of competition, is becoming daily more apparent.

Although the real movement for the elimination of the Jews from all places in the Government, professions and business continues daily, there are increasing evidences that certain voices within the party are being raised against it on account of the danger which is seen to the social and economic structure of Germany. Eight
months have passed since the beginning of the revolution, and while the days of action are not yet over, at least certain of the leaders of the party are beginning to think a little more before they act and are beginning to perceive some of the effects of what they have already done. Within the past few months therefore, particularly since Schmitt became a member of the Cabinet, the real importance of the action against the Jews has become apparent and some of the party leaders are looking at it no longer merely as a fundamental part of the party program, as a matter of prejudice and as a matter of competition, but have been forced to look upon it as a factor vital in the problem of Germany's future and her place among the other nations. Dr. Hilland, one of the more active and intelligent of the younger party leaders and who has been counted among the radical wing, informed me a few days ago that he had realized only shortly how important this problem really was as a question in the future position of Germany.

Although some of the leading business men and financiers of Germany, as well as some of her public men, realize the dangers of the complete elimination of the Jews, the social and economic structure, they are almost without exception afraid to raise their voice. They feel and have learned by experience that doing so is only to prepare the way for their own elimination. The advent of Dr. Schmitt therefore in the Cabinet was
was of primary importance, and when one reviews what has taken place in the Jewish question since that time it is possible to say that although concretely very little has been realized in action so far, a great deal has been done in preparing the way for a more moderate handling of the question. Dr. Schmitt is a fearless man as well as a clear thinker, and one who has the personality which carries with it persuasion and conviction. He has realized that open action and too rapid expression of his views would only endanger his position and the possibility of greater moderation being arrived at. It is known that he had a conversation with the Chancellor some time ago, which lasted from 11 o'clock in the evening until 5 o'clock in the morning, in which he endeavored to convince him that for Germany the Jewish question could not be one of race prejudice and competition, but that it must be viewed in cold blood and in the light of what the elimination of all these people so rapidly would mean for German culture, business and finance, and her consequent position in the world. It is understood that in this conversation with the Chancellor Dr. Schmitt pointed out that in the field of research, for example, the greatest contributions to German progress in recent years had been made by Jews. He pointed out that the possibility for the German people to hold out during the last two years of the war was almost entirely due to
to the scientific research and practical application of discoveries by two or three Jews. He pointed out that in various of the major industries of Germany the organization as well as the industrial efficiency were due to Jewish direction or initiative, or both. The net result of the conversation, however, was that the Chancellor did not give his Minister of Commerce any indication of support in a more moderate program. Dr. Schmitt informed me himself, however, that he was not discouraged and that he was convinced that the attitude of some of the major leaders in the entourage of the Chancellor was already much better and understanding.

While I do not believe that one can be optimistic that any change of importance will take place in the near future, I am convinced that even though the political machinations against Dr. Schmitt should be successful and he be eliminated from the Cabinet, he has laid the groundwork for a more reasonable handling of the Jewish question. He has been indefatigable in his campaign of education of the younger men in the party and in the Government. He has gained their respect by the objectivity of his views and by the clarity of his presentation. It is on the other hand true that the work which he has been doing has gained for him the definite enmity of powerful men like Dr. Goebbels and radical members of the party,
who are still acting on prejudice and in passion, and whose perverted notion of patriotism consists in seeing a Germany completely of their own fashioning.

One of the most unfortunate features of the situation is that, as I have already pointed out in previous despatches and again in this one, Mr. Hitler himself is implacable and unconvinced and is the real head of the anti-Jewish movement. He can be reasonable on a number of subjects, but on this he can only be passionate and prejudiced. He goes into a passion whenever the question comes up, as he holds the Jews in and out of the country responsible for the bad press which his regime and he personally have in the rest of the world. He fails to see that it is the acts of the party rather than the acts of persons outside of Germany which have brought about this unfavorable public opinion. While in some respects he is a very modest man, there is increasing reason to definitely understand that he is a man governed by his passions rather than by reason, and there is therefore no indication that the appeasement in the Jewish question will come either through initiative or direct tolerance from him. A further unfortunate aspect of the problem is that a man like Dr. Kepler who has his private ear and who is his economic adviser, although appreciating the situation in the same manner as Dr. Schmitt, does not have the courage to discuss
discuss the matter with the Chancellor. He is interested more in holding his position than he is in really giving faithful advice to his chief. Dr. Schacht who could exert such a great influence in this matter, has also long since ceased discussing it with the Chancellor as he believes, and perhaps rightly, that he must do nothing which will interfere with his remaining as head of the Reichsbank. A feature of every revolution is that certain leaders are kept more busy holding their place and combating others who are trying to get their place, than with the actual duties which should occupy them, and this is true in Germany today.

The only encouraging thing, therefore, which one can see about the anti-Jewish movement is that Dr. Schmitt has had an influence in laying a groundwork towards more moderate action and that, if he is able to remain in the Cabinet, he will be able to go a long way in bringing about a solution. This, however, is still undecided, but if he is able to hold his place until the end of November, he is likely to be able to hold on for a considerable time longer, and that may be interpreted as a favorable indication not only in the Jewish question, but on other economic and social problems.

I have given the Department the foregoing background, for after all this Government is a very personal
one and so much depends on individuals. It would be useless to recite the many concrete incidents which come to our attention daily to show that in practice the movement against the Jews continues with undiminished implacability. As of interest, however, as a concrete incident I may say that a few weeks ago the governing board of one of the leading industrial concerns in Germany had its meeting. The chairman of the board was obliged at the opening of the session to place before the board two letters which he had received from two Ministries in Berlin, informing him that the Jews who still remained in the organization would have to be eliminated. All the members of the board including the non-Jews, who were already much in the majority, expressed the opinion that this might be fatal to the business as the men to be eliminated were those who had made the business possible and kept it going in difficult times. There was no recourse, however, and the men had to be eliminated.

On the first of October a committee of the Berlin Stock Exchange which had been studying the matter, issued a list of 150 members who were to be dismissed as from that day on. Of these 150 brokers eliminated 85% were Jews. In order to make it appear that it was not purely action against the Jews, three of the brokers on the list belonged to the National-Socialist party, but it was indicative of the mentality which prevails
prevails that these three had long been marked for elimination on account of improper practices. Of the 150 who were eliminated on the 1st of October, eight have since died, two according to the press as suicides, and six from natural causes. There is, however, much reason to believe that of these six the majority may also have been suicides. I recite this incident as showing the wholesale measures which are still taken and indicating at the same time the mental distress and its effects which these measures have. One has to live in Germany and to be really a part of its life in order to realize the mental cruelties which are being daily inflicted here, which are in many respects much more severe than the physical barbarities which marked the first days of the revolution.

Men like Dr. Schlieper of the Deutsche Bank, Dr. Joeldes of the Handelsgesellschaft, Dr. Solmsen of the Deutsche Bank and a few others have held their place, but these men are among the few outstanding bankers of the world. There is no one to replace them, but at least one of them has already had to spend large sums in the form of bribes to hold himself in his position. If he has done this, I believe I know him well enough to say that it is not so much out of a desire to hold his position for his own sake, but because he remains a good German and wants to remain in his position to do what he can for his country.
It is interesting that many outstanding Jews in spite of the fact that they are practically denied all equality and that the Government is planning to take away from them their citizenship, remain devoted to their country and to its interests.

The dismissal of minor employees and of heads of departments in the various banks and in important business concerns goes on so that in this field the "cleaning up" process will soon be as complete as it already is in Government circles, in the professions and in the universities. The professional, industrial, economic and financial structures of the country have been given a blow which may be vital. Whether it is vital depends upon what will happen in the Jewish question. If there is a more moderate policy the dangers to the Germany of to-morrow are not so great. If the policy is not moderated, the blow which Germany has delivered to herself, will be one which will weaken her for at least two generations.

As one of the definite, concrete achievements in the direction of moderation which Dr. Schmitt has attained, I think should be mentioned here the declarations which have appeared in the press in the last weeks to the effect that the distinctions which have been made between Aryan and non-Aryan firms in business cannot continue, as they have had a distinctly unfavorable effect.
effect on the business structure and have increased unemployment in certain lines. In one of his statements Dr. Schmitt says: "I am convinced, as is the Minister of Propaganda, that there is no ground for action against a firm as long as the firm has not broken the law or the basic principles of business honor." This declaration had a very good effect. Further, it is unquestionable that Dr. Schmitt has been able to stop the action directed against the department stores, at least for the time being, as he has convinced the party leaders that action taken at this time would greatly disturb not only these retail establishments, but also the manufacturing establishments which serve them, and that unemployment and distress would be consequently increased. On the other hand, it is significant to note that at the same time that Dr. Schmitt made this declaration, from purely party sources came the declaration that although the action against the department stores and the cooperatives for the time being could not be carried through, it must not be considered that the original program has been abandoned.

On the other hand, the radicals on the Jewish question have succeeded in the social field in carrying through even more definitely and implacably the provisions of the Aryan paragraph in the "Beamtentlaw", and additional persons who have not been able to show a clear Aryan background from 1800 have been separated from
from important positions. The "Berliner Tageblatt" of October 28, 1933, carried an article to the effect that the use of the Old Testament in the schools has been further regulated and therefore the greater parts of the Old Testament are excluded from use. This is merely indicative of further action which is taking place along this line, following that taken a short time ago, substituting German terms in religious services for "Jehovah" and "Amen".

It is these contrasting trends which it is necessary to bear in mind before forming any definite conclusions with respect to the status of the anti-Semitic movement.

It is still too early to make any definite forecast as to what the future developments of the anti-Semitic movement will be. Much depends on the political developments within the next few weeks and certainly within the next few months. If I may express a personal opinion, it is that no fundamental change towards moderation in the Jewish policy can come about until there is some radical change in the Government which will enable it to turn about-face on this question as it already has on others, on which, however, no such popular prejudice had been aroused and on which the change of attitude may not have so seriously affected party prestige.

Respectfully yours,

George S. Messersmith,
American Consul General.
This declaration, however, that there is to be no distinction between Aryan and non-Aryan firms has had effect only so far as the important firms are concerned, especially large employers of labor. In smaller manufacturing establishments and in retail establishments discriminatory practices against those owned, operated or controlled by Jews are in constant effect, and the party is directly fostering them, and many smaller businesses are being ruined and will continue to be ruined by these discriminatory practices.

Respectfully yours,

George B. Messersmith.