MEMORANDUM ON THE PRESENT POLITICAL SITUATION
IN GERMANY AND A FORESHADOWING OF THE FUTURE
FOREIGN POLICY

The decision of the German Government to march into the Rhineland zone on the 7th of March, it is authoritatively stated, was the result of urgent representations made by Dr. Schacht to Herr Hitler and the members of the cabinet. Schacht, who had not anticipated the possibility of violating the Locarno Treaty as an expedient coup d'etat, exerted his pressure against the radical elements of the Nazi Party, particularly against Herr Keppler, the economic adviser to Hitler, and it is now known that when this struggle had reached white heat, Schacht ordered Keppler out of his office with the injunction never to return. The pressure of Schacht was directed also against Hess, Rosenberg and Goebbels, not to mention lesser radical personages such as Darre, Streicher and others. The quarrel had reached such a height that Schacht was forbidden to make speeches, and Goebbels appeared at the opening of the Leipzig Fair instead of Schacht. Nevertheless Schacht's representations and the pressure he put upon the Government forced them to a decision which culminated in the act of March 7th. It would be incomplete not to take into consideration other factors such as the discontent of the workers and the vast amount of criticism directed against the Government from industrialists, business men, farmers and others. In fact, the situation had reached such a pass that a first-class manoeuvre was essential. The foreign political issue was seized upon to revamp the whole interior situation.

The impasse in high Government circles which was created through the attitude of Dr. Schacht was complicated through other equally dangerous if not aggravating factors. Chief among these is the struggle which has been going on between the old Prussian generals of the Reichswehr and the Nazi Government. The bone of contention is the disposition to be made of one hundred fifty thousand S.S. (black shirt) troops whose leader is Heinrich Himmler, also head of the Secret Police. This force is being maintained by Hitler and his radicals as the private army of the Nazi Party. The overwhelming influence of the Secret Police has been a matter of grave concern to certain Government departments, particularly the Ministry of the Interior, the Ministry of Justice, and the regular police. The Reichswehr have demanded that this force...
force shall either be incorporated into the regular police under the Minister of the Interior, or be recruited in the Reichswehr. A bitter struggle is being waged over this issue, but the indications are that in the end one or the other disposition will be made in accordance with the wish of the Reichswehr. The struggle is a serious one and may precipitate a climax similar to that which took place on June 30, 1934. This issue for the moment has also been avoided through the coup d'état of March 7.

The all important result of the decision of March 7 was first, that it gave the Government for some time to come an opportunity to concentrate the attention of the public on external events, and second, it has given the National-Socialist Party an opportunity to make a debut on the international diplomatic stage. The effect of the latter upon the first it is calculated will be enormous. Herr Hitler, in his speech at Breslau on March 22, said: "I went my way at home without compromise and I will do the same in foreign affairs". This is a very fundamental and vital enunciation of policy which the whole gigantic machinery of German propaganda will attempt to realize.

It is the opinion of careful observers that owing to the serious economic internal situation, that is, owing to the lack of (1) gold and foreign currency, (2) raw materials for industrial use and armaments and (3) a chronic lack of certain necessary food-stuffs, Hitler is now forced to take such steps as will enable him to replenish his coffer, obtain raw materials, and assure a better food supply. This situation makes his offer to return to the League of Nations and to conclude twenty-five-year guarantee pacts not altogether unreal. Such a policy is contrary, however, to Germany's basic interests in the long run. It would leave the Hitler program unfulfilled and prevent the necessary expansion upon which German policy is based. A study of German manoeuvres in the international field even before the advent of Hitler, shows that long ago, even in the time of Stresemann, the necessity for ultimate expansion was recognized and planned for.

Whatever the peace offers are, it is inconceivable that the Prussian militarists or the industrialists, and above all the Nazi Party, will retreat from the expansionist program identical with pan-Germanism or the famous "Drang nach den Osten".

German foreign policy, which entered on a new phase on March 7, envisages a period of economic reconstruction through negotiations with foreign countries,
countries, particularly with England, if possible with France, with Italy, Poland, Hungary and Jugoslavia. The Germans have abandoned for the time being the isolationist policy, as it is realized that this is impossible. No economic and financial rehabilitation is feasible if Germany continues to be isolated. Her action of March 7 was calculated to throw Germany necessarily into the international arena where she had to be dealt with. In this connection the announced policy of Hitler, as quoted above, is all important. Germany will be willing to go a long way, even back to the Council of the League of Nations, if her demands are met with, one after another, and it will provide opportunities for rehabilitation on the three points above mentioned, namely money, materials, and food. It is very essential, however, to point out that Germany has now entered upon a phase which will only endure as long as her rearmaments are in the process of making. This phase may be described as that of a "potential trouble-maker" with a negative attitude toward constructive international negotiation, and powerful enough to let loose a war if defense requires it. This attitude will continue aggressive in matters of policy, but passive as to military threat, and a stubborn reluctance to cooperate in building up the international order without a high price being paid for every concession.

Germany has little to gain permanently by abandoning a policy of expansion. The country is heavily in debt and impoverished of raw materials, and while reconstruction for the moment as a means to an end is necessary, reconstruction on a permanent peace basis is not feasible. Germany's great industrial equipment is too confined, though the basic processes of the country cannot be changed through methods of autarchy or the production of substitute materials.

The German expansionist program envisages two objectives, (1) territorial aggrandizement and (2) territorial aggrandizement to be supplemented by political hegemony. The first objective is known also as pan-Germanism. It seeks to incorporate into the Reich existing German-speaking peoples now residing contiguous to but outside of the German frontiers. This expansion can be accomplished in two ways, of which the second is preferable to the Nazi state, first, through military action, or second, through revision of frontiers by agreement with contiguous states. Dr. Goebbels and Rosenberg are the apostles of the second idea. Goebbels believes, through his gigantic machinery of propaganda and creating among the contiguous German minorities overwhelming
overwhelming discontent and a clamoring for inclusion in the Reich, that a plebiscite may be forced upon neighboring states. Increased military preponderance within the Reich is designed to back up the propaganda. When Germany becomes the most powerful state militarily in Europe, the military argument for such plebiscites will act as a menacing pressure. This phase of the development is calculated to be more effective in the second stage of Germany's international position, of which I will now speak.

The second phase of Germany's international position and in connection with the negotiations that will undoubtedly continue for a number of years to come, will be reached when the military strength of the country is put upon an aggressive war basis. Then Germany is completely armed, when the idea of a totalitarian state has been put more effectively into practice, Germany's attitude toward the major European powers will be one of a definite aggressive threat. Germany will be in a position to launch formidable attacks against her neighbors, and in this position it is planned to achieve the revision of frontiers with the consequent incorporation of German-speaking peoples and the establishment of the political hegemony.

This program envisages in the early stages (1) the incorporation of Austria in the German commonwealth, eventually with the object of (2) exerting upon Czechoslovakia the crushing weight of encirclement impelling a revision of frontiers, and the establishment of a political "suzeraineté" over what may be left of the Czechoslovakian state, satisfying Hungarian irredentist claims. The realization of this program will carry Germany farther into the Danube basin, with the consequent establishment of the weight of her influence to the confines of Turkey.

The plan with respect to Poland is to force Poland to move against Lithuania, restore the Corridor, and establish the Polish outlet to the sea through Lithuanian territory, the further existence of which state is not in the program. Political "suzeraineté" will extend over the rest of the Baltic states. Only after the realization of this program will the question of Russian aggression be determined.

This plan is not inconsistent with the period of cooperation which Mr. Hitler is now suggesting to European powers. In his Breslau speech he said, as given above but which bears repetition, "I went my way at home without compromise and I will do the same in foreign affairs". The following facts must be taken very carefully into consideration:

Hitler
Hitler started his Party in 1921 with an illegal action by creating military forces, the S.A. and S.S. This action was tolerated by the republic because it was thought these forces could be used to strengthen the Army indirectly.

When Hitler felt strong enough in 1923, he tried a "putsch" in Munich. When it failed and he was released from prison, he went in for a period of legality and obedience to the laws. Through this he strengthened his Party and borrowed money. By 1930 his party was in debt over 50 million marks, a huge sum for a movement that had no national basis. The Nazi Party kept accumulating debts, convinced that some day they would have the power to repay this out of Government funds.

When Hitler could get no more credit he decided to have his Party enter Parliament (the Nazis have no use for a parliamentary government). This legal mode of procedure secured them more money (compare this with his offer now to return to the League of Nations).

When the Nazis came into power in 1933 they immediately started with an illegal action, i.e., secret rearmament. When they felt strong enough they tried a "putsch" in Austria in July, 1934. The Putsch failed and they have gone in for maintaining international relations. During the three years the Nazis have been in power they have drawn immensely upon Germany's resources and have piled up billions of marks of debts.

These successive acts, illegal and violent which Hitler has performed in Germany, he has performed with regard to foreign relations, first, the secret rearmament, second, illegal re-introduction of military service, third, denunciation of the Locarno Treaty and re-occupation of the Rhine zone. These illegal acts and violent, are to be a period of legality. He will return to the League of Nations for economic reasons, precisely as he went to Parliament in 1933 for economic and political reasons. In 1933 when he entered the Government, he made a coalition with the nationalists and shortly threw them out of the Government and eventually destroyed their great organization, the Stahlhelm. The nationalists thought they could work with Hitler without being swallowed by him.
foreign policy Hitler's attitude to-day toward democratic governments is the same as toward the democratic and nationalist parties which he destroyed in Germany. His policy of no compromise as it was practiced in home affairs will be carried through in the international field, and the successive stages of progress in the future will show Hitler's ability to cause the disintegration not only of the League of Nations, but of any scheme of collective security, which will be increasingly undermined as the military preponderance of Germany increases.

March 27, 1936.