Budapest, July 29, 1939.

I had an interesting conversation yesterday with a Hungarian official who is very well informed on the situation in Germany and who has just returned from one of his regular visits to that country. The following notes are based on what he told me:

1. Ribbentrop is virtually alone in support of his policy and he appears to be less in favor with Hitler, chiefly because he failed in his efforts to come to an agreement with the Russians.

2. Goering seems to be coming more to the fore, perhaps even at the expense of Hitler. There are rumors in Berlin that the Hudson-Wohltat conversations were not entirely the result of British initiative, but that Wohltat (on behalf of Goering) made certain proposals looking toward an agreement between England and Germany.

3. There are signs that higher circles in Germany—even Hitler himself—are becoming convinced that England will not yield again. The agreement with Japan has caused uneasiness in Berlin; it is interpreted as a sign that England wishes to settle things in the Far East for the present in order to be free to strike in the West.

4. Any war would be unpopular with the general public in Germany. Before this visit, the person whom I am quoting thought that a war over Danzig and the Corridor would be popular in Germany. He found to his surprise that this is not the case. Some Germans said that the only man who wants war is Hitler; if he could be got rid of, a peaceful settlement would be possible.

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5. The General Staff, however, is now a less potent force for peace than it was before Anschluss and the Czech Crisis. The officers have become more Nazified, or at least more resigned to following the Nazi dictates.

6. The Tannenberg speech of August 27th is expected to mark a critical time, as did the Sportspalast speech of last year. Circumstances may change before that time, but the impression in Germany was that the situation would be worked up to a crisis by the end of August.

7. There is an idea amongst Hungarians—as well as amongst Poles with whom I spoke recently in Cracow—that the German mechanized forces would break down under the road conditions in Poland. The Poles think their cavalry would be very much more useful in the Polish mud. Possibly, but everyone expected conditions of the terrain in Abyssinia to hinder the Italians much more than it really did.

8. The Germans are, as we know, great theorists. German (Nazi) theory has had two hard knocks this year—the failure in Bohemia and the agreement with Italy to deport 200,000 Germans from Südtyrol. Such disillusionments do great damage to Nazi prestige in Germany.

9. Hitler, according to friends and advisers close to him, cannot understand the double policy of the smaller countries in Southeastern Europe—Yugoslavia, Hungary, Bulgaria, and so forth. By "double policy" is meant continued efforts to be friends and increase commerce with and receive aid from both Germany and the Western Powers.
This is another indication of the fact that, in Nazi Germany, one can be only with or against the regime; there is no middle, neutral course.

10. The British radio is carrying on excellent German propaganda. The German programs from B.B.C. are heard in most homes in Germany. They are prepared by the former Press Attaché at the Austrian Legation in London and appeal perfectly to the German psychology. The failure of the Protectorate idea and the Stýtyrol agreement have been masterfully exploited in these programs.

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The Hungarians feel certain that the Poles will fight. Many Hungarians also thought that the Czechs would fight, but there were always a few Hungarians who claimed (even when the rest of the world was convinced of the contrary thesis) that the Czechs would back down. The feeling is virtually unanimous amongst Hungarians, however, about the Poles refusing to accept a Second Munich.

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The fundamentals of Hungarian foreign policy today appear to be the following:

1. The present Government is held to the Axis only so long as peace continues. There are said to be no commitments for Hungarian participation in the event of war.

2. Hungary's adherence to the Axis runs through Rome. If Rome should break with Berlin, Hungary would automatically be free of any Axis obligations.

3. The present Government would not participate in any war against Poland.

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A serious internal problem is about to arise.

Former
Former Prime Minister Darányi, now President of the Lower House, has had a stroke. He wishes to resign his presidency. The selection of a successor will be difficult. Imrédy seems to be the logical candidate, but he would not be the loyal helper for Teleki that Darányi has been. It is unfortunate that Count Teleki should be faced with such a situation at this time. This development is also a blow to Anderle's relations with Berlin, as Darányi — although always a good Germanist — has had friendly contacts with Hitler which have been very useful to the Hungarian government in critical times.