The situation in Germany today can be summarized as follows: The entire military and political machine for Germany rests on the person of Hitler. Should anything happen to him the war would be over. Hitler is anxious to make peace. This peace, however, he wants to base on the successes which he has achieved. He would like to consolidate the European Continent into one Economic Bloc under German leadership which would be bordered by the Atlantic in the West and by Russia in the East. Plans are all prepared for regulating the flow of trade between the various parts of Europe, for overcoming unemployment wherever it still exists and for gradually making the Recchsmark the leading European currency. In such a consolidated European Territory there would exist no military power except the German Army, all other European armies having been reduced to the impotence of mere police forces. This would even apply to the Italian Army, since Italy is considered by the Germans as nothing more than a controlled Province and an inefficiently run one at that. Which is the obstacle still confronting Hitler in realizing this dream? It is the unwillingness of Great Britain to accept these terms. In this attitude Great Britain is relying on its undefeated Fleet and on the gradually increasing power of its Air Force. Hitler in full recognition of this fact and after the failure of his peace soundings started his direct attack on England. He was hoping of gaining complete air supremacy by defeating the British Air Force, to land his troops on English soil and to conquer the British Isles within a few weeks. As late as the end of September practically every German (including the most moderate ones) was convinced that England would be conquered within a few weeks and that peace would be concluded - at least in Europe - by Christmas. Owing to the heroic fighting spirit of the Royal Air Force together with the equally heroic morale of the people of London this belief has been shattered. A substantial part of the "Invasion Fleet" gathered in the Channel Ports has been destroyed by the British Air Force. As a result the writer has witnessed a remarkable change of sentiment in Germany during the past six weeks. The German population is looking with admiration up to the British pilots, who flying for hours over enemy terri-tory find their way to Berlin almost every night. Even greater is their admiration for the people of London, resisting the terror of continual air bombardments. Often the opinion can be heard; we here would not be able to endure it, how do they do it? The British resistance has resulted in an increasing number of Germans realizing that the war will last throughout this winter and might continue for a long time to come. No wonder that for a people who believed in "peace at Christmas" this realization is a heavy blow. Although Hitler and Goering still think that their unscrupulous air terror (which might even degenerate to the use of gas) might possibly force England to come to terms shortly, plans are now being prepared for the further con-

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duct of war in case England cannot be defeated at home. The following is a picture how Nazi psychology visualizes the further development of the war.

It is doubtful whether these plans, which may well include an attack on Ireland, have been definitely shaped. The most likely one to be followed is an attempt to eliminate Great Britain altogether from the Mediterranean. A large military force is being equipped and trained to fight in tropical countries and in many small German towns tropical uniforms are being sewn by women workers. No one can foretell whether the attempt to gain control over the Mediterranean will be carried out by sending German troops by air to Lybia and by attacking Egypt from the West, or whether an ultimatum will be presented jointly by Germany and Russia demanding from Turkey the passage of troops and the establishment of air bases on its territory. Both ways may be used in order to attack Egypt from East and West at the same time.

Russia is being kept under constant threat by the massing of a large German army on the Russian border and Stalin may be forced to join in the rape of Turkey against his will. Franco may be asked at the proper time to permit a German attack against Gibraltar by air and land, which, if successful, would close the Mediterranean in the West. Even without the conquest of Gibraltar the establishment of German air bases in French Northern Africa together with the mounting of heavy German guns near Spanish owned Tangier might be sufficient to make shipping in the Straits of Gibraltar very difficult. In what position would the British Mediterranean Fleet find itself if simultaneously the Suez Canal was to be attacked and damaged by German aircraft, thus making the passage and exist of large naval units impossible? Is the Italian Fleet now being spared in order to enter the final battle when the British would have to fight with their backs to the wall? There looms the distinct danger of a second Dunkirque with no way for a "florious retreat" left open.

The conquest of Egypt would be followed by the conquest of Northern Africa and Hitler would then have access to a tremendous area of raw materials of all kinds which could be shipped to home ports across the Mediterranean without interference by the British Fleet. Germany would then be in a position to continue this war indefinitely, having at its disposal an abundance of men power and an economic empire extending from the North of Norway to the Sudan and from Gibraltar to the Roumanian oilfields or even to those of Mesopotamia.

Needless to say that there are many obstacles in the way of realizing such dreams and many Naxi leaders are quite aware of them.

There is in the first place the slowly growing pressure of British air attacks on German cities and industrial centers. The writer has witnessed a great number of nightly air raids during his stay in Berlin and has inspected many places where bombs have been dropped. While, due to the comparative small size of the bombs dropped, the actual damage done is limited and should by no means be overrated, the bombsrdments are having a decidedly adverse effect on the morale and the working capacity of the civil population.

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Cases are known where the working capacity of industrial and office workers on days following nightly air raids has dropped as much as fifty percent. The damage thus done might best be calculated in millions of "lost sleeping hours" a consideration well worth while to be taken into account by the Royal Air Force in their nightly operations against Germany.

Another difficulty facing the Germans is the problem to maintain a continued flow of petrol supplies, especially in case the British should decide to bomb and set on fire the Roumanian oilfields. At present these supplies are ample in spite of the many successful attacks by the Royal Air Force on German oil refineries. The elimination of Roumanian petrol however would in dum course seriously affect the German petrol situation, unless Russian petrol would take its place.

By far the greatest obstacle for Germany in its effort for an economic unification of Europe is the apparent inability of administrating foreign countries and of winning the support of at least a part of their populations. While immediately after the collapse of France not a few people in occupied countries were willing to put up with the new masters, the deeds of the imposed German administration has taught them not to cooperate. Passive resistance is widespread and anti-German sentiment has been rapidly growing.

Finally there is a widespread and increasing desire of the German people "to be done with the war" coupled with the desire of the Nazi officials to enjoy their prey in peace. While no one in Germany is famishing, life has become more and more difficult and many of life's necessities are unobtainable. Nevertheless it would be a mistake to believe that for some time to come this pressure for peace from the masses would be strong enough to force the German Government's hand.

With increasing British air bembardments and increasing American help for Great Britain the time will come, however, when the German Government will be anxious to conclude a peace and will be prepared to far-reaching concessions. A peace might then be worked out which would leave the British Empire fully intact as a powerful stabilizing factor. From the American point of view it would seem imperative to maintain Great Britain as a powerful balance against any European Bloc under German control. For, if Great Britain was to go under, America would have to face alone a power combination under Hitler's influence extending from Portugal to Japan and from Africa to the Arctic.