Berlin, Germany, September 15, 1934.

Dear Mr. Moffat:

Since my last letter on the political situation in Germany there have been no significant changes which would alter the main fact which I brought out in my last letter, namely that every attempt is being made by the political forces in Germany to stabilize Hitlerism and to utilize the prestige of Adolf Hitler for the so-called re-awakening and reintegration of the German people. I spoke in my last letter of a virtual marriage between Hitler and the Reichswehr. I have spoken with a number of correspondents who have come back from Nuremberg and they confirm the apparent total agreement between Hitler and the Reichswehr. It was significant at the various gatherings in Nuremberg that upon Hitler's arrival he invariably immediately went to General von Blomberg and shook hands with him before he greeted other personalities. There is no doubt that the Reichswehr has been entirely satisfied as to the main points of the German policy; first, the organized, semi-military formations such as the S.A. and S.S. are to be kept in subjugation, both politically and militarily, in order that they shall not constitute a menace either to the Government itself, or to the power of the Reichswehr; second, the rearmament of Germany under the direction of the Reichswehr is to be accomplished as rapidly as possible. The German Government is now bending its efforts to accomplish the second point of the program while subordinating the
the main social, economic and political issues incorporated in the National-Socialist party's program. They have not been entirely abandoned, but they do not play as significant a part in the public life as during the first fifteen months of the regime's existence. There is little interference with business by the irresponsible political elements. The so-called N.S.B. 0., which has an official in every shop and factory in Germany, and which represents the National-Socialist party in order to carry out the National-Socialist labor principles, has been rendered almost completely innocuous. Here and there an enthusiastic Nazi endeavors to intimidate the management, or to threaten workers who are suspected of not being in sympathy with the present regime. Through the appointment of Dr. Schacht as economic dictator business interests have manoeuvred themselves into a stronger position where they can deal successfully with the National-Socialist revolutionary elements in the shops and factories. A strong quiescence has been put upon such attempts, and at the same time the workers are being entertained through the important organization known as "Kraft durch Freude" (power through joy) which carries out the old principle of the Romans, of circuses for the masses.

On the whole, so far as the internal policy of the Nazis is concerned, they are having a measure of success and, if other factors were equal, one could expect a long and successful "reign" for Adolf Hitler. Propaganda within the country prepares the people very subtly for the financial and economic difficulties which the country is bound increasingly to experience. I need not dwell upon the serious financial and economic position in which German industry finds itself. The Government is going ahead with its public works program and filling the Reichsbank's portfolio with the discounted Arbeitsbeschaffungs-bills, and with the armament industries working steadily there is a good deal of prosperity within the country which is traceable almost entirely to the Government's action. One hears rumors here and there of a slackening
of the Government's program, but I believe that the present regime possesses power enough to cope with this problem. Under normal circumstances, unemployment would steadily increase owing particularly to the lack of raw materials and the difficulty in obtaining these, but it is apparent from a recent important measure put through with regard to the release of young men under 25 years of age from their positions, that the Government is intending to absorb a large mass of men into the so-called work camps where they will be given military training. For all practical purposes, these work camps are conscription camps where the young men receive military training. It was particularly noticeable at Nuernberg that the formations which came from these camps and paraded before Hitler, carrying spades instead of guns, goose-stepped with more precision and skill than any S.A. formation. Now young men under the age of 25 are being forced out of their positions in the cities (the public proclamation concerning this measure appeared on the billboards of Berlin to-day) and are being sent to the work camps. Older men will take their places in the factories and shops. Under ordinary conditions, i.e. in a free country, this would cause great discontent, and discontent would become vociferous. In the Germany of to-day discontent may be great, but it will not become vociferous, and those discharged from their positions will follow the command and go to the work camps.

With regard to the German public, observers are generally unanimous in the belief that the German nation, while anxiously regarding the present state of affairs, is content to be led on the political paths marked out for it by the National-Socialist Government. The National-Socialists have so strongly organized their position and so completely dominate the situation, that there is little possibility that anything serious will happen within the councils of the party or among the leaders of the Government. It is apparent that such men as von Neurath have agreed that the only hope for Germany's regaining her position in the world is along the lines laid down by the present regime, namely that Germany must first of all recover her military prestige, and then
it may be seen what can be obtained from the rest of
the world. They hope to be in a position to assert
themselves on the basis of their military strength,
which of course is a dangerous and a disquieting
outlook. Mr. Goering is known to have said a
short time ago that after the 1st of April 1935
nobody will have anything to say in the air, and
from reports which I get I am convinced that the
German rearmament is concentrating upon two points;
first, power in the air, and second, motorization of
any attacking forces. There is nothing conservative
or traditional in their present policy. Many of the
young Nazis are enthusiastic with regard to the military
prospects. They speak of gas war, of bacteriological
war, of the use of death-dealing rays. They boast
that airplanes will not pass the German frontiers.
Their ideas of Germany's invincibility and Germany's
power in "the next war" are really phantastic. It is
to be concluded, however, from these remarks that a
good deal of lively talking is going on in the Nazi
circles and they are really thrilled in contemplating
Germany's future tremendous victory over her enemies.

It is a significant fact in estimating the present
situation in Germany, that into the youth is being
inculcated an unprecedented, conscious and deliberate
love of militarism and all that it stands for. It is
one of the amazing things of modern history that the
Government of a great power should definitely teach
its children to cherish ideas of valor, heroism,
self-sacrifice, unrelieved by any of the virtues
which modern civilization has come to place above
brute force. Primarily owing to the international
political situation and the disposition of the great
powers in Europe to consolidate a defense position,
war may not be imminent, but it is very difficult
to foresee how the bellicose spirit here can be
restrained and directed into permanent channels of
peace towards the end of this present decade.

I think that you can look forward to a period
of tension in European affairs in the immediate
future. So far as I can judge the situation, it
appears to me that as long as the National-Socialist
regime
CONSULAR SERVICE
DEPARTMENT OF STATE
regime remains in power, this tension will increase. Germany will not return to the League of Nations, nor will Germany sign any Eastern Pact. There will be no retreat along the line of rearmament. A steady attempt will be made by the German Foreign Office to perfect agreements with other countries, similar to that made with Poland. They are hoping to make such agreements with Yugoslavia, and if possible with Hungary. The defeat on the Austrian question has put Hitler in an exceedingly difficult position, and there seems at the present time to be no prospect of solving this situation successfully, from the German point of view. The present plan of making a treaty between certain powers to guarantee the neutrality of Austria, while it would be a masterful stroke, would have the effect of driving the Germans more resolutely towards a resumption of the policy of intrigue in Austria, and generally to a policy of "Gewaltpolitik", as has undoubtedly been agreed upon with the Reichsheer. The Germans realize that in the face of international opposition they can get nowhere without formidable rearmament.

It is characteristic of the present German position that political considerations, both foreign and domestic, completely overshadow and entirely outweigh all economic and financial considerations. Observers prophecy a very hard winter for this country, in fact so serious that in any free community the Government would be overthrown. But so much emphasis is placed upon the political considerations that economic and financial catastrophes will surely play only a secondary role among the Germans in the immediate future. How far they can go in this direction nobody is able to forecast. They appear confident that they can overcome their financial and economic difficulties.

Superficial observers look for trouble within the party itself, and others think that the S.A. formations or even the powerful blackshirts will have some influence upon the internal political constitution and bring about violent changes in the Government, leading to a military dictatorship
or to a restoration of a monarchy. I believe that such possibilities are remote and that it would be unsafe at the present outlook to anticipate any diminution in the power of Hitler. Changes within the party may occur and there might even be a repetition of the events of June 30, and if so I believe that Hitler is strong enough to cover himself and to maintain his position against the most serious odds.

With regard to the adoption by the Nazis of a more conservative policy I fail to see that this conservative policy has in any way significantly materialized. The conversations that Julius Streicher had with some of the correspondents at Nuernberg, and the prestige that he was seen apparently to enjoy with the Chancellor, indicate that there is no intention to abandon anti-Semitism. The ruthless and autocratic action taken against the Protestant Church, and the consecration of Bishop Mueller in his office on the 26th of September, are evidences of no change in policy. The system of using hostages to terrorize political enemies has not been abandoned. The concentration camps from which many unfortunate persons have been released, are being maintained as a system, and the Secret Police are active making further imprisonments. There has been no restoration of freedom in any respect, and the Nordic cults are being emphasized as much as ever. The furthering of the radical policies which were formerly so widely proclaimed by irresponsible members of the party here and there, has now become the serious work of the Government. The National-Socialist attitude towards life (Weltanschauung) has not been modified in any respect, and there continues as ever a complete threat of annihilation to practically all that civilization has built up since the beginning of history.

I am very sorry to paint so dark a picture, but I think we might just as well face the facts and direct our policy in dealing with the European situation, with reference to them.

With very kindest regards,

Very sincerely yours,

Raymond H. Geist.