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NO. 1531

AMERICAN CONSULATE GENERAL

Berlin, Germany, August 23, 1933.

SUBJECT: Discriminatory business practices sanctioned
by the National-Socialist Party, affecting
American goods in Germany.

CONFIDENTIAL.

THE HONORABLE

THE SECRETARY OF STATE,

WASHINGTON.

SIR:

I have the honor to refer to my confidential despatch No. 1390 of June 24, 1933, with respect to the use of placards or signs, "Deutsches Geschaeft", that is, German firm authorized by the National-Socialist Party as a means of indicating to the public those firms which are established to be non-Jewish and which may be patronized by members of the National-Socialist Party. In this despatch it was brought out that the use of these placards is to be controlled by the local organizations of the National-Socialist Party and that it is intended particularly by it to destroy Jewish retail stores in Germany. In practice, however, the giving out of the right to use these placards is used as a means of directing business from non-Party members to Party members or to those who contribute largely to the Party.

As the giving out of these placards is vested in local organizations of the Party, there is already

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available information to the effect that the system is used as much against Aryan German firms which are not sufficiently complacent, as it is used against non-Aryan firms. It is one of the glaring examples of how the Party organization levies tribute on business and exercises a disturbing effect.

In my confidential despatch No. 1489 of August 9, there was reported the dissolution of the "Kampfbund des gewerblichen Mittelstandes", the organization which has had the greatest disturbing influence in German business, and its dissolution was also referred to in my confidential despatch No. 1500 of August 10. In these despatches I ventured to say that although the Kampfbund has been dissolved, its activities will continue for a considerable time to come in various forms. There has now come to the attention of the Consulate General through a confidential and responsible source, a copy of a letter which is being sent out by the local organizations of the National-Socialist Party to the Party members. A translation of the letter is transmitted herewith (enclosure No. 1). The Department will note that with this letter which the local Party organization sends to the Party members in a particular block or section of the city, there is transmitted a directory of firms in the particular area, from which the Party members may buy. The Party members are informed that it is their duty to buy only from these firms as the firms have agreed to pay a certain percentage of the total value of the purchases by the Party members

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to the Party organization. The so-called "Blockwart" or local block guardian, will at specified intervals, that is every month, go to the Party members in his district to collect the coupons which have been given them by the listed merchants from whom they have bought, so that the local Party leader can determine whether the members of the Party have been buying in the listed stores.

There is also transmitted herewith a translation (enclosure No. 2) of the rules which have been issued to the Party members governing their purchases. It will be noted that when a Party member goes into one of the listed stores in his district, he is to give to the person from whom he makes his purchase a password which will be changed from time to time. The password indicated in this particular instruction is "Sagt". This password is an indication to the person serving the Party member that a coupon is to be given to the purchaser and that the owner of the establishment is to count this as one of the sales on which a percentage is to be paid to the National-Socialist Party of the particular district.

The copy of the document of which a translation is transmitted herewith, has been furnished to this Consulate General by a source which is altogether dependable. It will be noted that the guiding influence behind this system is the "Kampfbund des gewerblichen Mittelstandes" which, it will be seen from this evidence, has not yet ceased its activities. It will be an organization slow to die. It is the intention through this procedure

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to use the Party organization to eliminate Jewish firms in the retail trade which it does not seem politic to close by legal means. It is to be used also as the means of keeping replenished the local Party organization coffers. It is cleverly devised so that through the use of the coupons the local Party organization has the means not only of controlling whether the Party members are buying where they are directed, but also as a means of controlling whether the listed merchants are paying the proper percentage on such purchases into the Party coffers.

In practice it will be one of the most effective means which the Party has yet found to thoroughly destroy the Jewish retail enterprises in Germany which are so considerable in number. The procedure is to be kept secret among Party members so that the Party can disclaim publicly responsibility for discriminatory action against non-Aryan or non-listed firms.

Pernicious and dangerous as the practice is from the economic point of view, it has another aspect which it is, I believe, desirable to note. The National-Socialist Party is constantly through the declarations of its leaders and through the censored and controlled press, laying daily emphasis on the necessity for purifying German life, culture and business. The practices of Jewish merchants and intellectuals are condemned in the most severe terms. The passion for cleanliness, fair-dealing and so-called "German morals" is given expression in every possible form. It is significant, therefore,

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that the Party which has this public passion for honesty and decency, through instructions to its members puts into effect a system controlling the purchases of its members which is intended to destroy all firms with which the Party is not in sympathy and to use it as a means of replenishing the Party coffers through a method which one cannot characterize by any other word than systematized blackmail.

What is of particular interest also to us in this matter is, as the Department will note from enclosure No. 2 to this despatch, that Party members are to buy German goods whenever possible in preference to foreign goods. This is in line with what I have already stated to the Department in previous despatches, that is, that we must continue to reckon with unabated propaganda against the purchase of American and foreign products, and as this propaganda is intended particularly for the masses of the population, it will affect American products which have been imported into Germany in considerable quantities. It is not believed, however, that this propaganda will have a decided effect against those American products which are bought by the more important German firms.

Respectfully yours,

George S. Messersmith,
American Consul General.

Enclosures:

- 1) Translation of letter;
- 2) " of Rules.

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A true copy of
the signed original.
GSM:P