Dear Mr. Secretary:

I am glad to have had the opportunity to read the long but very interesting and I believe quite valuable report which Biddle sent you with his personal note to you of June 19. It is obvious from his reports and his telegrams that he has been able to establish that intimate and close contact with certain high Polish officials and has been able to put it on the personal basis which is essential if our people are to get really inside information as to what people are thinking. I believe that he has quite correctly pictured the real Polish position in his report and has reflected as accurately as is possible the fundamental motives of Beck in his direction of Polish foreign policy.

I believe Biddle is correct that, under present circumstances if it comes to grips in Europe, Poland would be on the side of England and France.

There are some interesting observations with respect to Germany in his report. The Poles, I believe, understand German policy because it is a life and death matter for them.
For this reason the following, which I quote from his report, is of particular significance:

"In scanning the objectives on both sides of the gap separating Germany's 'closed' economic system and the liberal trade policy of the Western world, I feel that the following forms, in effect, the basis of resistance which Berlin may be expected to offer in the event of a British invitation to sit around the European economic conference table. Accordingly, as I see it, Germany is fighting for a policy which to date she cannot support by reason of the lack of adequate raw material and food sources. Germany is therefore faced with the following two alternatives:

"(a) To make a deal with Britain and France which would entail shaking the Nazi Government loose from its 'closed' economic system. The liquidation of this system would in turn spell the loosening of the Nazi Government's grip on the people, not only within the Reich, but also in those countries which the Nazi Government has already succeeded in bringing under the clutches of her economic penetration, or,

"(b) To gain control of the raw material and food sources of Eastern and Central Europe in order to strengthen Germany's hand towards meeting Britain and France on a more equal footing."

In the foregoing, I think Biddle correctly reflects the German dilemma. The present regime cannot change its political, economic and internal program, perhaps not even in a slight degree, without risking the breakdown, internally and externally, of all they have tried to build up and of all they are trying to attain. You will recall that I told you several years ago that Schacht once said that if they opened the slightest hole in the wall which they had built around Germany economically, it would immediately turn into a crevasse and that the whole wall would crumble and with it would come down the whole Nazi
Nazi structure. I think this holds true today as it has from the beginning of the regime and this is why it is useless for us or anyone else to hope to negotiate with the Germans on any basis acceptable to us.

I think it is significant too that Biddle points out the objectives of Germany with respect to the Ukraine. These, I think, are unquestionable and are known in Moscow and, in spite of the flirting which there has been for years between the German and Soviet Armies, I do not think we need consider seriously any Soviet-German rapprochement as long as Hitler is in power.

I think we must still envisage the picture in Europe as one in which there is no change in German objectives in any direction.

C. S. Messersmith.