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April 5, 1938.

Personal and confidential

Dear Geist:

I have your personal letter of March 21 in which you tell me about the situation in the Consulate and in the Embassy and I appreciate very much the intimate personal comment which you give me and which is very helpful.

I also have your letter of March 23 in which you comment on the developments in the European situation and particularly with respect to Austria. You have kept us remarkably well informed and you are one of the few people who has been able to foresee developments surely and clearly. I need not tell you how much we appreciate this and continuously have appreciated it. I am in accord with the picture which you give of probable developments in Central Europe. I think the situation in Czechoslovakia will disintegrate rapidly from within due to pressure from without and I do not look for any explosion in Europe as the result of that disintegration. It all depends, of course on the way it is handled by the Germans and there still remains the possibility of explosion. No one wants war now and I do not think the conflict will come over Czechoslovakia. I do feel, however, that the course of developments is only making that conflict at the end inevitable. I hope you will continue to send us your thoughts for they are very helpful.

I also have your note of March 24 covering your talk with Huss of the Hearst press and I am sure that he has not exaggerated the situation in Vienna. It has been more horrible and is more horrible than anything we experienced in Germany. The picture which you draw concerning the correspondents is helpful and I am sure you are right. I see the Germans getting ready to coordinate our correspondents and if our men maintain any dignity, I do not

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Raymond H. Geist, Esquire,
American Consul,
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Heist. Raymond H.

see how they can stay. Certainly we are not going to give way. I am confident that our own newspapers will prefer to withdraw their correspondents rather than merely have them send us what the German Government wishes to have dished out for world consumption. Germany is able to work her will within Germany and increasingly among some of her neighbors, but we are not yet at the point here where she can tell us what our own people shall do abroad or what we shall do at home. You will find that we will maintain a very stiff attitude here. Whatever information you can send us of an intimate character concerning developments in this particular situation will be very helpful. We do not intend that our men shall be kept in Berlin and send us news colored by the German Government. I am afraid there might be a tendency on the part of a few of our men to be prepared to do this just to stay on the spot. Most of them, however, would, I am sure, prefer to leave. I need not tell you how precious it is to us to have your intimate comment on the general situation and on developments.

I also have your letter of March 24 with regard to the member of the Austrian Legation who appealed to you for assistance. You were quite right in taking the attitude that you did. There is a certain limit to which we can go but which we cannot go beyond and in this particular case it was quite obvious that you could not be of direct assistance. One feels terribly helpless and distressed when such a case is put before him but one must keep one's head and you have learned how to do that. We must, as you know, always keep in mind the major picture and we cannot decrease our usefulness to our own Government and to our own citizens and interests. I always felt that Tauschitz was getting his foot into both camps and had it in both toward the end. That is one of the great troubles in the world today -- this lack of moral courage.

And now finally with respect to your intimate note of March 21. I am glad to know that you and the Ambassador are getting along so well and I am sure he will know how to appreciate the assistance you give him. He is a very fine person and I think a man of real breadth of vision. I had a letter from him suggesting that you be given a dual commission so that you can take care of protection cases. We had discussed this before he left for Berlin and I had said he would wish to explore this and that I felt sure that he would wish to recommend this action so that there would be no lost motion in protection matters.

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We are sending him a telegram stating that you are accredited as First Secretary of Embassy and shall serve in a dual capacity but we are indicating that this is not to interfere with your other duties in the Consulate General. In other words, it is my thought, and I think the Ambassador's, that your work in this dual capacity shall very largely be confined to protection matters and perhaps to such other matters of a major character where it may be advisable to use you. The Consulate is so important that we cannot take any chances of interfering with its proper administration but my own thought is, and I am sure I am right, that this dual commission will help very much in the proper administration of both the Consulate and the Embassy.

I am glad to know what you say about Donald Heath who is a good man. He is to do in Berlin very much the same work that Cochran is doing in Paris and Butterworth in London. That is to say, he is to do this financial reporting which is becoming increasingly important and in which Mr. Morgenthau, the Secretary of the Treasury, is personally and deeply interested. By assigning some of our own officers in whom Mr. Morgenthau has confidence to this special work, we have been able to stave off the appointment of Financial Attaches which, as you know, is very important. We do not want to complicate our situation any more than we have to abroad. It is complex enough already. Mr. Morgenthau considers Heath more or less his man in Berlin and we are glad to have him feel that way. I am sure, however, that this work for the Treasury in Berlin will not take up all of Heath's time and he will be able to do major economic reporting of great help to all of us.

I have noted carefully what you say concerning the housing problem of the Ambassador and I told him you would be helpful to him in every way you could. He has written me about it and I know he is much disturbed over it but, of course, there is nothing we can do from here. We cannot give him more than \$3,000 a year rent allowance for that is a statutory matter and there is no way we can give him more. If it costs him more to get a house, he will be just in the same boat that a good many of us have been in for a long time. It would be fine if he can get the Mendelssohn-Bartholdy house as I know it very well and, although it isn't very large, I am sure it would serve his purpose. I rather think

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the Ambassador feels that he has to do much more large scale entertaining than I believe he will find eventually necessary. I think our Ambassador must do the right thing and must establish contacts but the time for lavish entertaining is over. I think if our Ambassador lives modestly and receives a good deal, he does not need to do it in a big way and it will be more effective and dignified in the end. I do not believe we should fall all over ourselves in being nice to these people in the Government. It gives a wrong impression. We are maintaining an attitude of dignified reserve and we certainly do not approve of what Germany is doing in many respects. There is no reason why we should curry favor and fawn upon these people when in a year or so they may force us into a war with them. We will serve our own interests much better by maintaining a dignified and proper attitude than by slopping over. They will understand that and if we are too nice to them it only encourages them in going ahead disregarding us. You understand this psychology. I think the Ambassador is getting on to it but naturally does not appreciate it fully yet.

And now with regard to the Blucher Palace. The Ambassador has written to us about it both officially and privately. I am going into this matter carefully and I will be writing him at length shortly. I am not going to comment further now as it is a complicated problem. We are not going to let the Germans force our hands even though we may be out on the street next year. There is a matter of great principle involved. The Ambassador seems to have in mind that the President is very much interested in a swap. We must remember in this connection that this is a matter for the Congress and for the Buildings Commission and not primarily of the President. We are naturally interested in the President's views and they have great influence but the matter is one for the decision of the Congress and of the Commission. I think the Ambassador too has taken a remark of the Presidents with regard to a swap as having more significance than it really has. In any event, the problem is one which requires careful thought and we will be writing the Embassy soon.

I am glad to know that your sister is so much better and I think it is a good thing for her to come home for a while. I am working night and day these days and have my

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hands full. There are a thousand things concerning which I would like to write you but I am not able to do so. I may be able later to write you concerning some of the things which preoccupy us.

With every good wish,

Cordially and faithfully yours,

A-M:GSM:VNG