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NO. 1521

AMERICAN CONSULATE GENERAL,
Berlin, Germany, August 21, 1933.

SUBJECT: Discriminatory action against American and
foreign steamship lines in Germany.

THE HONORABLE

CONFIDENTIAL.

THE SECRETARY OF STATE,

WASHINGTON.

SIR:

I have the honor to refer to my telegram of August
11, 5 p.m., to the Department, which reads as follows:

"August 11, 5 p.m. Decree Ministry of Commerce
effective August 7 makes necessary that any
person buying steamship passage from foreign
steamship line in Germany cost of which exceeds
200 marks must first secure from exchange con-
trol authorities special permit STOP This does
not affect German steamship lines which can
continue sell passage freely costing any amount
STOP No matter how liberally decree enforced
and necessary permit on individual applications
granted, traveling public inevitably diverted
to German lines which can freely sell passage
costing any amount avoiding delays and annoying
formalities STOP Am not able to state whether
treaty violation specifically exists but effect
decree directly discriminatory in practice and
undoubtedly not in accord spirit articles 1, 8
and 9 our treaty STOP United States Lines and
Baltimore Mail operating nine vessels passenger
traffic to German ports have protested on the
ground their interests seriously affected and
existence passenger offices Berlin Hamburg and
Munich threatened STOP Paragraph While right
to maintain passenger offices not prohibited by
decree effect is to make them merely information
offices and for booking accommodations on return
passages bought in United States STOP I am of the

opinion

opinion our Government should protest vigorously and immediately through Embassy for if treaty violation not involved discriminatory action resulting from decree contrary fundamental international practice respecting equal treatment vessels STOP Our trade interests suffering so much from various discriminatory action from unofficial and Party sources in Germany that I believe this very favorable instance our Government to make strong representations STOP Such discriminatory treatment American lines would eventually result retaliatory measures our part affecting German lines and German steamship offices in the United States STOP Believe such representations our part with full publicity at home will have very useful effect in Germany not only in accomplishing rescinding this decree but also with respect to discrimination generally STOP Have conferred with Ambassador who is in accord - NESSKENSMTIH"

There is transmitted with the original of this despatch a copy of the order of the Ministry of Commerce of August 7 under reference. The effect of the order would have been, as stated in the above quoted telegram, to practically make it impossible for the American steamship companies in Germany to sell any passages in the country. While the German steamship companies disclaim any responsibility for the issue of this order of the Ministry of Commerce which is so discriminatory in its results in their favor, and while it would seem stupid on the part of the German steamship companies to have endeavored to have such an order issued, I believe it was they who were really behind it. The North German Lloyd and the Hamburg-American have suffered very much in their passenger traffic in recent months through the failure of Americans to book by their steamers. It is known also that the popularity of the S.S. ~~GERMAN~~ WASHINGTON

and

and the S.S. MANHATTAN has caused them a good deal of concern. The management of these two German companies has been considerably changed during recent months and as the companies are so largely subsidized by the Government, the National-Socialist Party has placed a good many of its men in the respective administrations. Neither the North German Lloyd nor the Hamburg-American have been particularly meticulous in the past as to the nature of their competitive action; and this was strikingly shown in their attempt some time ago to use registered marks only for purchases on their own lines when these registered marks could not be used by American lines. The explanations given by the two German companies at that time were not sincere and not worthy of two of the most important steamship companies in the trans-ocean traffic. I have reasons which it is not necessary to go into here, to believe that this order of the Ministry of Commerce was a direct attempt by the steamship companies to place practically all bookings from Germany into their hands.

The representatives of the United States Lines and of the Baltimore Mail Steamship Company brought the discriminatory action of this decree to my attention. I immediately took it up with the Ambassador, and while direct violation of our treaty might be difficult to establish, it was evident that the decree was highly discriminatory in effect and contrary to all international practice respecting equal treatment of vessels. After the conference with the Embassy I transmitted the telegram

above

above quoted to the Department and informed the American steamship representatives that the matter had been referred to the Department.

The British steamship companies took up the matter with the British authorities in Berlin, and the British Embassy was instructed on August 19 to make representations to the Foreign Office to the effect that the decree was in violation of the treaty between Great Britain and Germany.

The discriminatory effect of the decree was given wide publicity in the foreign press and had the immediate effect of causing action by the German steamship lines which realized that the action of the Ministry would have serious effects for them in retaliatory measures in foreign countries. The German steamship lines therefore, that is, the North German Lloyd and the Hamburg-American, immediately urged the Ministry of Commerce to change its decree and a public statement was issued by the Ministry to the effect that the decree had not been intended to discriminate against foreign steamship companies but merely to protect the German steamship companies which had before been in an unfavorable position as regards the foreign companies. It has not been possible to determine from the Ministry of Commerce or from the German steamship companies in what way they were discriminated against under the former procedure. In fact, in reply to my direct inquiry I was informed by one of the leading representatives of the German steamship lines, that under the previous procedure there had been no discrimination against them. The public

declaration

declaration of the Ministry, therefore, was merely an endeavor to prepare the way for the rescinding of the decree.

A meeting of the representatives of the foreign lines was called at the Ministry of Commerce on August 18 and this meeting was attended by Mr. Atterholt representing the United States Lines and the Baltimore Mail, with whom I had discussed the situation on several occasions before the meeting. I said that in my opinion the American lines should not agree to any solution offered by the Ministry which did not restore the status quo before August 7, the date of the discriminatory decree. Mr. Atterholt attended the meeting of the foreign steamship representatives held before the meeting took place in the Ministry of Commerce, and they unanimously agreed to take this position.

At the meeting which was held in the Ministry of Commerce at 10:30 on the morning of August 18, the Ministry explained that the decree of August 7 had been issued in order to bring the steamship companies within the general exchange policy and to prevent any violations of the decrees respecting the exportation of capital. The representative of the Ministry then went on to state that no discrimination against foreign lines was intended and that a new decree would be issued immediately which in effect will restore the status quo before August 7. In other words, the meeting at the Ministry of Commerce was called to definitely reassure the foreign steamship representatives that they would be able to sell passage

costing

costing any amount just as the German steamship companies are able to do, without requiring any special authorization in each case. The Ministry stated that the steamship companies could continue to proceed as before in booking passage and that the new decree would be issued within a few days.

While the new decree has not been issued as yet, it is likely to appear today, and as the assurances given to the foreign steamship representatives on August 18 were so formal in character, I believe that this matter may be considered as settled.

The Consulate General did not receive any reply to its telegram of August 11, 5 p.m., nor did the Embassy receive a reply to its telegram sent somewhat later indicating that the British authorities were making formal protest. In view of the circumstances I am of the opinion that it would have been highly desirable for us to bring the discriminatory character of this decree before the Foreign Office through the Embassy. Our interests are being so much injured by all kinds of discriminatory action in Germany, which discrimination the Embassy and the Consulate General are counteracting by every means in their power, that this occasion I believe should have been used and could have been used to very good effect. The fact that our Government protested against the discriminatory action of this decree would naturally have had to appear in the German press and it would have had a very helpful effect in Germany.

Should

Should anything further of interest in this connection develop, I shall not fail to advise the Department; but I believe that the matter may be considered as settled. I believe that the German steamship companies will for the time being desist from further unfair measures against the American lines.

It would be of very real assistance to the Consulate General if the Department will inform it for what reason it did not deem it advisable to take action on the telegram of August 11, 5 p.m. from this office, and on the Embassy's telegram.

Respectfully yours,

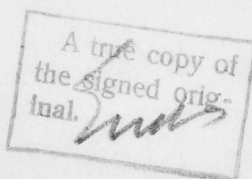
George S. Messersmith,
American Consul General.

Enclosure:

With original of this despatch only:
Copy of decree of August 7.

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costing any amount just as the German steamship companies are able to do, without requiring any special authorization in each case. The Ministry stated that the steamship companies could continue to proceed as before in booking passage and that the new decree would be issued within a few days.

While the new decree has not yet been issued by the Ministry of Commerce, it is expected to appear within the next few days. At the meeting in the Ministry on August 18, specific assurances were given to the foreign steamship representatives as to the contents of the new decree and as these assurances were satisfactory to the steamship representatives, I believe that this matter may be considered as settled.

There seems to be little doubt but that it was the wide newspaper publicity, particularly in the British press, which brought about this quick change of attitude on the part of the German steamship companies and of the Ministry of Commerce. So far as we are able to tell, the newspaper publicity in the United States with regard to the discriminatory effect of the decree was also very helpful. I had suggested to the representatives of the American steamship companies that the widest publicity which they could secure at home would be helpful in bringing the German authorities into a proper frame of mind.

I believe that for the present the German steamship companies will desist from further endeavors to have discriminatory action directed against the American or

foreign

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foreign lines through Government decrees. The Consulate General will carefully follow this situation and not fail to inform the Department of any developments which may be of interest.

Respectfully yours,

George S. Messersmith,
American Consul General.

Enclosure:
With original of this despatch only:
Copy of decree of August 7.

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CSM:P

A true copy of
the signed original
in: *CSM*