Berlin, Germany
January 11, 1937

Dear Mr. Messersmith:

Your resume of the situation in this country and the relations of Germany with the outside world is excellent and I fear that I am unable to add a great deal to what you already know. Observers here are very much puzzled as to future developments and generally are unable to make any definite forecasts. The general impression is that the situation is bad; but that bad as it is there is no other way than to go straight ahead in the direction that the Government has chosen. The whole complex has arisen through the peculiar development which the present regime elected to bring about; and since they are the authors of the story that has been written up to the present time, it is up to them to seek the natural climax and eventually the denouement, if there is to be any.

It is considered here that Germany's foreign policy has been led astray in connection with the Japanese alliance and her Italian friendship. Neither of these can bring anything very real to the German people. The pact with the Japanese against the Communist "menace" may satisfy the needs of National Socialist ideology; but from the standpoint of practical statesmanship it is very difficult to see how this alliance can be of any use except in case of war. In other words the close relations which Germany must maintain in times of peace with Japan can only continue to annoy the Russians and create suspicion in many other quarters very much, of course, to Germany's disadvantage; all of which disadvantages can only be turned into advantages if Germany makes war on Russia. There is the conviction here that Germany is not going to go into a warlike adventure. While the actual shortage of food is not really very serious, the shortages of basic raw materials for industrial and armaments purposes are really very serious; and there is not very much hope that this situation will be corrected in the near future. The adventurous efforts in Spain are nothing more than this desperate effort to get enough ores to keep the industries going. Everything has been done to make some sort of commercial arrangement with the Russians in order to get ores; but this has not been fruitful of results; as the Russians have taken to heart more seriously than was expected the campaign against them. It was not expected that Hitler's campaign against the Bolsheviks would upset commercial relations. Credits have been extended and the Russians have been cordially invited to do business with the German industrialists; but the Russians are greater realists than was anticipated. Where the Germans will turn next for economic conquests remains to be seen. The trade relations with other countries are subject to many ups and downs; and German export business is passing through many vicissitudes, something like an insurance agent who does not know with what prospective client he is going to have his next success.
and furthermore, good trade relations which have been somewhat of a success in one instance may not repeat itself to the same extent or to the same advantage. You have indicated these ups and downs in your letter. The hold on certain countries in South Eastern Europe is slipping; and it is very doubtful that the Germans will be able to keep up the strangle hold which they have had on certain countries in the Danube basin.

Certain intelligent observers are very much disgusted with the effort made at the present time to run along with Italy. The question is asked whether or not Germany has not had enough experience with the Italians. This, like the Japanese friendship, is considered unnatural and bound to bring plenty of deception in the course of time. In other words, the two principal alliances are not considered worth much to Germany, and indicates the ill-advised trend of Germany's foreign policy.

The two principal themes which occupy the National Socialist regime at the present time and which will continue to be the main "strings" upon which the "harping" will be done in the near future are (1) the Bolshewik menace and (2) restoration of Germany's colonies. This I am sure will play a leading rôle in the great "foreign policy" utterance on the 30th of January when Herr Hitler will make a pronouncement. There may be certain measures taken against the jews; but these measures are not playing such a leading part in the minds of the Germans.

They are getting tired hearing about the jews. I understand on very good authority that when a booklet was published in Breslau before the Christmas holidays setting forth the names of all shops owned and operated by jews, the booklet was actually used by the inhabitants as a guide "where to do shopping", with the result that the jewish merchants did a fine business. No doubt the party bosses are quite aware of the non-anti-Semitic feeling of the mass of the German people. Only laws in the end can harm the jews; certainly not public sentiment. But this is not to be taken as an indication that there will be any relaxation in the hard position of the jews. There will be no change on this score as long as the present rulers direct the home policy of this country; and among the Jewish people there are no illusions about this matter.

I do not believe that it is realised here that the campaign launched during the Party rally at Nürenberg against the Bolshewiks has failed to arouse other nations in Europe. The emphasis on this matter is being kept up with undiminished zeal, and the radio is filled every night with the bitterest invectives against the "reds" everywhere. A dangerous center is discovered in Switzerland, in Czechoslovakia, in France, etc., etc.; Everything that happens everywhere is laid to the same cause.; even the news regarding Germany's alleged infiltration into Morocco is stated to be malicious news invented by the Jewish-Bolshewik crowd. There is no restraint in making these denunciations; Whether the vehemence is kept up mainly for home consumption or to impress other countries is hard to tell; it is like fighting
windmills; and in this respect Herr Hitler may be likened to Don Quixote. The real danger lies, however, in the plan apparently agreed upon between Germany and Italy to aid and abet fascist parties and factions in other countries. It is not believed that the object of this interference in the inner political life of other countries is to build up a solidarity outside the present fascist frontiers; but rather to create a demoralization in the general European situation. You will remember in my report of March 27th last I forecasted this program, and of which now we have had the "splendid" example in Spain. Our friends here have believed that the French soil would long ere this be ripe for the same kind of cooperation. It was believed too that Degrelle would have made much more progress in precipitating his country into a political turmoil, if not a revolution by this time. The Nazis have also suffered other deceptions equally as galling: the right about face of Poland with respect to the French alliance, and the failure of Hungary and other Danubian states to come along in the German political wake. It has been confidently believed that a rearmed strong Germany would attract a fine set of allies, through which combination the great western powers (France and England) would be brought to make concessions in the matter of colonies and trade facilities so that Germany could go on preparing for a leading rôle in Europe.

There are those among the leaders here, according to information which I have confidentially received, who are urging action toward the east, in the belief that another "fait accomplis" would not precipitate a major crisis. There is considerable faith in the effectiveness of the "fait accomplis" method. It has been steadily used from the beginning and it will be further used whenever there is a reasonable assurance that no catastrophe will result or where there is assurance that the military forces of the country will not be called upon to decide the matter. I think it may be safely said and taken as an axiomatic principle that nothing will be done which will precipitate a major military crisis. This is no doubt the point which interests you the most, and concerning which you are anxious to have information. This is not only my opinion but appears to be the conviction of all well informed people with whom I talk; and I believe it can be taken for a pretty definitely established fact. For the Germans to start a war a very favorable and most exceptional combination of circumstances will be necessary; and at the present time there does not appear on the horizon any such combination. In fact, the developments during the last sixth months have been unfavorable to such and adventure; and the huge armaments being piled up by countries not in the orbit of Germany makes such a possibility more and more remote. Dr. Schacht made mention of an "explosion"; but this threat is to be taken with a grain of salt and must be attributed to his impatience and discouragement rather than to any conviction of his, probably also ill-founded.

The present regime has not had any cause to change its fundamental policies within the country. There is practically no opposition to going ahead with the experiment of establishing a "totalitarian" state. Foreign observers have not given this phase of
of the matter sufficient attention; and I think have erroneously considered that the whole scheme of the "totalitarian" state has been thought out and developed merely with reference to the foreign policies of the state. This is not so. The form and character of the government established here is an undertaking as deep-rooted as that which has been established in Russia and in Italy. To all these home measures there is very little opposition; and the experiment is going on with no hindrance worthy of the name. In fact, it is confidently believed by the present leaders that the German people are well adapted to the political system which has been established here; and the next generation will support the new doctrines and ideas quite spontaneously and, as it were, as a matter of course. The National Socialist leaders are the protagonists of a new political system, and believe in it as religiously as the communists believe in theirs, or as the fascists in Italy believe in theirs or as we as old-time democrats believe in ours. In considering any change of regime these facts have to be born in mind; for these facts will explain the persistence of the present political leaders and their reluctance to make any changes no matter what happens to the economic life of the country. It is not thought here, for instance, that the present shortage of food or the lack of raw materials have any connection with the form of government the Germans possess. This is due rather to Germany's geographical position and the injustice which the treaty of Versailles imposed on the German people. No form of government is better able to cope with the difficulties which arose and which are now weighing heavily on the German people than the form which has been bequeathed to this country by Herr Hitler. It is, moreover, a mistake to think that the Reichswehr sees in the present regime a hindrance to Germany's economic recovery. Nobody thinks for instance that a monarchy or a republic would solve the problems any easier; and that is why it is not to be expected that any fundamental objection will be made to the political program which the Nazis have introduced with their advent to power. Certain modifications will undoubtedly be brought about; but these will be secondary changes and not basic. To explain more clearly the point I am trying to make, let me mention the Department stores, which according to Nazis policy should disappear; but expediency has shown that this cannot be done, and therefore this modification has been made.

In the course of time, and indeed it may come about soon, it is very possible that within the party itself an extremely conservative element may rise, backed by the Reichswehr and possibly the industrialists, who will demand a very radical change in the whole internal and external policies; In fact the same kind of a change which I understand has taken place in the Communist Program in Russia during the last few years, so that it may be tantamount to turning the Nazis Party into a conservative and moderate political machine, quite different
from the set-up which now exists. Rapprochement with England is extremely desired and this fact alone may force a change in the attitude of the present political leaders in Germany or it may give rise to a new set of politicians who within the orbit of the party may create a new line-up. Up to the present time there has been very little deviation from the policies laid down in "Mein Kampf"; and I am sure that affairs will be allowed to go to great extremes before any modifications are allowed of the tenets preached in the "Koran". This is almost a religious faith and Herr Hitler has enough to his credit to maintain his position for a long time to come. That is one of the reasons why the radical "hot-heads" in the Party will not be allowed to precipitate a situation which would discredit the "Leader" at home in any serious way. Besides his political acumen is sharp enough never to lose sight of the main chance which is maintaining political prestige at home. No political leader of genius ever loses sight of the prestige which he must maintain among his electors; and while the present Government is strong enough to ignore the free will of the voters in Germany everything is done to keep the halo around the Leader's head.

There are at the present time certain tendencies emerging more and more in the foreground: (1) Hitler is becoming more and more the "Sovereign" of the State with a tendency to relinquish direct management of affairs, that is somewhat away from the functions of Chancellor; (2) General Göring is sliding more and more into the position of Reich Ministerpräsident, i.e. functioning more and more as Chancellor, or the Official primarily responsible for actual affairs; (3) the radical elements in the Party are being isolated within their respective spheres of activity, with this slight difference that they have less to say in the deliberations of the Cabinet. They continue, however, as orbits revolving around Herr Hitler with whom they constitute a kind of independent solar system, they being hardly more than satellites, now and then eclipsed, now and then shining with the full resplendence of borrowed light. The forces which are, however, directing Herr Hitler are not among the satellites, but outside these orbits, such as Schacht, Göring Ribbentrop, Von Blomberg, etc; and not forgetting the Foreign Office which is having more to say in the councils of State. The fact that the Foreign Office is coming somewhat more into the picture is due to the more active part which the Reich is playing in foreign affairs. You will remember that I said in my report of March 27th last that the Nazis were making their debut on the international stage. International negotiations are more delicate than managing home affairs; and this suggests the increasing precautions which the political leaders here are bound to take, for instance, the promptness with which Herr Hitler denied military penetration into Morocco, as it was well realized here that regarding Morocco no "fait accomplis" would work and this was too dangerous a step to take unless every eventuality
had been anticipated.

I must admit that among a good many of the rank and file in Germany there is the fear of war. This is in part due to the fact that a great many men have been called to the Police Reviers to give an account of themselves regarding their military training and have been told where to go and what to do in case of mobilization. These measures, however, I understand are not exceptional, and that the same precautions were taken before 1914, or rather the same dispositions were universally made. However, in the popular mind such measures, not having been the vogue for nearly a generation, suggest a more serious state of affairs. Nevertheless I must insist that well informed people, including Germans at the War College, do not anticipate war in the near future.

I think it is doubtful that the same policy will be indefinitely pursued with regard to Russia. There is obviously a good deal of disagreement in the councils of state as to the expediency of antagonizing the Russians in the degree and in the manner that is being done at the present time. This must lead in the long run to a stale-mate and German foreign policy will find itself very much up a tree, or at the end of a blind alley. Wise heads already see this and I understand the leading brains in the Reichswehr are not in agreement with Dr. Rosenberg's ideology in this regard; but it is the platform on which the whole Nazis movement is based and it has not been understood yet how to fight communism without attacking the Soviet Union. If Germany comes more and more to approach the green table with the rest of the European powers where it may be possible to discuss economic and financial questions, it is probable that a good deal of the crusading will stop and Germany will stand by her bane on communism without making it the crying international issue or standing as the arch-destroyer of the state which has set up a communist government. This moderation, if it comes at all, is not yet in sight; but there is no doubt that England is trying to bring around a more liberal point of view among those who are trying to divide Europe into two ideological camps. What I have indicated, however, shows how long and difficult the path is to moderation and appeasement. After all it the German people who will have to decide their own destiny; and it is not probable that they will allow themselves to be led for years into a morass of poverty and failure. In the country there are plenty of men who have energy and faith in Germany's destiny; and who in the end will prevail in the national councils. It is a question of how long. But in any case the changes will be slow and it is hardly to be expected that there will be any retreating over the ground which has either been covered or which has been lost; a good deal has been lost and the great problem is how such ground may be recovered. Possibly it is not possible.

Faithfully yours,

[RAYMOND GEIST]