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February 17, 1938.

The Secretary

The Under Secretary

I do not wish to be an alarmist and I am not one of those who sees danger around every corner. I have had a good deal of intimate contact with those who are at present running the authoritarian regime in Germany. During my last two years in Berlin, I had fairly close contact with practically all those who are in power there now with the exception of Hitler himself. As in the very nature of things and on account of the way our interests were being damaged and discriminated against, I had to have many contacts in all the ministries. As I spoke German as I do English a good many of these men spoke to me with a brutal frankness concerning their plans which it is difficult for us here to understand. I have, therefore, without in any way losing my objectivity I believe, been constantly aware of how sinister and cynical, as well as direct and definite, are the designs and plans of the present German Government in the political, social and economic fields. During the years that have passed since the regime came into power, I have seen their plans develop steadily along the original lines they had in mind and I have not seen them swerve from a single objective.

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From time to time they have been obliged by circumstances to slightly put one objective forward or another into the background but the program itself has in no sense changed. In fact it has constantly assumed greater definiteness. This is something one must understand if one wishes to have an appreciation of the objectives and methods of the present German Government.

The present German Government is not friendly towards us. They consider that we are one of the principal obstacles in their way toward their objectives. They have no desire to have a clash with us but their objectives in South America and in Central America and Mexico are so definite that they realize to reach them they must be faced with a weaker instead of a stronger United States. Their program, which involves the weakening of France and England and the disintegration of the British Empire, is intended therefore to weaken us so that with that objective attained we will be less powerful in opposing them.

The whole object of the anti-communist movement in Germany and in Europe sponsored by Germany is to destroy a Franco-Soviet arrangement and to destroy the Little Entente. A secondary object is to immobilize England and France in the West through the sowing of discord between them and through the building of the German fortifications on the Western German frontier. England is to be courted and misled
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with the idea that if Germany had a free hand in Southeastern Europe the peace of England and the Empire will not be disturbed. Germany knows very well that if she gets Southeastern Europe she is the master of the Continent and France and England will be in a secondary position. It is only in this phase that Germany intends to actively interfere on this Continent in Central and South America.

The whole plan is, of course, to do this through the show of force and it is hoped to do it without the use of force. This is to be made possible by the sowing of discord through stirring up racial and minority feelings wherever there is fertile ground and through the stirring up of trouble wherever a potential field exists. It is only if these methods fail that actual force is to be used.

I have given these brief preliminary statements and this utterly inadequate resume merely to form the background for a few observations which I feel I should make. I have seen the German agents at work when I was in Germany during the first two years of the regime and at that time talked with many of them who were operating in Southeastern Europe. We are beginning to see the effects of their operations in various parts of the world and are now beginning to feel the effects more definitely in this country. When the Germans saw that their Commercial Agreement with Brazil was in danger they

they sent Ritter as Ambassador, who is one of the cleverest men in Germany and perhaps their best economic negotiator. They did not hesitate to help to stir anti-Semitic feelings there. They now have Paul Scheffer in this country who, in spite of his opinions, is a servile instrument of the Government. They had Kirscher of the Frankfurter Zeitung here, who is supposed to be a conservative but who carried on strange activities in this country. Both Scheffer and Kirscher came to see me here in the Department where I received them with courtesy but, when they made insulting remarks concerning this country and our inability to take care of ourselves against their efforts and propaganda and I reminded them that they were guests in this country and in my office in this Department and were not conducting themselves very properly, they went out and complained that I had treated them discourteously! Karl Wiedeman came over here at the direct request of Hitler as Hitler was not satisfied with the reports which Dieckhoff was making about Germany's propaganda in this country. Dieckhoff was saying to his Government that it was not wise for them to foster the Bund and similar activities in this country.

Now we have word that Aschmann and Heamen are coming over. The voyage of both of them seems to have been somewhat delayed. It is difficult to understand why the German

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Government should be sending Aschmann and Hemmen over here at this time. My own guess, and I think it is a good one, is that Aschmann, who is an expert on propaganda, is to come here to see just how far they can with safety go in the way of the use of agents and propaganda and what form it should take. My guess is that Hemmen was to come over here to observe the progress of the trade agreement negotiations with Great Britain but at the last minute they seemed to have decided that this might not be wise and for the present his voyage is delayed.

We had word from our Consul in Berlin that a group of students from the Government-supported Party Schools has been sent at Government expense to this country and these boys between 16 and 18 are now placed in some of the leading preparatory schools in this country. Although the German Government is not able to find exchange to service its debts in this country, it has money for these agents and propaganda and for the sending of young students to our preparatory schools. I think we have only a very inadequate idea of the extent of the German agents already operating in this country.

We now learn that on the morning of February 14 a man representing himself as the Secretary of State in New York endeavored to get through the Passport Agent of the Department

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in New York 35 blank passports. He was also endeavoring to get, and apparently had instructions to get, certain plans at our Army post on Governor's Island. The Military Intelligence Service had had word from Scotland Yard that an endeavor would be made to get certain plans at Governor's Island. The story is too long to recite here but through the diligence of Mr. Hoyt and Mrs. Shipley and our Special Agent in New York, Mr. Bannerman, and with the cooperation of the Police and Military Intelligence this man has been taken into custody and has admitted in a written confession that he is an agent of the German Government and has been acting under its orders. I understand he is an American citizen.

I think we must be prepared for more and more of this thing and, although I think we are able to take care of it, I think we should be on our guard. The German Government places great store on American public opinion. It is disturbed at the state of public opinion in this country. It can be depended upon to use its endeavors not only in the way of propaganda but in the way of fomenting trouble in this country. I am confident that we will see increased activity unless we take definite steps to put a stop to it.

I think an interdepartmental committee should be created without delay to give careful study to this situation
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and to make recommendations as to how it is to be met. I see no reason why any secret should be made that such a committee has been appointed for the very fact that it is known will have a very wholesome effect on those who are fostering these activities. The committee should go into the whole matter very thoroughly and make its recommendations to the various Departments concerned and then these should be transmitted, if it seems necessary, to the President and to the Congress.

As I said at the outset, I am not one of those who sees danger around every corner but, knowing these people and what they are after and the way they work, I feel the time has come for us to be on our guard and to take definite action.

G. S. Messersmith.