Before his departure to the United States, the Ambassador brought to my attention the exchange of telegrams between the Department and the Embassy regarding the desire of the German Government to send a mission to Washington as soon as possible, to discuss possible trade agreements in accord with the bill now before Congress, enabling the President to make such agreements. The Ambassador indicated that he believed it would be desirable for me to see certain officials of the German Government, such as Dr. Posse and Dr. Schacht, and others whom I thought advisable, to develop certain background which might be helpful. In a conversation which I had with Dr. Posse today in which I discussed the case of the Deutsche Sinclair Petroleum G.m.b.H. and of the American office machine equipment companies in Germany (see separate memoranda under this same date), I discussed briefly with him some of the background as follows:

I said that the bill authorizing the President to undertake these conversations and to make these arrangements with other countries, had apparently passed the House of Representatives and was now in the Senate where there would likely be considerable discussion, but that there was every reason to believe that the bill would be passed giving the President these powers. Dr. Posse asked how long it would probably take before this bill was passed and I told him that this was impossible to foresee and that it might be a question of a few days and it might be a matter of a few weeks. Dr. Posse pointed out that this was a matter of some disappointment to them, that the German Government had hoped that the conversations might be undertaken in the very near future.

I took the liberty of stating that once the President was authorized to undertake such negotiations it might be some time before our Government would be prepared to receive a mission from Germany or from other countries. I pointed out that it would obviously be necessary for the various departments of our Government which were interested in such negotiations to determine exactly what they could do, and that certain preliminary work would have to be done by them before they would be prepared to enter into negotiations, and that the problem for different countries would present in each case individual features which would require careful preparation and study. I said that while undoubtedly such preparatory measures were already being taken as far as possible, it would be difficult to foresee or to state definitely now when our Government would be ready to receive a mission from Germany.

Dr. Posse
Dr. Posse pointed out that this would naturally be a matter of some disappointment to the German Government as the situation was such regarding exchange available for export, that there was pressing need for some action. He said that the German Ambassador had been asked to communicate to Secretary of State Hull the hope that Germany would be among the first countries with which we began such negotiations. I informed Dr. Posse that so far as I knew, the Embassy had not received any reaction as yet to this suggestion, if the German Ambassador had made it.

As I had discussed with him as the primary object of my visit discriminatory action against the Deutsche Sinclair Petroleum G.m.b.H. and against American office machine equipment companies in Germany, I took occasion to point out to him that the continued discrimination against American interests in Germany was forming very unfavorable background in certain industrial circles at home for eventual negotiations. I referred to a number of conversations which I have had with Dr. Posse and others in the Reichswirtschaftsministerium since the new Government came into power in Germany, with reference to discriminatory action against American firms and interests. I pointed out that while we knew that the higher authorities of the German Government were not in favor of such discriminatory action, it was still continuing and that many American interests had already been wiped out, and that others of primary importance were in danger of losing their entire capital investments. It seemed clear that as long as influences were at work in Germany which the Government did not control and which tended to destroy American interests protected under the treaty, this would form very unfavorable background for any new arrangements which might be contemplated. It would be difficult to enter into new agreements as long as interests now guaranteed liberty of action and protection under our treaty of Commerce and Amity, were suffering as has been the case during the past twelve months.

The time did not permit further discussion, but Dr. Posse expressed appreciation of the background, and the hope that we might be able to go into the matter further in the near future.

George S. Messersmith,
American Consul General.