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AMERICAN CONSULATE GENERAL

Berlin, Germany, April 11, 1933.

SUBJECT:

With reference to the interference with the  
treaty rights of American firms in Germany.

THE HONORABLE

THE SECRETARY OF STATE

WASHINGTON.

SIR:

*Heck  
Confidential*

I have the honor to transmit herewith the copy of a letter dated April 7, 1933, which I have addressed to the Ministry of Commerce with reference to several cases involving violation of the treaty rights of American firms in Germany. The main details in these cases are set forth in the letter and will therefore not be recited in this despatch.

Briefly, the Associated Press G.m.b.H. and The New York Times G.m.b.H., which are both American-owned companies organized under the German law, and the Keystone View Company, which is American-owned but not organized as a German company, have been refused permission to take pictures on a recent public occasion and were furnished a free copy of a picture with the statement that they

could

could not sell it in Germany but only outside of the country. The German companies, however, engaged in the same business, that is the German-owned firms, were allowed to sell the picture in and out of the country. These American firms took up this matter with the Consulate General stating that in their opinion the refusal to permit them to sell the picture in Germany was a violation of the treaty rights of these firms.

A second case is that of the Nationale Radiator Gesellschaft m.b.H., which is a German company completely owned by the American Radiator Company, which has three plants in Germany, two of which manufacture for the German market almost exclusively and one of which manufactures for the European and South American markets. The representative of an organization closely affiliated with the National-Socialist party recently approached the German managing director of the Nationale Radiator Gesellschaft and informed him that his company would no longer be allowed to sell in Germany. The third case is that of the Gillette Safety Razor Company of Boston, Mass., which is the owner of the Roth-Buechner Company at Solingen. This German firm is completely owned by the parent American firm and exploits in Germany the patents of the Gillette Company. Recently suits have arisen in the German courts with respect to these patents. The Vice President of the Gillette Company of Boston has brought to my attention several articles which have appeared in the "Angriff"

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of Berlin which is the principal organ of the National-Socialist party, and one which appeared in the "Solinger Beobachter", a National-Socialist paper, in which the American company is attacked as an octopus and as a Jewish concern. The Vice President of the Gillette Company, Mr. Claisse, believes that these articles were published at this time to influence the referee and the courts hearing this case, and that the articles published in the organs of the National-Socialist party have a distinct prejudicial effect.

After discussing this matter with Mr. Gordon, the Charge d'Affaires, it was deemed advisable that these matters should be taken up first with the Ministry of Commerce rather than with the Foreign Office, and I thereupon called upon Dr. Bang, the Staatssekretaer at present at the head of this Ministry. I went into these cases in considerable detail and he expressed appreciation of our attitude and our concern. He agreed that the action against the three American picture companies was equivalent to violation of treaty rights, that the action against the Nationale Radiator Gesellschaft, if carried into effect, would be equivalent to a violation of such rights, and that the publication of such articles as the ones referred to in the case of the Gillette Company and its German branch was undesirable. In connection with all these cases I pointed out that if such action against American firms became known in the United States it would cause a great deal of concern and would undermine

confidence



confidence in the general German situation and might unfavorably affect trade relations. I further pointed out that it was so commonly recognized everywhere that the courts must be independent of political and party influence that it would be extremely unfortunate if an impression should get abroad that party organs were endeavoring to influence the action of the courts. I said that if such an impression became current business men would necessarily have to use great caution in entering into contracts or agreements which might eventually come before the courts in Germany. Staatssekretaer Dr. Bang expressed complete understanding of this aspect of the situation.

Dr. Bang expressed appreciation that we had brought these cases to his attention in this informal way rather than making representations to the Foreign Office. He said that he would give the matter his immediate attention and would do all in his power to bring about a satisfactory adjustment. I pointed out that it seemed advisable that action should be taken at once in order that this movement should not spread. He asked me to write him quite informally about the cases, which I did in my letter of April <sup>2</sup> herewith transmitted.

Staatssekretaer Dr. Bang then said in a personal way whether it would not be possible for me to bring these cases also to the attention of the Reichskanzlei, that is the office of the Chancellor, and that if this could be done it would greatly facilitate the action

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he would take. I informed him that I could see only two methods of approach to such a matter by us, i.e. either through his Ministry or through the Ministry of Foreign Affairs and that I saw no way in which we could take up this matter with the office of the Chancellor as this would be an admission by our part that party considerations were involved. This obviously we could not do as our action had to be based on the treaty rights of these firms and the approach made either through the Ministry of Commerce or through the Foreign Office. Dr. Bang stated that he appreciated this.

I have mentioned this latter personal exchange as it indicates further what has been brought out in my strictly confidential despatch No. 1231 of April 10 that a dual government exists in Germany and that it raises serious problems in connection with the protection of American interests. Dr. Bang as the responsible head of the Ministry of Commerce realized that if the proposed action reported in this despatch against these American firms was carried through it would involve a violation of treaty rights, but he realized at the same time that the action against these firms was taken through the extra-legal or party government which for the present is the stronger. The approach which he suggested to the office of the Chancellor was therefore to get for the representations which we had made to him, the support and agreement of the extra-legal government. The conversation indicates clearly the

difficulties

difficulties under which the responsible Ministers in certain cases labor.

The Remington Typewriter Company which is a German company owned completely by the Remington Company in the United States both manufactures in and imports into Germany, and it and the representative in Germany of the Weston Electrical Instrument Corporation of Newark, N.J., have received from the Dresdner Gas, Wasser und Elektrizitaets-Werke and from the Stadtrat der Landeshauptstadt Muenchen forms which they are to fill in, a copy of which is enclosed herewith, to the effect first, that they are purely German firms, second, that the company is not exclusively or principally owned or under the responsible direction of foreigners, Jews or Jewish partners, and third, that the company is not founded on "marxistische" principles. The Remington and the Weston firms have been asked to sign these forms as if they are not acceptably filled in the municipalities or municipal works in question will not be able to buy any further supplies from them. It has been suggested to these firms that they refrain for the present from signing or sending in any such declarations.

The party organization of the National-Socialist party has made declarations sometime since to the effect that in the future the central Government, the states, the municipalities and all public works in which there is a public interest will no longer be allowed to buy

except



except from exclusively German firms. So far as this Consulate General knows this has been up to the present a purely party order, but there are now indications that an official order has gone to these administrations that they must confine their purchases to purely German firms. According to the wording of the declaration which the firms have been asked to sign the Remington Co. which also manufactures in Germany would be excluded not only from selling to municipalities, etc. the machines it imports from the United States, but also the machines it manufactures in Germany. This latter would seem to be a violation of the treaty rights of these American-owned, German firms.

I shall at the first opportunity discuss this problem with the Ministry of Commerce to learn what the exact status is and whether the orders in this respect have come from the constitutional and legal Government or are acts of the extra-legal party government. After complete information has been gathered, the matter will be discussed with the Embassy and such action here and with the Department will be taken as the circumstances make desirable. This matter is referred to in this brief way in this despatch merely to point out the new situation which is arising.

There seems to be much reason to believe that the extra-legal party government is distinctly hostile not only towards all big business, whether foreign or

German

German, but also hostile towards foreign-owned plants in Germany. The circumstances recited in this despatch may only be a beginning of the problems which will arise in this connection, as the program for certain readjustments in business is apparently just beginning.

A As there is no published program and as one can only determine what is in the minds of the National-Socialist leaders by action here and there in particular cases and coming for the most part from smaller people in the organization, it is possible here only to give a brief indication of the main tendencies.

That the general tendency is towards the dissolution of some of the big industries and in favor of small factories may be seen from the article appearing in the "Vossische Zeitung" of Berlin of April 9, morning issue, headed "Let us cut away from the machine". The article is to the effect that the solution of the unemployment problem lies in getting away as far as possible from the machine in certain industries. It then points out that the use of the machine in the cigar industry in Germany is one that can easily be abandoned as the use of machines in this industry has not developed to such a great extent and that their elimination will give employment to large numbers of cigar makers and at the same time be a source of satisfaction to the German cigar smoker. In this connection it is interesting to note that probably the only machines in the cigar

industry



industry in Germany are of American origin and are in factories largely in Dresden and these machines have not yet been paid for. The article states that if the machines are abandoned the owners would naturally have to be indemnified. This may seem a very insignificant incident but it is doctrine which has been preached and which now/<sup>that</sup>the party is in power its adherents wish to see put into practice.

Reichsminister Goering in a speech reported in the Berlin newspapers of April 10 made significant statements with respect to the attitude of the Government towards business. He was speaking before the National-Socialist organized workers of the Berlin district. These so-called "Betriebszellen" built up in various industries take the place of the Socialist trade organizations formerly so strong in Germany under previous Governments. The newspapers state that some 20,000 persons were present. Mr. Goering called attention to the fact that there was too much emphasis on the national side of the revolution and that it must not be forgotten that the revolution was also a socialist revolution, and that the term "socialist" had always been closely associated in the name of the party with the word "national". He makes a distinction between Socialism and so-called "Marxism", the former of which is a National-Socialist doctrine of first importance while the latter is a pernicious doctrine which the party is

destroying

destroying and will utterly annihilate. He said that he who avoided talking about Socialism and who saw only in Socialism Marxistic work of destruction has not comprehended the deep significance of National-Socialism. He does not go very deeply into saying just what the principles of the National- Socialist Socialism are, but he appeals throughout the address to the prejudices of the small man and of the worker. If I interpret correctly some of the statements which Mr. Goering made during the conversation which I had with him some days ago and which is reported in my despatch No. 1220 of April 6, there is little doubt that he is opposed to large business interests in general and is in favor of far-reaching experiments in both industry and finance, and as he is so powerful in the Government his ideas must be reckoned with and those in favor of more moderate measures will have a difficult opponent to deal with.

As of interest in this connection I have to give a resume of a conversation between Consul Geist and the former editor of one of the Berlin newspapers who has been released since March 5. He stated to Mr. Geist that there was a great wave of disillusionment among the leaders of the heavy industry as they had not envisaged the possibility of interference by the Government in the administration of their business. According to this

editor



editor, the interference which has come from the National-Socialist cells in these industries and from National-Socialist leaders has in a large number of cases already impaired the proper business-like functioning of these industries, and the directors thereof are in great bewilderment as to the outcome of the measures being taken. This editor went on to say that the results of this interference in industry by the party will be very serious and that within a short time strong influences in powerful circles will put pressure on the Government so that the position and prestige of Hugenberg will increase. The editor went so far as to say that it is predicted Hugenberg's position will again be predominant in economic matters. I venture in this connection to say that the first part of the editor's statements is undoubtedly well-founded, but as to the second part no one can tell what the course of events will be. That the carrying out of the program which the party leaders and followers now have in mind will practically destroy the German economic structure and German foreign trade and thus bring with it the ruin of the party, seems almost certain, but as this program has been undertaken by them for the most part totally ignorant of economic and financial problems but willing to learn, there is a possibility that many of the contemplated measures will be abandoned before they have gone too far in the wrong direction. That the leaders of industry who supported the Hitler

movement

movement for so long are now finding themselves in an extremely difficult situation, is unquestionable and that they will begin to reassert themselves cannot be doubted, but whether they will be powerful enough to stem the tide cannot be answered at this time.

I well remember in the year preceding March 5, 1933, how a number of the leading industrialists of Germany stated that it was correct that they were helping Hitler and the National-Socialist movement as they knew they would be able to control the movement and mould it in their own way when it came into power. When a question was raised as to whether they would be able to control the movement once in power they were always very sure that they could do so. These are the men who are now prostrate for the time being before the National-Socialist movement and who find men in the confidence of the National-Socialist party but ignorant of their business sitting in their governing boards and largely controlling the respective industries.

I am transmitting herewith a clipping giving a brief extract of Minister Goering's speech which unfortunately I am not able to translate before the departure of the pouch.

Respectfully yours,

George S. Messersmith,  
American Consul General.

Enclosure:  
Copies of forms,  
Newspaper clipping.

