MEMORANDUM OF CONVERSATION WITH HERR VON PAPEN, THE GERMAN MINISTER IN VIENNA, ON NOVEMBER 14, 1934.

At five o'clock on the afternoon of November 14, I called by appointment on Herr von Papen, the German Minister, to return the call which he had made on me on assuming his duties in Vienna. During his call on me some weeks before, our conversation was confined to entirely inconsequential matters, and it was obvious during that call that he was deliberately avoiding all reference to the Austrian and general situation. I was unable to return his call sooner, as he has been out of the city a good deal. When the appointment was requested to return the call, he suggested I come in "for a cup of tea" at five o'clock on the 14th.

I assumed that our conversation would again be confined to generalities, and intended for my part to keep it on that line unless he took the initiative. After about twenty minutes of inconsequential talk he commented on the favorable results for the President of the election in the United States. He asked me what I thought this meant. I told him that in my opinion the election was a strong personal endorsement of the President, an expression of the confidence of the people in him and an indication of the approval of the major policy which the President was following. He expressed interest in some of our particular internal problems, on which I gave him the best information I could, and expressed the belief that while it would undoubtedly be several years before we had found a satisfactory adjustment and solution of some of these problems, we were on the road towards finding the solutions. Mr. von Papen then asked what I thought the prospects were for an early stabilization of the dollar and the possibilities of further devaluation. I told him that on this question I could give him no definite answer and doubted whether anyone could. I said that it was the general impression that in spite of the existing authority to devalue the dollar somewhat further, it was doubtful whether this authority would be used. He then asked me what I thought was the principal difficulty in the way of general stabilization of currencies, which he said he thought was very desirable. I told him that this was a question on which
I could give him no information, as I was not adequately informed, but that I was under the impression that the principal difficulty in the way was the uncertainty in other countries and that I doubted whether the United States would wish to stabilize unless a general agreement could be arrived at, and that this agreement could not be made until certain major countries were prepared to enter into it, and that this time might not yet have arrived. He then said that he thought it would be very helpful if the United States, France, Germany and the Scandinavian countries could arrive at an agreement, as this would force England to come in. To this I merely observed that I could conceive of no arrangement for the stabilization of currencies which we could enter in which England did not play the proper part which its position made necessary.

Mr. von Papen was evidently leading into deeper waters, as I could see from the drift of his questions. He then asked me what I thought would be the result of inflationary measures in Germany. I told him that from what I understood, certain inflationary measures had already taken place in Germany, but they were not of the type which the people would recognize, and that therefore they had had no psychological effect on the masses. I said from my observation I believed that inflationary measures in Germany, recognized by the people - and that they would be quickly recognized - might easily lead to a crisis and to a repetition of the disastrous consequences of the first inflation. I remarked that it was my experience that the German people still remembered too well the previous inflation to believe that a controlled devaluation of the currency or a controlled inflation were possible there. To this he replied that they were thinking of further devaluation in Belgium, even though the newly formed government there was against it, and what I thought about the possibilities of further devaluation in Belgium. I said the circumstances in Belgium were entirely different and explained that the fall in the value of the Belgian franc was slow after the war, and people became gradually accustomed and adjusted to the falling value, and that the stabilization was made without difficulty. I said that a further partial devaluation of the Belgian franc would affect a very small part of the population, for capital was closely held in the country, and that it would probably
help most of the people. I therefore considered a further devaluation could be made without any danger of a psychological or serious political crisis, and that this was probably true in various countries. Herr von Papen responded that he agreed with this and then stated quite frankly that real inflationary measures in Germany would be catastrophic in their effect and that the Government could not resort to these, for it had too definitely and too frequently committed itself to maintaining the value of the mark.

Herr von Papen then plunging into still deeper waters, asked me whether there were any observations I could make to him on the internal German situation, as he knew I was so thoroughly familiar with it. I told him that I left Germany in May and that I was not in a position to offer him any comment on the German situation, which he knew much better than I. He then spoke of the raw material situation, which he said was serious, but that they were making very good progress in overcoming the inability to get certain raw materials from the outside. He said that it was a mistake to speak of some of these things they were using in Germany as substitutes, as, for instance, the material they were using in place of cotton and wool. It was not really a substitute, but an article which had come to stay, not only in Germany, but would come in other countries and was "just as good". He expanded on this raw material situation and what a mistake it was for foreign countries to deprive Germany of raw material, but it was quite clear that he did not believe anything he was saying. To all this I merely replied that, so far as I could see, it was not foreign countries which were depriving Germany of raw materials, as they were all prepared to sell them and anxious to sell them, and that Germany could get them at any time in the world markets by paying for them.

He then came to the question which it was quite clear he was trying to lead up to for some time, and which I had decided to answer if he asked it. He asked me point blank what I thought of Austro-German relations. I told him that this was a very broad question and that our interest in Austro-German relations was naturally not as close as that of some other countries, but that as Austro-German relations were an
important factor in peace in Europe, we were naturally interested. I told him that officially I could not express any opinion on Austro-German relations, but that if he was interested in my personal views, I was very glad to give them to him. To this he replied that, as I must know, he was painted as a very bad man, that he was considered to be an intriguer and working in an underhand and underground manner. He said that he was really sincerely interested in promoting better relations between Austria and Germany and that, as I knew, he had never been in sympathy with all that was being done in Germany. It was considered by many that he did approve of all of German policy, but in fact he did not. He stated that there was much going on in Germany that he did not approve of. He then said if I could give him my personal view of the situation, he would appreciate it.

I said that in my outlook on the European situation I always considered as one of the basic requirements for a peaceful Europe that there should be a happy and contented and, I would go even so far as to say, a strong Germany. I said that I could not consider peace in Europe as a durable thing without such a Germany. I went on to say that there was much similarity between Germany and the United States and England. We were great powers with industries, energetic people accustomed to a good level of living. I said that we were by the very nature of our peoples and our social and economic structure, countries which had to have very good relations with our nearer neighbors and with all countries. I considered that Germany, on account of her geographical situation, was particularly dependent on her relations with her neighbors, particularly to the south-east, and that the closest economic relations between Germany and Austria, for example, were as much of a necessity to the one country as the other.

I said that in a continent such as Europe, where there were so many countries and peoples, each with their traditions and aspirations and problems, it was essential for all of them to bear in mind that they had to live within this narrow space and accommodate themselves to it and to the neighbors. If any one state wished to press its aspirations too far, and against the natural development in the course of
events, it was bound to come in conflict with the aspirations and rights of other states, and there was only one result. I said that there was a normal and natural course of events by which countries, just like human beings in society, found their level, and that with patience and without the use of force such natural laws would work out in the political and economic sphere. I remarked that the trouble was that, for one reason or another, some countries were not willing to let these natural currents work, and that I was of the opinion, from what I had been able to observe during my four years in Germany and particularly during the last two years, that there was a group of people there who wished to force the situation to press political sovereignty on countries beyond the present frontier of Germany, and who believed in force as an entirely proper measure to accomplish this end. I said that I thought this was a mistaken policy, for that same thing had led to a war in 1914, in which we all lost. I said that even if this group in Germany were able to re-arm to the extent that they could fight a war victoriously and gain certain objectives, it would be only a temporary advantage, because in the course of time, if history teaches us anything, this advantage would be lost.

To be specific, I said that the war of 1870 brought Germany Alsace and Lorraine, but that 1918 lost them for her. I said that even if this force now being developed in Germany would be victoriously used to bring Austria under German sovereignty, Germany would only be creating a situation for herself which would in the end be disadvantageous to her, for by this violent act she would be violating the rights and the interests of other states and create a situation which would eventually almost surely make the victory a very hollow thing. I said, therefore, since he had asked my personal opinion, that I could say that Germany could not expect normal relations with Austria or with the rest of the world until she made it definitely and unequivocally clear to Austria and to Europe that she has no territorial designs on her nor any other state, and until it is evidently clear that Germany will not interfere in the internal affairs of Austria or other states. I said once this was done in a way concerning which there could be no doubt, and there were many ways
in which Germany could do this, I felt confident normal relations with Germany would immediately follow and pave the way for normal relations with the rest of Europe. This would open the way for natural forces in the economic field to have their play, and there could be a beginning of the healing of the distressing economic situation throughout Europe and the world.

I told Herr von Papen that I had lived in Germany long enough to realize the good qualities of the German people and that I myself had never lost faith in the good sense and the right-mindedness of the great majority of the German people. I said that I need not tell him that my work in Germany had showed me how foreign interests, particularly our own in Germany, were disregarded, and that there could be no appeasement until it was generally recognized and understood that Germany intended to respect the rights of others.

Herr von Papen replied that he appreciated my comment and that I would be sure to appreciate that he was working for cooperation between Austria and Germany as sovereign states. He said that what Germany wanted was not to make Austria a subservient and dependent country, but that Germany wanted Austria to follow her policy instead of that of France. "All Germany wants is that she may be sure that in European policy Austria will follow Germany and not France." I did not deem it worth while to observe to Mr. von Papen that he could not have said more clearly than he did in this sentence that in spite of his protestations, he is working for an Austria subservient to Germany, for any country which is bound to definitely follow the policy of another could hardly be considered by the rest of Europe as maintaining an independent status. I felt that my pains had been well worth while in drawing out from him this statement which, after all, showed his real attitude.

It is further significant that during the course of the remarks which I made on Austro-German relations, Mr. von Papen at one point said that it was very fine to look at it from "your high moral viewpoint", and he left the clear implication that force was the natural measure which could be used and must be used.
The whole conversation was carried on in a very friendly way, but I gathered the definite impression that Herr von Papen is the intriguer which he so definitely says that he is not. He is very plausible and reiterates that he is so out of sympathy with many things in Germany, and yet his manner and what he says in an unguarded moment clearly show that he is a willing instrument, but not a very clever one. There is an impression among many people that he is a very clever person, but the long interview which I had with him on the 14th would not lead to this impression, and would not strengthen the conviction of an intelligent observer in his sincerity. He is a great spinner of webs and usually gets tangled up in them himself.
The whole conversation was carried on in a very friendly way, but I gathered the definite impression that Herr von Papen is the intriguer which he so definitely says that he is not. He is very plausible and reiterates that he is so out of sympathy with many things in Germany, and yet his manner and what he says in an unguarded moment clearly show that he is a willing instrument, but not a very clever one. There is an impression among many people that he is a very clever person, but the long interview which I had with him on the 14th would not lead to this impression, and would not strengthen the conviction of an intelligent observer in his sincerity. He is a great spinner of webs and usually gets tangled up in them himself.