We have been able to facilitate for a representative to see Mr. X. and to discuss with him some problems of international importance. The meeting took place on February 21st, 1939. The interviewer was impressed by the excellent health and the fine spirit of Mr. X. who has no immediate plans for another visit to this country.

Democracies and Hitler.

In discussing the general situation, Mr. X. stated that the firm and clear stand taken by the democracies during the last few months has already made some impression on the dictators and their countries, as foreseen by him. He emphasised the great effect of the statements made by President Roosevelt, the leading officials of the State Department, U.S. Senators and other outstanding Americans who pointed to the common interests of the United States and the other democracies. Many Germans hope that there is a close cooperation of all the democratic powers. And Mr. X. adds: "I only hope that the stand of the democracies is really as firm as reports seem to indicate."

Not only Hitler but the whole German nation has paid high attention to the decision of Great Britain and the United States concerning the reinforcement of their military power and to the speed with which these decisions are being carried out. Especially the President's message to the Congress and his statement on the foreign policy of this country after Hitler's speech of January 31st, are reported to have opened the eyes of many Germans. Chamberlain's Birmingham address was not mentioned in the German newspapers but became known in Germany through the
transmissions of the British Broadcasting Company. Mr. X. praised the excellent and important work done by the British and French broadcasting stations in bringing real news to the German people. Their messages are eagerly awaited all over Germany and widely discussed.

**Hitler is reluctant.**

X. says that Hitler in view of the stiffening of the morale of the democracies has come to the conclusion that the present time is not very opportune for carrying on his idea of a "bloodless war" against England and France. He has become more careful with the designs which have been prepared on Western Europe and Northern Africa. But he is believed to wait for another favorable moment to go ahead with his plans. If England and France would have shown only the slightest sign of weakness, Hitler would have already taken action. Mr. X. considers the time not ripe for relaxation but advises to prepare for new engagements. He stressed the point that there are many uncertainties. "But we hope that they can be eliminated very soon".

Another reason for Hitler's reluctance to act on Western Europe is the fact that the attempts of the Nazis to bring the Balkan states and Hungary into the German orbit, have been a failure. (X. expressed already last December - Document No. 5 - that "any attempts to impose on the Balkan states the political systems of the Western world would prove disastrous".) In addition, Hitler is not satisfied with the degree of coordination of Czecho-Slovakia.

On the other hand, the domestic situation in Germany has become quite delicate and is attracting more attention than ever before.

**Inside Germany.**

Mr. X. says that the Nazi regime is steadily losing popularity among the German people. In this respect he referred especially to the prosecution of the Jews. The
pogrom of last November was not only approved of by Hitler, but Hitler himself gave the order which brought misery to so many thousands and was resented by almost every German. To-day everyone in Germany is aware that it was Hitler who started the persecution.

Another reason for the growing unpopularity of the Nazis is the permanent danger of war in which the people believe to be. It is significant that the new campaign launched in January 1939 to familiarize the population with the idea of a war, is so far entirely unsuccessful. It is safe to say that it has just the opposite result. The German people want peace. They hate and fear the idea of a war and there is no enthusiasm for it.

Mr. X. discussed the internal situation at length. "Never forget the fact that Hitler is not capable of admitting a mistake or error." Even if Hitler realizes that a wrong decision was taken, he will go on instead of redressing the measure. Thus he is continuing his vast building program which, according to Mr. X., includes a new chancellery which is going to be even larger than that just recently occupied.

The Reichsbank.

Mr. X. says that Dr. Schacht was fired because he refused to increase the notes in circulation. The system outlined by Hitler and then rejected by Schacht was characterized by Mr. X. as a repetition of the French system of "assignats". He confirmed that the memorandum on the financial situation of Germany, submitted to Hitler on January 10th, 1939, was also signed by the Reich Finance Minister von Schwerin-Krosigk. While his resignation was not accepted, the new President of the Reichsbank, Dr. Funk, discharged those executive officials of the Bank who together with Dr. Schacht had put their signatures under the report.

About Dr. Funk Mr. X. had only very critical remarks. He called him a dangerous man without any scruples. He also mentioned that Funk is half Jewish and a painter.

The outstanding member of the new Directorium of the Reichsbank was
of the Reichsbank was Dr. Brinkmann, Under Secretary of State in the Economics Ministry. Mr. X. says that Brinkmann was a man of great intelligence and a very able official but has suffered for quite some time from megalomania. He was taken ill and placed in a sanatorium before he had taken up his duties as Vice President of the Reichsbank.

Germany ruled by Radicals.

Germany has reached the period where she is ruled by the extremists whose powers and influence were so considerably increased through the Munich agreement. Mr. X. predicted this already last fall. (DOCUMENTS # 184)

Himmler is accumulating more and more power in his hand. He has recently reorganized the Gestapo and the S.S. The S.S. is equipped with the most modern arms, incl. heavy weapons. New propaganda divisions have been organized the members of which do not wear uniform. These propagandists have to watch the population and to "control" the spirit of the masses. In recruiting new members it is emphasized that the S.S. has the important task to see to a "smooth functioning of the measures to be taken within Germany in an emergency case".

Ribbentrop's position is becoming more important every day. He is Hitler's favored aid and has his full confidence. Other extremists include Streicher and Mutschmann, district party leader and governor of Saxony. Goebbels is still on the job. Hitler cannot miss his skill in spreading propaganda in Germany and in other countries.

According to Mr. X. the new wave of radicalism is felt in business as well as in all other fields of human activities. Especially the "political" life in Germany will prove very soon that the climax has not been reached yet. Not only foreign mail but, to an increasing degree, also domestic mail is opened and censored. Mr. X. expects that the persecution of Jews, half-hearted people, of Christianity will go on. Increased financial burden will be put on business and individuals while private initiative will be
completely replaced by governmental regimentation and control. The number of businessmen who are ousted, imprisoned and replaced by Nazi followers, because they do not agree with the Nazis, is growing every day.

There is no confidence left in business, banking and industry. Labor is getting restless and dissatisfied. There have been numerous cases of passive resistance in all parts of the country. The number of executions of workers on the Western fortifications is amazingly high.

**Outlook**

In spite of the political difficulties with which the Nazis are confronted in Germany, Mr. X., believes that Hitler and his system will collapse due to an economic breakdown.

He considers the best means of prevention of a war is that the democratic nations continue to show an unmistakably firm and clear stand. This would make it very difficult for Hitler to take a decision which eventually will lead to war. If the democracies would carry forward a moral offensive and make the international situation as clear as possible they would facilitate and secure reliable preparations in all parts of the world, particularly in Germany, which he thinks is especially important.

On the other hand, Mr. X. pointed to the possibility of Hitler's embarking upon a war before Germany's economic system collapses. This may happen during the second half of this year. He did not indicate in which direction such war would go.

Mr. X. seemed to be satisfied with the progress made in getting the opposition groups organized. The basis is apparently much broader than half a year ago. (Documents Nos. 1, 2, 3). They hope to be ready before fall. "The last part of the work will not take much time".

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