

429

Vienna, October 18, 1934.

*Remondt C. G. G. G.*

Dear Moffat:

I was very glad to have your interesting letter of September 15. We have been sending a pouch every week on Fridays for some time, but last week unfortunately we were not able to send one as we had no empty bags on hand. We are sending another on the 19th which will carry this letter. As I was not able to send a pouch last week I did not write to either you or Mr. Phillips commenting on the situation. I agree with you that it is not advisable to send these letters through the open mail.

In the pouch leaving tomorrow, the 19th, there will be a few despatches which I think will interest you and I am getting off a letter to Mr. Phillips today on the general situation. I have therefore in this letter confined myself to some routine matters.

In the first place, about Mrs. Hammerand. My letter to you in which I gave some background about the case evidently reached you about the same that your letter of September arrived here. I was glad to have your comment. I wrote you about the case because I felt quite confident that a certain amount of pressure at least would be exerted on the Department at home on her behalf. Although she has lost her American citizenship, I felt that it was only an act of kindness to the Austrians to let them know what interest there is in her situation. The English and the Americans here, too, were quite worked up about it as she seems to be a very kind-hearted and generous woman who has entertained perhaps lavishly and, as is so often the case, her friends here thought only of her as a friend and did not appreciate the importance of her indiscretions.

I took the first opportunity after I had your letter to talk to the Foreign Minister himself. I had already mentioned it to the Secretary General in the Foreign Office, but his action was following the usual routine and was going too slowly. When I spoke to the Foreign Minister about it I made it clear, of course, that my inquiry was entirely unofficial, but he expressed great interest and said that he realized that if the circumstances permit she should be released. He knew something about the case and said that with regard to their guilt there

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seemed to be little doubt. He asked me whether I thought if released on the condition that she would leave the country she would go. I told him that I felt almost certain that if her release were made conditional upon her leaving the country she would rather remain in prison. She is intensely attached to her husband who, from all I can learn, hardly deserves such devotion. The Foreign Minister said that he would do everything he could to have her released if the circumstances at all permitted.

I saw him again this morning about some other matters and he said that he had gone into the case in his capacity as Minister of Justice, and had ordered the proceedings to be hurried along and that a decision would be made in a few days. He said that Mrs. Hammerand had been "extraordinarily imprudent", but that it would be possible to release her and that the case against her husband would be continued. He asked me not to mention anything about it until he could tell me that the proceedings against her had been closed and he wished nothing said about it until then so as not to embarrass judicial authorities. If Mrs. Hammerand is released, as I am sure she will be, she can consider herself a very fortunate woman, for her imprudence could have had serious consequences.

You have by this time my first despatch on the Vacuum Oil case and there is another going forward in this pouch. I shall be very glad to know what you think about this, and I imagine the Vacuum people at home may be bringing certain pressure on the Department. I believe that we should do nothing further and that I have gone as far here as we properly can. I put the case up to the Finance Minister very strongly and if I had known then all that developed later, I could really not have gone at it so definitely. The manager here, Evans, is an Englishman who has made a bad mistake in not carrying on his initial conversations about an increased quota with the Austrian authorities himself. He realizes this now. He used intermediaries as I think he was prepared if necessary to use some of the same means which he thinks the Shell has been using to maintain the status quo.

I personally do not doubt that certain promises may have been made in the Finance Ministry to the intermediaries of the Vacuum, but I think the Minister feels that it has made good such promises by giving the Vacuum three times as large a quota for importation of artificial oil as they had last year. In view of all the circumstances I think the Vacuum got pretty good treatment, for the Ministry could have refused to take any action without there necessarily being any discrimination against the

Company. The long and short of it is that the Vacuum helped the Government on its alcohol mixing program by taking a favorable attitude towards this matter, and it is as compensation for this that their quota was trebled. There is no question in my mind but that the Vacuum started out to get a larger quota and was willing to gamble on getting it through facing the Government with a fait accompli. It is too much to ask us to make representations on the basis of alleged promises made to intermediaries which promises the Government now says were not made.

I do not know how thoroughly the Vacuum and the Standard people at home appreciate the situation, but certainly Evans understands it and realizes we can do nothing more. I think he had told his people at home that the larger quota was all fixed and is in rather a bit of a hole so far as he himself is concerned for they made this additional expenditure at the refinery, but this is purely a matter between himself and his company in which I think we can hardly have any part or responsibility.

Of course, if the Department looks at it differently and wishes me to try to go farther I will see what I can do, but I am confident that we can make no progress for the Vacuum. They will have to seek a solution by making arrangements with one of the smaller companies to take over their quota.

I am sending the Department in this pouch a despatch which I have prepared myself reviewing briefly some of the major factors in the financial and economic situation. When Herbert Feis was here I told him we would send a despatch once a month or oftener if necessary, on the situation and that I would have Gray prepare these. We have been a little slow getting off the first one as there has really been quite a lot to do, but we shall get them off regularly at least once a month now. I am going to have Gray do them for he knows how to do this sort of thing very well and I have arranged the proper contacts for him.



In view of the unusual political situation which we have had here more or less ever since I arrived, it has not been possible for me to give as much thought to the organization of our establishment in Vienna as I would have liked to have done. We have here really a very unbusinesslike and inefficient organization and I must tell you very frankly that I am quite distressed about it. The offices of the Legation occupy two apartments in a building which, while well located, the offices themselves are very unsuitable. The Consulate is in another building; the Commercial Attaché is in another, and the Treasury Attaché is in a fourth. It is, I think, quite essential that we should get under one roof even if we cannot go further now than physical consolidation. Vienna has already been pointed out in the Congressional Committees at home as one of the places where our organization is unnecessarily large and inefficiently organized. The organization in Budapest has been tremendously improved by getting the offices under one roof and they are really doing very well there and the place makes an excellent impression on visitors. I hope by July 1st of next year that we may be able to get together physically here and it will be possible then not only to cut down the cost of the establishment, but at the same time to improve its efficiency. I am looking around now for appropriate quarters where we can all get together and shall use every effort to have it done by June 30 of next year.

I am distressed to think that your time in the Department will be up next year in July. I hope that you won't mind my saying that you have made an extraordinary record in an exceedingly difficult position and in one which has been held by some very good men. Some of us have gotten into the habit of thinking of you as a fixture there and it has been a great comfort to me and I am sure to many others in the field to know that you are there. I think I can appreciate, too, what a comfort and pleasure it has been to the Secretary and to Mr. Phillips.

It is of course very selfish of us to want you there, for I feel sure that pleasant and agreeable as your associations and work in the Department have been, you may look forward to the field again. I think we Foreign Service officers are a good deal like most Army officers in this respect - we like to get back to serve with the troops. I need not tell you that for my part I shall see you leave the Department with more than regret. But you have the satisfaction of knowing that you have done a difficult job in a brilliant manner. I hope that the assignment which you will go to will be one entirely agreeable to you and your wife.

I am sending by this pouch a despatch with which there is an enclosure covering a conversation which Kliefoth had with Carr, who occupies more or less the same position in the British Foreign Office that you do at home. I think you will be interested in this despatch and the memorandum for it explains somewhat the attitude of the British Foreign Office with respect to several problems. Carr is a very clever and intelligent man, but he is one of those liberals who cannot forgive Austria for having done away temporarily with Parliamentary institutions and particularly for having dissolved the Social Democratic Party. He is one of those liberals who finds it difficult as they say, "to forgive Dollfuss for February". It is an interesting sidelight that he has written a life of Karl Marx which, of course, will not be published for the present, and he is doing a good deal of writing all the time he tells me on social subjects which he will publish when circumstances permit. He does not seem to have any party affiliations, but is certainly an advanced liberal.

Some of the liberals, I find not only in England, but in a good many other countries, are so attached to certain doctrines that they lose sight of some of the major issues involved in the situations which face us. Here in Austria, for example, it would be disastrous for the Social Democrats to return to power in the immediate future. It would be one of the first steps towards delivering Austria into the hands of Germany and thus simply precipitate more trouble for the country and for Europe. Nevertheless there are liberals in England and in other countries who are influenced in their attitude towards major policies by the fact that Parties have been prohibited in Austria, forgetting that the return of Party struggles in Austria now might precipitate a European conflict. I myself am confident that Parliamentary Government will return in Austria in a few years. These people do not want a Fascist Government, but I think the great majority of the thinking people in Austria now realize that the restoration of the Parties and of elections would be the most dangerous thing that could happen to them for the moment. When the danger from the outside is gone I think there will be a rapid return to Parliamentary institutions here.

It was an excellent thing for Carr to spend so much of his holiday here for he arrived here convinced that if Germany came into Austria she would stop at the new frontier. I think he realizes now that this would be only the first step towards further expansion and, of course, he looks upon that as extremely dangerous. He has been quite critical, I think, up to now of the point of view of the British Minister here, but I gather that he is much more sympathetic with and understanding of it now. It will be

interesting to see how this is reflected when he gets back to his job in the Foreign Office.

In the CHICAGO TRIBUNE, Paris edition, of October 17, there is an item in the Berlin news which I am appending hereto with regard to the Reverend E. E. Turner. This man was the pastor of the American Church in Berlin during my stay there and he is a thoroughly unreliable sort of person without any judgment or good sense, and in my humble opinion for quite a number of reasons he has no place in the pulpit. He was thoroughly disliked and unpopular in American circles in Berlin, so much so that the American Church, always difficult to support, got into such a critical state that I advised them that the only thing to do was to let Turner go and get a man who could hold the people together and one whom they would come to church to hear rather than stay away because they would have to listen to Turner. Turner tried very hard to stay on, but when he went to America they used this opportunity to tell him they did not want him back.

When Turner went to the United States some months ago it has been told that his expenses were being paid by the Propaganda Ministry. I do know that before going to the United States he spent a great deal of time in the Propaganda Ministry and the addresses which he made while home certainly seem to bear out that he is practically in the employ of the Germans. He is an insignificant person and I doubt whether anyone who actually hears him is much impressed or influenced by what he says. Certainly it takes very little contact with him to absolutely lose all confidence in him, but after all, if he goes about the country as the former pastor of the American Church in Berlin making the kind of speeches which he does, it is not going to do any good at home. I realize that there is little, if anything, that the Department can do, but it certainly should not be possible for a really discredited person like Turner to preach in the Central Presbyterian Church in New York. If the Department wants any information with regard to him Geist can give it a report which I am sure will substantiate in every respect what I have said. If there is one kind of a worm which we ought to step on, it is an American who engages for pay in propaganda for another country, especially when it is in such a cause as that which he seems to have espoused. Turner is, of course, a real worm, if you will excuse my using this language in this letter, for he is so utterly irresponsible and double dealing that if he were put on the carpet he would say that of course he has no sympathy with the National Socialist regime in Germany, but at the same time he would make indirect propaganda for it.

I see from the papers that the American Olympic Committee has finally given way and voted to participate in the Berlin Games. I saw this coming when I had a chance to talk with General Sherrill at Ambassador Morris' house in Brussels some months ago. It was quite clear then that General Sherrill was so much interested in having us participate that he would be willing to accept what he knew in reality to be hollow statements and promises. I have from a direct source information that Mr. Brundage, after he had gone into the situation in Berlin and in Germany, said some weeks ago that he saw no way in which the Americans could participate. In other words, the evidence that discrimination was being carried on, and like an honest man he had to act on the evidence. This disturbed the German authorities and the remark which Brundage made was taken to high quarters where orders were given that proper assurances must be made so that the Americans would participate. I understand that certain written assurances have been given and now on the basis of those Mr. Brundage has given way and recommended to the American Committee participation.

Far be it from me to criticize General Sherrill and Mr. Brundage. They are interested in the Olympic Games and they want to see the Americans participate. They are so eager probably that we shall participate that they are willing to accept assurances which they know were not really meant. It is true that here and there the Jews have been permitted to participate in training for various events. But this has been done in these isolated and well selected cases only to form a basis for the assurances which the Government has given. Real freedom of participation does not exist and under the present Government cannot exist. I am not fighting any battles for the Jews or any other race or class, but I think if the Olympic Games mean anything they mean the exemplification of certain principles of sport and these do not have free play in Germany. What concerns me is not the question of discrimination and not the question of whether or not we participate in the Berlin games, but it does give me great concern that the decent worth while sport loving people in the United States should be told that certain things are so when they are not so, and that they should be brought in to support an action which they do not approve of. I think our decent people at home have a right to the facts.

Jenkins has arrived in Berlin and has been given a hearty welcome. He has taken the apartment which we lived in and was fortunately able to get it for a good deal less than I paid. I am glad that he took it for with respect to location and to the



apartment itself there is probably not a finer one in Berlin. I am glad that he will be able to get settled so quickly for it is always easier to get settled in a job when one is comfortably installed. Geist can be depended upon to help him in every way.

I am sorry that Geist was not included in the list of promotions. He really has done a most extraordinary piece of work and deserves real consideration. In view of the character of his services he has given and of his age and present low classification, I am hopeful that he may be given a double promotion. If this does not seem feasible, then I believe he should be given two promotions in quick succession. I am one of those who believes that we must recognize work of this kind in an adequate way, if not for the sake of the man, then for the sake of the Government and the Service. It is a mistake to think that rapid and adequate promotion of men who do really outstanding work is a bad thing for the service or for the other men. On the other hand it is a good thing for the service and is a stimulus to the other men.

By this time Mrs. Moffat will have returned from Japan and I hope that you will have a pleasant and not too strenuous winter. I am afraid there will be plenty to do here and at home for many months to come. I am still looking forward to the possibility of a short trip home some time this winter, but I rather feel that the chances are small. We have two nieces from Wilmington, 18 and 20 years of age, who are spending the winter with us and they are splendid girls who give us a great deal of pleasure.

With all good wishes,

Cordially and sincerely yours,

George S. Messersmith.

Enclosure:

Clipping from Chicago Tribune.