

549

*Original*

Vienna, February 9, 1937.

Dear Secretary Hull:

I last wrote you on January 30. The situation within Austria continues quiet, but here as well as elsewhere in Europe much continues to happen to which careful thought has to be given and out of which the necessary consequences must be drawn if a correct perspective of developments is to be maintained.

The principal development within Austria has been the announcement of an internal loan of Schillings 180,000,000, which I forecasted in my despatches and which is to be devoted entirely to work creating projects and the retirement of short-term treasury bills. The Government very properly recognizes that unemployment and too low a standard of living among a section of the people are still two of the principal difficulties in the way of political unity and peace. The proceeds of this loan are to be used for the electrification of the Vienna-Salzburg railway line, for road construction, and other public works and 22,000,000 Schillings are set aside for the Army, of which, however, most will go into construction work or be absorbed by industry. About a fourth of the loan will be used for the retirement of short-term treasury bills which the Government has emitted during the last year or two. There is every indication that the money is going to be put to good use and there seems to be little doubt that the loan will be fully absorbed within Austria.

The Honorable  
Cordell Hull,  
Secretary of State,  
Washington, D. C.

As the Minister of Commerce put it to me very aptly at lunch at my house today, there are too many idle hands in Austria and there is ample idle money - the two must be brought together. The loan is almost certain to be a success and will be the second internal loan that Austria has floated during the now almost three years that I am here.

The Minister of Finance made a speech in the Bundestag today in which he spoke encouragingly of the continued slow but favorable development of the internal industrial and economic position. Of this there does not seem to be any doubt as it is reflected in constantly increasing tax returns without any increase in taxes having been made. For the first time in the last three years industrialists themselves speak of a decided improvement in business, especially for export. There are indications that the increasing raw materials difficulties of Germany are finding their reflection in the inability to export certain products which are now being purchased in Austria. If the general situation remains quiet here and in Europe, I see a decided betterment setting in here and there are ample indications that this is in no sense an overly optimistic estimate.

The Minister of Commerce and the Minister of Finance have within the last few days to me, and the Minister of Finance today publicly, expressed the opinion that the successful floating of the above mentioned internal loan, which seems certain, will do away with any probability there may have been for a devaluation of the schilling during the next six months - unless it should be a part of some general arrangement on stabilization.

In my last letter I referred to the so-called cultural organizations which have recently been organized and which are in reality poorly disguised National Socialist or Nationalist groups. I mentioned the support which they were receiving from two members of the Cabinet, Neustädter-Stürmer and Glaise-Horsteneau, and indicated that Neustädter-Stürmer would soon be removed from the Cabinet. It was the Chancellor's intention to remove him by this time, but unfortunately the Stephani Agency from

Rome about a week ago issued a statement to that effect and this made it necessary for the Chancellor to withhold action as he did not wish it to appear that he was acting under Italian influence which as a matter of fact in this respect is not the case - although the Italians will be glad to see Neustädter-Stürmer go. The German Foreign Minister, von Neurath, has announced his visit here for February 22 and 23, and this is a further reason for not taking any action concerning Neustädter-Stürmer now. The Germans would take it amiss if he were removed just before the Neurath visit. There is no doubt, however, that the Chancellor will eliminate Neustädter-Stürmer from the Cabinet towards the end of this month or early in March, as his decision in this respect is definitely made and it is only a question of the convenient moment now.

The visit of von Neurath, while not unacceptable, is welcomed only on account of the personality of Neurath who is not considered here as a National Socialist in spite of his recent admission to the Party. I think we may take it that Neurath is simply returning the visit which the Secretary of State for Foreign Affairs, Dr. Schmidt, made to Berlin some weeks ago, when it was agreed that Neurath should come here after the conclusion of the trade negotiations between Berlin and Vienna. Observers here are inclined to believe that the visit has no other significance and while unquestionably Neurath will continue the German pressure which has recently been so actively exerted, it is not likely that anything concrete will result or that the Austrians will give any further ground, just as they did not during the recent trade negotiations, the sterile results of which I have already reported. The Police President of Vienna, Dr. Skubl, who was at the house for lunch, tells me that the visit of Neurath will cause them a good deal of work here as the fact that Neurath is not a real Nazi will not prevent the Austrian Nazis from endeavoring to use this opportunity to demonstrate. It is opportune to say here that it is generally believed that Dr. Skubl will succeed Neustädter-Stürmer as Minister of Public Security. It would in some respects be a good choice, but I personally believe that a definite decision as to Neustädter-Stürmer's successor has not yet been made.

In a recent letter I mentioned the reports that the Chancellor was planning to marry the Countess Fugger, who was born a Czernin. There seemed to be little doubt about the Chancellor's fondness for this lady whose marriage to her first husband was recently annulled by the Vatican. There is no reason why the Chancellor should not marry after two years of widowhood, but the general disapproval of this marriage plan became very evident - largely because the Countess Fugger in spite of her youth and attractiveness is not a popular person. The fact that she abandoned her husband and four young children is severely censured here in Austria where divorce and annulment are not popular. Knowing the Chancellor as I do, I feel that he was very much drawn to her and was seriously contemplating marrying her, but it was generally considered even in circles most friendly to him that it would be a very unwise move at this time as it would weaken his position and this unpleasant circumstance would be bad for Austria. I felt all along that the Chancellor would not go through with this marriage if he saw it would have political consequences, which it is now unquestionably it would have. It may now be said definitely that all thought of the marriage has been abandoned. He has recently expressed himself to mutual friends as not planning to marry, and the Countess Fugger has also found it advisable within the last few days to make a similar statement to her friends. I think the unfortunate effect of the Duke of Windsor's plans has had no little influence on the Chancellor's abandoning a project which I believe lay close to his heart. He is a real patriot and so devoted to the task of maintaining Austria's independence that he would not permit anything to happen which would weaken his position.

There is no question but that legitimism is coming rapidly to the front as I have said in my recent despatches and letters. The Chancellor sees in it more and more a solution of the Austrian situation and of the Austrian state form, but not in restoration as most legitimists have envisaged it. You will remember that I have always said that if restoration comes it will be in a form desired by Austria and for Austria. In my confidential despatch No. 1045, of



February 8, 1937 , I have forwarded a very complete report on this matter which in some respects is interesting as a political document, though I doubt if you<sup>can</sup> find time to read it. The Chancellor sees more and more that there is no one to whom he could safely pass on the Government should he for some reason have to give up or disappear from the picture. Although a personally convinced monarchist, this latter is the principal reason which makes him consider monarchy more seriously and I can assure you that I have the best reasons to know that he is considering it very seriously.

A practically continuous series of editorials in his paper, the WELT BLATT, shows how he is grooming the monarchist movement to meet his views and how he is preparing public opinion for it within and without Austria. He realizes fully all the difficulties still in the way and is not going to do anything precipitate for, as I have always told you, the principal objective of the Chancellor's policy is to maintain internal peace and to do nothing to disturb the peace of Europe. From the internal point of view the position is already such that restoration could be brought about here over night without causing any disturbance. The legitimists themselves have placed their cause entirely within the hands of the Chancellor in whom they have every confidence and whose judgment they are prepared to follow. They have definitely accepted his view that restoration must mean restoration only in Austria and no territorial or other revisionist objectives.

From the external point of view there are still great obstacles to be overcome before restoration can be brought about peacefully and without any disturbance, but these obstacles are not nearly so great as they were, and are becoming less constantly. The Little Entente, as you know, was formed largely to oppose restoration and to restrain Hungarian territorial revisionist objectives. On paper the Little Entente is still committed to march in the event of restoration. Czechoslovakia, however, in spite of her brave words, knows that she is definitely threatened by

Germany and there is no question that she is so threatened. Of the Little Entente states she is the most prepared now to accept restoration in Austria and would probably make no serious objection, seeing in it a defensive measure against Germany. The Rumanian opposition is less also and would probably not be serious. The opposition of Yugoslavia, however, remains as strong as before behind the scenes, although openly the Yugoslav press has been unusually restrained in view of these articles in the WELT BLATT which so clearly show the Austrian trend. Yugoslavia has always said that restoration would be the immediate signal to march on Austria, but there is a good deal of reason to believe that Italy directly and England and France indirectly are using a moderating influence on this question in Belgrade. It will take time to assure Yugoslavia, and the Chancellor knows this, but I think there is already reason to believe that Yugoslavia would no longer march in case of restoration. The attitude of Mussolini is benevolent and with him it is only a question of its being done when the time is opportune. France and England would assume a benevolent attitude.

The real objections still come from Germany which will use every effort to avoid restoration. As a matter of fact informed observers here are of the opinion that the Little Entente has remained so quiet in face of the increased legitimist activities in Austria - in contrast to its former attitude - believing that Germany is now making the fight against restoration which it formerly had to make. Germany is unalterably opposed to restoration. You will remember I reported that Goering said to Dr. Schmidt some six weeks ago in Berlin that Germany would march on Austria in case she attempted restoration. Such action by Germany is well within the realm of probability and this is recognized in Austria. It is believed here, however, that Germany is <sup>NOT</sup> prepared for war and that she is not capable of making an effort outside of Germany which would involve her with major powers. Just as the Reichswehr prevented the sending of troops as actual Reichswehr units to Spain, so it is believed it would be definitely against sending troops into Austria in case of restoration. No one here, however, has any illusions as to what the German objectives with regard to Austria, Czechoslovakia, and Southeastern Europe are. No one believes that the present

regime can give up these objectives. The Chancellor must therefore watch the position carefully, reckoning on Germany as the principal obstacle in the way of restoration and seeing the possibility of her actively opposing it growing less and less, but for the present still real. In the meantime he has to do everything to assure public opinion in Austria that restoration will mean a democratic monarchy and public opinion outside that it will mean a Habsburg at the head of a democratic Austrian Government, with no pretensions beyond Austria's present frontiers and with no revision of frontiers or treaties in mind.

As I said in my last letter, I still hope that restoration may not be found necessary but that Austria may gradually return to democratic government in the form of a Republic. I should point out, however, that the tendency is towards restoration and the obstacles to it growing less. We should not be surprised if it comes almost over night although I still believe it is not a matter of the near future.

The relations between Austria and Germany have not improved and are not likely to improve in the near future. The sterile results of the recent trade negotiations show how strong the Austrian resistance to German pressure is. In the meantime the German activity in Austria is again increasing. In my despatch No. 1044, of February 8, I tell a quite interesting story of how the Germans have tried to get control of the Austrian film industry in order to carry through the Aryan paragraph and to have a more free field for political propaganda. The despatch tells how in a measure the Austrian Government has again been able to defeat this German attempt, but it also shows how constantly alert the Government here has to be. German interests, for example, have recently succeeded in getting control of the organization which has most of the public news stands. This was done in order to make it possible to press on the Austrian public the German newspapers and periodicals which are already admitted to the country. The activity of the Propaganda Ministry in Berlin is particularly great here and in all Southeastern Europe, although it extends to every part of the world. Goebbels has money for these activities outside of Germany, most of which are subversive in character, in spite

of the financial difficulties of the Government at home, which we know are so real. For these activities Germany still finds money and our American representatives on the Standstill Committee will do well in remembering this when they are dealing with German colleagues who insist that Germany has no exchange with which to buy raw materials or to pay interest on her foreign obligations.

In the general picture I think we are going to see, as I indicated in my recent letters, Germany pushing forward the colonial question and her propaganda against communism in the endeavor to divide Europe into two ideological camps - all for the purpose of weakening the position of the Western Powers. The recent trip of Eden on a holiday to the South of France is being made to appear in a part of the press as an endeavor to sidestep a discussion of colonies with Ribbentrop, while Lord Halifax, who is credited with more pro-german views, is at the head of the Foreign Office. I doubt very much whether there is anything to these rumors, for Eden as you know is not strong physically, is constantly overworked, has had one breakdown, and been on the verge of several. I think this trip is a very necessary relaxation and holiday and that if Ribbentrop talks on colonies with Halifax, which seems fairly certain, while Eden is on this holiday he will probably find an attentive but unresponsive listener.

I have been told, I believe on very good authority, that in inner circles in England it was decided when Hitler announced his intention to make this speech on January 30, that this was to be the last chance. For this reason Eden made his speech in the Commons and discussed with Blum the one the latter made at Lyons. Hitler was to have the last word and if he did not come across with anything concrete there was to be no wavering and uncertainty. As there is no question that Hitler's speech did not give way an inch and in spite of fair words means his retention of every item of the National Socialist program, I think that now although little may be said in England, they are going to concentrate more than ever on rearmament as the

only thing left. If Ribbentrop does talk with Halifax in the next few days, as seems likely, on colonies I would not be surprised to see the English response being a very definite statement on her rearmament program. That is the only real answer that England can make. I personally believe that the British position is firm in spite of the fact that Ribbentrop still has a certain audience to which I have in the past directed attention.

There are rumors here and in Paris that Runciman made proposals to us while he was in the United States with regard to an international loan for Germany. Certainly if he was acting in concert with Montagu Norman this is what he would do, but I doubt whether he actually did so and if he did I am sure he got the cold shoulder which he deserved, and such a cold shoulder by us would be a helpful thing for England in keeping her on the only safe path for her. Of minor importance, but I think of significance, was the gesture which Ribbentrop made in saluting the King with the Nazi Salute recently. It is the sort of thing which we must expect, and if one knows the German character one is not surprised.

You will be interested to know that Papen, who has considered his field as Southeastern Europe, continues to be extremely unhappy here. He feels that the progress which he is making is unworthy of a man of his capacities and stature. He is deeply disappointed that he has not been sent to London. His heart is set on it and he continues to tell the important Englishmen who come here to observe the situation that if he were sent by Berlin to London he could "make peace in a month".

The endeavor to separate Europe into two ideological camps is failing, but this does not mean that Germany is giving up this effort. The campaign against Czechoslovakia is being carried on without abatement although there is no country in Europe which is less likely to go communistic. The primary objective of course is to get rid of the Russo-Czechoslovak agreement as a preliminary to breaking down the Franco-Soviet agreement, but the attack on the two agreements is being made simultaneously. The Czechs



in spite of their fears are, and I believe will continue, holding firm. Goebbels made a speech at Hamburg the other day in which he made no concealment of the fact that the campaign against Czechoslovakia will continue as long as she holds to the Russo-Czechoslovak agreement, but he does not say that once it is gone Czechoslovakia would be at the mercy of Germany and events would rapidly take their course there. There has been much concern in Paris and in London within the last few days over Czechoslovakia, where it is feared that Hitler may take some aggressive action. While I think these fears as to immediate action are exaggerated, there is no question that in spite of Hitler's assurances that there will be no further surprises, Czechoslovakia is very much in his mind. Once Hitler gets such an idea, which in this case we know he has, he never gives it up. The Japanese Minister here drank too well and too freely at a dinner here the other night and confided to the Chilean Chargé d'Affaires, whom he considers very much in the German camp, that it now looked as though "Franco was going to win in Spain and if he did in six months Czechoslovakia would have disappeared as a political unit".

The parallelism of action between Berlin and Rome continues, but grows weaker. Mussolini is still playing with Germany on this anti-communist front, but his enthusiasm has long since disappeared for he realizes how dangerous the movement is. After the narrow escape from first class complications through cooperation in Spain, he does not want to take any chances in the heart of Europe for I believe it is fairly clear that he does not want war. The support which the Italian Minister here is giving to the Austrian Government in its efforts to get rid of Neustädter-Stürmer, who is now behind the Nazi movement, is more significant than any of the statements coming from Rome friendly to Germany. The support which Mussolini is indirectly giving to the Chancellor in pushing forward the restoration idea, to which Germany is so definitely opposed, is equally significant. The Italian gestures towards Yugoslavia, the recent meeting between Ciano and the Turkish Foreign Minister, the Bulgarian-Yugoslav non-aggression pact, and the greater Italian friendship with Hungary all show how little Italy

trusts Germany and how much Italy wishes to keep Germany from having that free hand in Central Europe for which she is constantly and steadily working.

Germany is going to press the idea of bi-lateral pacts as opposed to collective security, and will show herself prepared for conversations for a Western Locarno - but on her own conditions. These conditions are going to be made much milder than could have been foreseen a little while ago, but the objective is not changed in any sense and the conditions will still be such that England, and France cannot grant them. The pressure for bi-lateral pacts will continue and the sacrifices Germany will be prepared to make to get a free hand in Central Europe will be greater, but it is to be hoped unavailing. The radical elements in Germany, while a little more in the background, maintain the upper hand in spite of appearances to the contrary and this is something which I think it is most important to keep in mind, particularly during the early part of this year which, in many ways, will be the most critical period of a decisive year. Germany will use every effort to buy a free hand in Central Europe from England, but if England is wise, which there are indications she will be, she will not permit herself to be led astray for it would unquestionably be fatal for her in the end.

I have been reading the Memoirs of Bulow in connection with this extensive reading that I am doing in spite of my many occupations, and it indeed takes a stupid person who does not realize that it is England - her humiliation and the placing of her in a secondary position - that is the long range aim of German policy. Germany can never reach what she is after as long as England is strong, and she must get Central and Southeastern Europe if she is to be strong enough to dictate to London. Italy is aware of this position and while playing with Berlin for her own advantage, is quietly endeavoring to strengthen her own position in Central and Southeastern Europe. This in itself is not so dangerous for the effect of the Italian action is not so much to strengthen the ultimate Italian position as to weaken the German position and to add strength to the individual position of these countries. It is true,

for example, that the Little Entente is no longer bound together by as strong ties as before, but in general the position is sounder, for the individual states of the Little Entente are stronger internally and externally.

Perhaps here I should remark that what I have said concerning the Little Entente I would not wish to be interpreted as indicating that I think the Little Entente is breaking up. Articles are appearing in the European press which are inspired from Berlin, and to a lesser degree from Rome, to the effect that the Little Entente has lost practically all force and is approaching dissolution. While it is true that the Little Entente was formed to prevent restoration and to restrain the revisionist aspirations of Hungary, and that the former of these objectives has considerably weakened, there is much reason to believe that the common fear of Germany is just as great and will serve as a very real cement to hold the Little Entente together. In some ways the ties between these states are weaker as is shown by Yugoslavia's having made this non-aggression pact with Bulgaria without really previous consultation with Rumania and Czechoslovakia. On the other hand what is of major significance is that all of the Little Entente states, because of their association, have been able to strengthen their respective positions internally and externally and this, from the point of view of European peace and stability, is a distinct gain. The Little Entente, in my opinion, will not disappear as a cooperative unit as long as the danger of military aggression by Germany continues.

It will be interesting to watch the activities of Ribbentrop in London. As I have forecasted in this letter, there seems to be no doubt that he will try to get England to take the initiative in a Western pact and to get changes in the Franco-Soviet agreement which will so vitiate it as to lead to its eventual annulment. Once it is weakened the Czechoslovak pact would quickly fall away. He will try to get British agreement to these ideas and to the gradual withdrawal of British interest and support in Central and South-eastern Europe. In exchange he will offer the lessening of German pressure for colonies which is so annoying to the English and which shall pass into a secondary phase. We

know how soon, once this objective is gained, the colonies question would come to the fore again. All this is merely typical of the manoeuvring of the regime during the last few years. The frontal attack on Russia, England, and France has failed. The attack is now to be diverted to the flanks, which makes it all the more dangerous. In the meantime a good many people are forgetting that Germany is putting forth every effort to press the building of the fortifications along the Rhine so as to immobilize the French and English. If she is able to temporize and to hold out internally until these fortifications are completed an entirely new situation arises for once the fortifications are completed the resistance of the French and English to bilateral pacts, the maintenance of the inclusion of Russia in the European peace program, and the resistance to German pressure in the countries of Southeastern Europe will be enormously decreased.

A very well informed observer remarked to me the other day, "I wonder how much longer the European situation will be allowed to become worse through the mistaking of German aggressiveness for strength."

With respect to the internal position in Germany, I think one of the most interesting developments which we should note is that after January 30 Hitler gave the golden insignia of the Party to Neurath, Schacht, Krosigk, Elz von Rubenach, von Fritsch, and other members of the Government who have not been members of the Party. They did not ask for this honor nor in any way invite it, but Hitler in a public ceremony received them into the Party as an internal gesture. They have not, with the exception of Rubenach, offered any objection, but I think ~~knowing~~ them all as well as I do, none of them was pleased over this way in which they have been compromised before public opinion at home and before those who know them abroad. Rubenach is the only one who felt that he could do something about it. His strong catholic sentiments and the continued repression of the Church impelled him to resign from the cabinet when this membership in the Party, which is working this injustice

to the Church, was bestowed on him. The fact that the others have not resigned or shown open displeasure is not necessarily an indication of weakness. They are biding their time and I am confident that their friendly feeling for the Führer and for the Party has not been increased by this but must to them in their hearts appear as an humiliation. That Hitler should make this gesture, however, is significant for it shows the weakness of the Party and the increasing strength of these conservatives to whom the eyes of the people within Germany are turning more and more. It was Hitler's rather futile gesture to show to the German people that these men are with him. It is interesting too that the list of Party members which had been closed for some time is to be opened again and new members are to be received. It is not an indication of the strength of the Party.

Even more important is the establishment of the office for Auslands Deutschen as a separate division in the Foreign Office. Although there has been a great deal of comment on this in the press, the comment has not been particularly discerning. This organization for Auslands Deutschen was formed early in the regime and first had its office in Hamburg under the direction of this man Bohle who still remains at its head, and who is now to have a seat in the Cabinet. This organization has been a favorite of Goebbels and of the Propaganda Ministry ever since the regime came into power, for it was the instrument through which all Germans outside of Germany were to be coordinated into the Party and to be made its willing instrument in every country in which Germans live. Although ostensibly it was to concern itself only with Germans who had retained German nationality, in reality it concerns itself with all persons of German birth abroad who may also have acquired some other nationality. You know that under German law a German who acquires other nationality is considered in Germany as still retaining German citizenship. This Auslands Deutschen Bureau therefore concerns itself with the propagandizing and control of the Germans in every part of the world even though they may be citizens of another country.



This must not be overlooked. The present German Government looks upon the Germans in other countries, for example the United States, Argentina, Brazil, and elsewhere as a German minority just as much as it considers the Sudeten Deutsch in Czechoslovakia such a minority. It has occupied itself with the Sudeten Deutsch more now as it is a nearer and closer range problem. The active interest in the others is to come later, but just as surely. All these Germans are to feel that now there is in the Foreign Office in Berlin an organization directly concerned with their interests and if necessary to look after those interests vis à vis the country in which they are domiciled or of which they may have become a citizen or subject. The head of this division in the Foreign Office, although technically under the Ministry of Foreign Affairs, also remains under Hess who is the titular head of the Party organization under Hitler. It is the same sort of double allegiance which Ribbentrop has, who as Ambassador to London is under the Foreign Minister but in reality as the head of the Foreign Relations Bureau of the Party is under Hess.

It was natural to put this Auslands Deutschen Division in the Foreign Office for many reasons not the least of which being that the directives to these people abroad may go through the Ambassador, Minister, and Consuls. It brings into the relations between states an entirely new factor - that is, of a state setting up in the Foreign Office a division which is concerned not only with the material, but also with the spiritual and political interests and activities of nationals and of foreign nationals who may be definitely domiciled in another country, in many cases the citizenship of which they have acquired. It is a brazen, impudent thing for any Government to do, but it is after all just an expression of the National Socialist spirit.

There is a press despatch from Berlin that a card index is to be set up in this Division in the Foreign Office which is to cover the name of every German abroad and complete information as to whether he has acquired other nationality or not, and regarding his activities, personal record, loyalty to the regime, etc. It is worth while

pointing out that the establishment of this Bureau gives direct control of the National Socialist cells already established, or to be established throughout the world, to the Foreign Office. The hollowness, pretense, and hypocrisy of the entire German offensive against bolshevism is strongly shown by this step. The present German Government proclaims itself the savior of Europe, of the United States, and of the whole world from bolshevism which it says is establishing its communist cells in every part of the world. I have always pointed out that the real reason for this deep hatred of communism shown by the National Socialists is that National Socialism sees in communism not such a dangerous social, economic, or political doctrine, but the system which presents its greatest obstacle to world supremacy. The two systems are almost identical in their objectives and in their methods, hence their enmity. Communism must be got rid of not because of its dangers as such, but because it is in the way of National Socialism. By setting up this division in the Foreign Office the Party has shown its hand in such a patent way that even the most unbelieving and blind should be convinced. A system far more dangerous, far more effective than anything which the Comintern has dreamed of has been in the process of erection for several years and is now given this open recognition through the establishment of this Bureau just at a time when Berlin is broadcasting its blasts against communism.

Count Coudenhove-Kalergi, who is the head of the Pan-Europa movement, has just written an article in the Pan-European magazine which is of very real interest as showing how hypocritical the Berlin campaign against Russia is. I am sending brief comment on this article to the Department in a despatch.

I have just received a letter from a friend in Rome who has seen Cardinal Pacelli who told him "The situation of German Catholicism is growing worse every day". The reports which the Princes of the Church who recently assembled in Rome made to the Vatican were not encouraging and have removed the last illusions. The German Government is proceeding ruthlessly to get rid of all the Church schools in Germany with the ultimate objective of getting rid of all religious instruction in the schools. Basically the National Socialist regime

is just as anti-church and anti-religion as communism is in Russia. The only religion to be tolerated in Germany is the National Socialist ideology. Accurate reports from Germany show that the struggle of the Church schools to maintain themselves is growing constantly more hopeless. Although Baldur von Shirach is a moral reprobate and generally believed to be a sexual pervert, he is more strongly established in the saddle than ever, after it seemed some months ago he would have to go, remains in charge of the youth movement in this country of 67,000,000 people, and is being groomed to have complete direction of the education of the youth in the country.

In a conversation some three years ago Goebbels repeated the phrase which he used in those days in speeches but which he does not employ so much today. He said that "the German people must be trained into an entirely responsive instrument on which the Party can play any tune it may choose to play". This of course is the reason for the complete coordination of churches, theatres, films, schools, press, and all public opinion forming means. I am told through a well informed German source that if England does not lend a receptive ear to the German pressure for colonies and for English intervention in securing for her a freer hand in Europe, it is the intention of the Party leaders to begin a campaign throughout Germany which will reach the smallest village in order to impress on the German people a hate of England, France, and Russia through showing that it is they through not restoring the colonies, who are reducing the German people to hunger and inevitable unemployment. In other words, a practical use is to be made of the German people as the instrument on which the regime plays this colonial tune for its ends.

I wonder whether the recent speech of Colonel Thomas of the War Economics Section of the German General Staff was brought to your attention. I am enclosing a clipping from the Paris edition of the NEW YORK HERALD TRIBUNE of February 8, reporting the speech. It is significant for it is merely repeating openly today what Goering used to say in private several years ago on the necessity for ruthless war and the intention of Germany not to make the same mistake again which she made in 1914 and later in not waging the war sufficiently

ruthlessly at the outset. Some of us who remember the ruthlessness of the submarine warfare and of the German activities in Belgium have an idea of what this may mean.

I trust you will excuse the length to which this letter has grown, but this little country, even though the center of interest from time to time shifts elsewhere it always comes back here, remains in many respects the major factor in this problem of European peace in which we are interested.

The Duke of Windsor's sister Mary has been spending a week with him at Anzenfeld, with her husband, and is going back to London Saturday. I think all the talk about her having come here to dissuade him from marrying Mrs. Simpson is without foundation. The real reason she came is that life is not any too gay at Anzenfeld and it is considered of primary importance to keep the Duke happy and occupied and stationary until after the divorce is final and the marriage can take place. I gather that the wedding will take place here in May, after which his plans are still uncertain. He visits no other house in Vienna so far except the British Legation. If he has a meal elsewhere it is invariably at the Bristol Hotel, which he has always favored. He has not been in a night club during this last visit to Vienna. He has spent most of his time since his sister is here with her in the various museums in Vienna. It is such a startlingly different life from that which he used to lead that it seems almost unnatural. In spite of all these precautions it seems certain that the family will have to make provision for him and that there will be none in the British Civil List. This is one of the serious problems, for he is extravagant and has no sense of the value of money. He talks every day to his mother in England and to Mrs. Simpson, and the telephone bills every day run from \$250 to \$300. He looks very well and is in good spirits. Every time I see him he shows an intense interest in what is going on in our country.

Believe me, with best personal wishes,

Cordially and faithfully yours,

George S. Messersmith.

Enclosure:

1. clipping from N.Y. Herald-Tribune.

GSM-MJF