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Personal

December 21, 1937.

Dear Friend:

First of all I want to tell you how much Mrs. Messersmith and I are hoping that you and your wife and family will have a very Happy Christmas and that the New Year may be filled with all good things for you all. My wife has just left to spend Christmas with her mother near Boston and I am trying to get away from here for the first time since I arrived to spend Christmas with my mother. It is increasingly difficult to get away from here on account of the pressure under which, I need not tell you, we are increasingly working.

We are very comfortably settled in our new home and are very happy in it -- as happy as one can be when one is able to see so little of the family and when there are so many difficult problems to deal with. If I had only the usual work to deal with that in the past came to the desk I now fill, it would be a relatively easy matter for me but, in addition to the work which formerly centered here, I have on my hands a rather complete reorganization project for the Department of State in which we are all very much interested and which is, of course, a very intricate and complicated problem. In addition to that, there are, of course, these major questions of policy which are increasingly demanding not only earnest thought but are getting to the point where important decisions have to be made. I am usually here until seven in the evening and we no longer have anything like a Sunday today of rest. I have found it necessary to go out very little in the evening although I miss this very much, being fond as I am of my fellow human beings. The evening is about the only time one has to really do any thinking and a good deal of considered thought is necessary these days. My health is good and I am very much interested

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in what I am doing, but I often wish that the pressure were not as great as it is.

I have been wanting to write you many times but have always put it off until I could really write you about what is happening here and give you some of my thoughts on the general situation. It has been simply impossible to find such leisure but I do not want to delay writing you any longer although this letter will necessarily have to be a very poor picture of what I am thinking here.

The outlook is not an encouraging one and in some ways is worse than it was when I saw you, and in other ways better. Internally in this country, I think the position is improving in major aspects. Business has gone back somewhat but I think the long range importance of that was exaggerated. We have so many really worth while people in this country who are nervous and afraid of their own shadows and who do not do as much thinking as they should. The long range prospect for business in the country is, I believe, good and there is a decided optimism that certain movements which business feared will let up. The industrial situation is undoubtedly better and the more conservative labor leaders and groups are gathering strength and are asserting themselves. This was only to be expected for the pendulum had to swing the other way. The radical labor groups have had to recede very considerably and in this respect the situation has changed quite considerably since you were here. The attitude of the Congress is in favor of certain changes in the tax laws, on which I think you are probably informed, and which will relieve some of the principal fears which business had. The President is continuing to show a very reasonable attitude and, even on the question of utilities, I think a compromise is being sought which should prove in the public interest. I do not think that any radical action of any kind in the business or economic structure of this country need be looked forward to. If only we could get some of our business men to think a bit more and to assume a more constructive attitude rather than the purely destructive one so many have assumed for several years.

The external situation has its dark and its bright spots. I still continue to think that the major seat of the trouble is in Germany and that, if there were a reasonable government there and one with which we could deal in the usual way between nations, all these other

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questions in China, Spain, Italy and elsewhere would lose their present proportions. I think it is better understood in this country that that is the situation but for the moment naturally the Japanese position is in the foreground and it is giving us very real concern.

The Japanese, of course, are having for the moment, and have had for several years, a poorly concealed military dictatorship. When they started out on this Chinese adventure at what they thought was the propitious moment and certainly as a result of their understandings with Germany and Italy, the military had no intention of going beyond the five northern provinces in China. As has happened more than once, and as you and I know has happened elsewhere, the radical and the younger element in this military group got control and provoked the incident in Shanghai which extended the operations of the Army to such a good part of China. The Civil Government and the higher military in Japan were dismayed but once they were committed by this rash element felt they had to go ahead. Now Japan is in it up to the neck and her prestige is really at stake. She has assumed now a task which in the long run she cannot carry through, and which even the higher military know they cannot carry through, but they do not know how to recede without losing that face which to them is so important. To make things worse for them these younger elements undoubtedly planned this deliberate attack on the Panay and have brought about what cannot be characterized as anything but a tense situation between the United States and Japan. We have ample evidence that the attack on this American ship was deliberate and staged most carefully. It was really an act of war although carried through without the approval of the central authorities in Tokyo. A position has been created which Japan wished to avoid but which now has to be faced by her as well as by us.

You know that in this country there was a feeling that under all costs we must avoid war, that we must under no circumstances take any action in the Far East and that rather than get into any trouble we must abandon every right and interest in the Far East. This extreme pacifism and this lack of understanding of the fundamental dangers and implications of the Far Eastern situation was a real matter of concern to this Government for we were not able to take even the most ordinary action in the protection of our rights and nationals without arousing a cry all over the country that we were plunging it into

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war. Now the Japanese by their own action and this deliberate attack on the Panay, the facts of which are becoming increasingly known in this country, have created a revulsion of feeling which could easily be inflamed to a point when anything is possible. A Naval Court of Inquiry is now meeting in Shanghai on the Panay incident and we have been patiently awaiting the Japanese reply to the note which we sent them under the President's instructions. It will depend upon the findings of this Naval court at Shanghai and on the nature of the Japanese reply, or the lack of one, what our next move will be. One thing I think I may tell you is that it is not the intention of this Government to give up any of its established rights or to abandon its citizens or interests anywhere. The effect of the developing situation in Japan has been to awaken the public interest here in the whole position and the ultimate dangers to us, if these dictatorships and this rule of force become the law of the world, are being recognized.

Of course here we have to keep cool heads because we do not want to get into a war if we can help it. I still think that there are ways out without war and I am for exploring all those ways. I do believe, however, that lack of firmness on our part would be the most sure way of bringing on war. Of course firmness has its dangers also, but certainly I think those are less than showing weakness before this pressure.

One consequence of the recent developments has been that public opinion in this country is becoming crystallized and is behind the Government in its foreign policy. This will make our task more easy and I can assure you that it has been difficult enough.

With respect to Europe, the reports which I have been getting from Southeastern Europe are very encouraging. It appears that the position there is holding very well. There are some disquieting reports from Austria but, knowing the situation as I do there and judging from what I get from my friends, the recent press reports have been exaggerated. I do not see any reason to believe that the situation there and throughout Southeastern Europe will not hold unless there is general disintegration in the rest of Europe. This is at least one encouraging feature of the position.

I think the major result of the Hitler-Halifax conversations in Berlin was to solidify the British position. I think they know now that concessions would buy nothing and would only make the British position more difficult. I think Halifax was able to look behind the curtain and what he saw was a real shock to him. Hitler did not say very much to him but he could gather a good deal by implication. Goering has been speaking rather freely recently to several people and has made no secret of the fact that Germany must absorb Czechoslovakia and Austria and dominate economically Southeastern Europe. He went so far as to say to one of my friends that he should not pay too much attention to what Hitler said concerning an Autonomous Bohemian State in Czechoslovakia being satisfactory to the Germans. Goering said that that was all "eye wash" and that only complete absorption of Czechoslovakia would satisfy Germany. Of course this is the position and the British and the French are probably for the first time really facing it.

The English would like us to take combined action with them in the Far East and elsewhere and some of them still cling to the idea that this can be done. I am one of those who believes in very close Anglo-American cooperation. It is the only safe anchor left to the world. It is the only thing which can really avoid a war. But our British friends conceive that cooperation in a form in which we cannot yet accept it. I think we have always shown that we are ready to parallel any action, and there have been occasions when we have not only been willing but able to take the initiative and then were left high and dry. Our British friends must make up their minds as to what they want to do and realize that this is not a game but a very real situation in which there can be no playing for advantage between those on one side. We do not wish to take any advantage of England and we do not wish her to take any advantage of us. There are still some in England who do not realize that we are really a greater and stronger country than they are and that therefore we cannot merely follow her but that any association must be a full partnership. It is too bad that these things are so and that there is this lack of understanding, which I agree is not always on one side.

I do not know what we are drifting into but it looks perilously like some kind of war. If it isn't military conflict, it looks like economic warfare. Certainly the

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latter is preferable to the former and I am still one of those who believe that with economic and financial pressure applied by England, France and ourselves the danger of war can be avoided not only in the Far East but in Europe. This is the direction in which I see we are moving for, if we cannot agree on some economic measure, I can only see military conflict in the offing. It is a dreary and dismal prospect in every event but it is one which has to be faced.

What I am hoping is that England and we can work out some common action and put up a stiff front for I believe that that is still sufficient to save us from all the catastrophe of military conflict. The bright spot that we now have in this picture is that we are really actively negotiating with the British for a trade agreement. God knows that was difficult enough to get at but we are at least that far and under no circumstances must these negotiations be permitted to fail. I was always against their being started until there was reasonable certainty of their being a success. It will take a lot of good will on both sides but if we are wise we are not going to permit any failure.

There is so much that I would like to write you about that I must not allow myself to go further now. I am extremely interested to know in what direction your own thoughts are running and I hope that you may find time to write me, if only briefly. My friends who were in Brussels for the conference tell me how kind you were to them.

With every good wish to you and Mrs. Heineman and with the assurance that our thoughts frequently turn to you all,

Cordially and faithfully yours,