The Hon. George S. Messersmith,  
Assistant Secretary of State,  
WASHINGTON

Dear friend,

On Friday December 24 the King asked me to see him at Laeken. We discussed various matters and especially the world economic situation and the possibility of putting into effect the ideas which the King had expressed in his letter of the 23rd July 1937 addressed to Mr. Van Zeeland who was then Belgian Prime Minister. I have been steadily working on this matter and I hope I shall one day be able to lay down something definite. I certainly do not underestimate the difficulties that will have to be overcome before these ideas can be put into practice.

In the course of this conversation the King told me that Mr. Cattier, President of the "Fondation Universitaire" had informed him that Mr. Hoover would like to receive an invitation from the King or the Belgian Government to pay a visit to Belgium.

The King asked me for my views in this regard and I said I thought it was impossible that the King should extend such an invitation because the present American Administration would not understand such action, especially as Mr. Hoover, both in his private talks and in his public speeches, does not attempt to conceal the bitterness and venom he has been accumulating in his heart all these years in regard to President Roosevelt and his Administration. I added that if an invitation of this kind should be extended it ought to come from the Universities. The King told me that was also his opinion and that he had said as much to Mr. Cattier and also to Mr. Spaak. He was glad I agreed with him. He understood, however, that Mr. Hoover did not consider an invitation from the Universities to be sufficient.

The King then invited me to see him again on the 27th
December and to play golf with him. On this occasion he told me that neither he nor the Government would send any invitation to Mr. Hoover.

Now, a little while ago, the enclosed article which appeared in the New York Herald Tribune (Paris Edition) of the 14th January, came to my notice. I sent a cutting to the King on his return from a holiday in Switzerland, whereupon he asked me to see him on Wednesday the 19th. He told me that this information was absolutely incorrect and asked whether I thought it should be rectified. I said no, but that I could write to Washington in order that the matter might be put right.

The King then explained to me that before the "Fondation Universitaire" sent out the invitation to Mr. Hoover, President Roosevelt was asked whether such an invitation from the "Fondation Universitaire" only would in any way be inconvenient, to which the reply had come that there was no objection to it. The King showed me a copy of the telegram which Mr. Spark, the Foreign Minister, had addressed to the Belgian Ambassador in Washington. This was to the effect that the Universities invited Mr. Hoover to come to Brussels and it was added that the Belgian Government would be pleased to meet him here. It is therefore clear that the invitation comes from the Universities and not from the Government, who merely added a polite word. The King's name has not been mentioned at all.

However, I naturally feel that Mr. Hoover will try to make political capital out of this visit to Belgium, as he did last time during and after his activities in Belgium.

I am sending you herewith some cuttings from Belgian newspapers concerning this visit.

When I was in Berlin about six weeks ago I spent two hours in conversation with Dr. Schacht. He was quite cheerful as usual. He seemed satisfied that he was no longer responsible for the economic situation in Germany. But as President of the Reichsbank he is bound to come into conflict with the Minister of
Economics. Hence I think it possible that he will not stay very long at the head of the Reichsbank. I may of course be mistaken in this view. But I believe he shares it himself for he asked me several times for my opinion as to his future activity in the event of his relinquishing his present post.

Schacht told me it was quite useless to discuss economics in Germany at the present moment, for that word was barred from their dictionary and the Government were interested only in achieving successes in foreign affairs. He thought it was deplorable that important people, such as the great industrialists for instance, should accept this situation without protest. He considered himself to be the only man in Germany who showed courage as he was not afraid to express his views without restriction. He said that in Germany "autarchy" was not applied only to material production but also to science. Hence Germany was gradually losing ground in both fields.

Dr. Adenauer, the former Burgomaster of Cologne, came to see me for a day, last week, with his wife and one of his sons. He mentioned how difficult it was to obtain fat, butter, oranges, wool, etc., and how much the quality of bread was deteriorating. I myself found the bread was not fit to eat for it is partly made of potato meal.

I think a Government that is unable to provide plenty of food as well as general comfort (both material and moral) for its population is not a useful Government, and it is therefore not likely to last very long. But, as you know, Germans can stand a great deal and this misery may therefore go on for some time and consequently Germany will remain a menace to peace.

The Germans understand only strength and plain talk; any weakness is fatal. If you give a German what he wants he will be dissatisfied for he will think he did not ask enough and he will always come back and ask for more. But if he gets only half what he asked for - and that after hard bargaining - then he will be happy and will not come back again.
Unfortunately, foreigners generally do not understand the German character, not even Englishmen, although the latter are mentally nearer to the Germans than they are to the French.

The general opinion is that the Chautemps Ministry in France will not last very long. Most people think that Paul Reynaud will play an important role in a future Ministry, either as Finance Minister or Minister of Economics. I had a long talk with him in Paris last Saturday. He considers the French monetary and economic situation is very bad.

French industry, which happily is not too important - France is largely dependent on her peasants - is badly organized. Since Laval, for political reasons, reduced the electricity rates by 10 per cent, all the manufacturers of electrical equipment are unable to make ends meet because the utility companies are not extending their plant as they find it difficult to obtain the necessary funds, and consequently the manufacturers get no orders.

More favourable conditions can be obtained for the consumers through their making a better utilisation of their installations, and as a result of this the price per kWh will fall automatically.

Somebody once gave me quite a good description of the characteristics of various nationalities: -

"The Frenchman is a lazy fellow who works a lot. The Englishman is a lazy fellow who does nothing. The German is a worker who gives himself much trouble. The American is a worker who can arrange not to do very much". I think I am right in saying that the Germans have "convictions" and the English have "principles". Was not the visit of Lord Halifax to Berlin due to these "principles"? I think it was a useless undertaking.

After long negotiations with the City of Berlin I have come to an arrangement with these people in regard to the Light & Power business and I think I was right in stating in a letter which I wrote to the Burgomaster of the City that in this final arrangement there are no victorious or vanquished parties.
These negotiations were carried on in Brussels and the Alderman for Finance of the City of Berlin came to see me several times here.

It is difficult to see how the Spanish struggle will end. On the White side there are no outstanding men, no men who understand anything about economics. And if they do win - which is possible - the situation in Spain will, I fear, be intolerable owing to all kinds of restrictions similar to those existing in Germany and Italy.

I really do not know how the population of the two sides will be able to live together after the struggle has ceased, for one half is fighting the other half.

Prieto, the present leader of the Reds, is said to be intelligent. He is a Democrat, not a Communist or Anarchist. He is credited with having successfully reorganized the Red army.

In order to try to stop all activity in Catalonia the Whites are now trying to blow up the hydro-electric power-stations, dams, reservoirs, etc., and this morning some news has appeared in the papers concerning this action. I am enclosing herewith translation of one of these messages. They seem to have succeeded to a certain extent.

Yet they had been told they could stop the electric supply in Catalonia in a much simpler manner involving no great damage to the installations. However, they would seem to have become exasperated at not being able to advance quickly and so their mood has led them to wrought destruction. Yet it is clear that such destruction means that industry will have to remain inactive even in the more distant future for it will be impossible to rebuild these dams for many years to come. The result will be further impoverishment of Spain. The peasants of Andalusia will be obliged to turn to foreign countries for purchasing the products they used to buy from Catalonia, and Catalonia in its turn will necessarily have to reduce its purchases in the other parts of the country.
I think both Germany and Italy have had quite enough of the Spanish affair and as to Abyssinia, I think Mussolini feels he has won an elephant at a lottery. The Italians will not go to Abyssinia, they cannot live - or at any rate work - in an unhealthy climate. They have settled all right in the Argentine but in Brazil they settle with difficulty. Hence there will be no Italian emigration to Abyssinia. Those who do go will do so under compulsion or under the inducement of such favorable terms on the part of the State that no advantage will accrue to Italy.

I am afraid this letter is too long. I shall write you again in the near future.

Stephen is still working under Professor Urey at Columbia University. Jimmy is at Oxford. My wife has gone to Arosa in Switzerland.

I shall pay another visit to the States within a few months.

Please give my best regards to Mrs. Messersmith, and believe me,

Cordially yours,