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Berlin, Germany  
January 26, 1935

Dear Mr. Moffat:

I have been rather tardy in thanking you for the Christmas greetings which you and Mrs. Moffat so kindly sent; but this tardiness will not make the present expression of appreciation less sincere. I have been wanting to write to you with regard to the situation in Germany but up to the last week I did not believe that I was in possession of any inside information which you have not fully derived from other sources. Now I have received from a friend of mine a report of an interview which he had with Hitler and Goring which I believe will interest you. The interview took place the day after the results of the Saar plebiscite became known and when both of the gentlemen above named were flushed with the success of that victory. The interview took place in Ober-Salzburg, where Hitler has his retreat. Goring was at the time visiting him, and the statements I shall refer to were made by Hitler in Goring's presence. Important statements were made, and as to the fact that the statements were made there is not the slightest doubt; though there may be some doubt as to the German Government actually carrying out what, at that moment, Mr. Hitler said it would. I was rather surprised that such important statements would be made to an American; but they had the assurance that just what they wanted to be published would appear; and so I suppose that their enthusiasm over the Saar victory may have lead them to go farther in the discussion than ordinarily would have been the case. But my friend was up in these isolated haunts for two days and had the pleasure of seeing Goring bob-sleigh down the mountain side and walked with Hitler through the mountains to a cafe where he frequently has afternoon tea. He also had breakfast in Hitler's house one morning.

The discussion, my friend tells me, got on the pacts which the French are pushing and Mr. Hitler said that the Germans would NOT sign any of these pacts. But the most important item has to do with something which the Germans are going to do in about two weeks. This my friend was most loath to divulge, and no amount of artfulness on my part could bring about a clear statement of what they are going to do. He said it was most confidential and if it got out it could certainly be traced to him. I said that I expected that the Germans would soon dispel Mr. Baldwin's reference to Germany being a "dark continent" so far as rearmament was concerned and that I expected that the German Government would soon by its own pronouncement free itself from Part V of the Treaty of Versailles or acknowledge the extent of its rearmament or publicly take a stand on that question which would be tantamount to announcing a "fait accompli". My friend intimated that I was not far off, and that he could confirm something to that extent, if he was not afraid of divulging a secret of great importance which Hitler and Goring had confided to him. By the time this letter reaches you some such pronouncement may be made.

Goring is leaving presently for Poland. You have already read this in the papers today. I understand that he is going up there to sound the Polish Government not so much on the Pacts as upon Germany's contemplated stand on the "Equality" question. This matter of "Equality" is not going to rest much longer; and I feel sure that the positive assurance my friend gave me refers to that matter. As I judge, too, all this will come to a head when decisions have been made at London during the Flandin-Laval visit.

I learned from an important official in the Foreign Office not long ago that Germany would not sign any pacts or any definite commitments which would leave no chance to modify the eastern frontiers, as this would be suicide for Germany. Developments now taking place along the Memel frontier indicate the direction in which the wedge is going next to be driven. You will remember last September I wrote about the superior military organization in East Prussia, where the S. A. had been kept

uncorrupted and completely under the guidance of the Reichswehr. The interview which the Lithuanian Minister is supposed to have given a London reporter the other day regarding the concentration of large numbers of German troops in Tilsit is not so far off. The Lithuanian Minister here in Berlin did not deny the facts; but he did deny that he gave any such interview.

My friend also reported that he asked Hitler whether or not by publicly declaring that Germany had no further territorial claims on France that he meant to abandon all claim to Lorraine. He says that Hitler looked at Goring and winked, as much as to say that the "question of Lothringen" could arise in another way than making territorial claims on France. The Germans in Lorraine, he inferred, would demand at the right time the right of plebiscite. In other words the Germans are not going to war to propagate the Pan-Germanic policy; but the Germans in certain places such as Lothringen, Memel, Slesian, etc., will through their own internal agitation stir and foment until their clamoring for a plebiscite will be granted. The method is ingenious enough; and the German Government will know how to keep these questions hot until their aspirations have been granted.

In general the developments in Central Europe will not find any peaceful solution in the near future. My friend said that Hungary came up for discussion and Mr. Hitler let it be understood that in several years time through the internal development of Hungarian politics that country will become absolutely dependent upon Germany, a satellite if not almost a dependency. He also said that by the end of 1935 Otto will be on the throne of Austria. This accession of the Hapsburgs to power in Central Europe according to Hitler and Goring will be the first step in the process of closing in on Czechoslovakia and, I presume, opening up to the Germans a way toward the east.

How these plans will succeed I do not know. But inasmuch as this information was given at a time when these gentlemen were thinking quite out loud and under the spell of an overwhelmingly exalted feeling of success. I have not the slightest doubt but that what I have reported represents at least their firm plan and intentions at the present time. I think I can truthfully say you have a true picture of Germany's foreign policy; at least as it is conceived by the men who are directing the affairs of this country.

I have not gone into the question of internal politics. You will remember in my last letter I spoke of a long "reign" for Adolph Hitler, and I think you will agree that the grounds for believing that this regime will last a long time are convincing enough. The Saar vote confirms this conviction. There is no serious opposition to Hitler in this country. Many disagree with his policies and there is considerable discontent among the various interests, groups, and classes; but nothing which would indicate in the slightest a change of regime in the very near future. I feel reasonably sure that if Hitler lives he will conduct the destiny of this nation for the next decade at least. What has happened in this country is not so much due to National-Socialism and Hitler as to the Germans; therefore it is more discerning to state the proposition as follows: Germany is Hitlerism rather than Hitler is Germany. It is incorrect to assume that Hitlerism has been imposed on a liberty-loving and peace-loving people; but it is correct to say that a people who do not know how to utilize liberty and who are really warlike at heart have found a system to express the national aspirations and to lead the country along a path congenial to the national temperament. The developments here substantiate such a statement. At the same time this view of life is not incompatible with the fine qualities and distinctive traits of the Germans through which they have won so much distinction in the arena of modern civilization.

You have heard a good deal as to the conflict between the radical and conservative elements in the party. This is bound to continue owing to the inability of Mr. Hitler to take the lead in the various spheres of Government. While Hitler has the political insight of a genius enabling him to maintain a tremendous following in the country he is not capable of assuming the directive in economics (hence his fascination with Feder), in finance (hence his entire dependence upon Schacht) in social policy (hence

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his mistakes in allowing men like Darre, von Schirack and Ley to continue in their offices) and in cultural policy (hence his approval of Goebbels, Rosenberg and Streicher). I lunched at my house last week with a member of the party close to Hitler and he railed against the people I have placed above in brackets (except Schacht). He bemoaned the fact that Hitler had allowed "Rosenberg, Hühcht & Company" to retain their place on the public stage and for the good of Germany "these people must be thrown aside". "Poor Hitler", he said, "how can one expect him to see the fallacy in the rubbish which Rosenberg is presenting to the foreign diplomats and the foreign press correspondents in his Monday night talks?" "Hitler is a simple man and cannot exert a proper critique on Rosenberg's ideas and has no intelligent comprehension of what it is all about" "Who is going to tell him?" "Hitler" he continued, "is devoted to his old party comrades and cannot separate himself from them; and therefore any real change from radicalism to conservatism will be slow and most difficult". The Reichswehr has been exerting great pressure on Hitler to subordinate such party men as Himler (leader of the S. S.) and a compromise has been found. Schacht has been struggling to get rid of Darre, Ley von Schirach and Streicher (the jew-baiter of Nuremberg), but he has not succeeded; only Darre's policies are now subjected a little more to Schacht's control. I am confident that these struggles will go along, probably not always quietly and not always without a certain amount of sensation; but I do not believe they will be of such a decisive character at any time in the near future to disturb the foundations of the present Hitler regime.

In finance the great problem of Dr Schacht is to find sufficient foreign exchange to (1) provide sufficient raw stuff for German industry (for home consumption and for exports)(2) to assure the imports of raw materials necessary in the armament program, and (3) to enable the Government to continue its public works program, where it depends upon foreign raw materials. In internal finance the great problem is to enable the Government to continue the public works program. Everything else is subordinated to that. Schacht is not concerning himself much with maintaining his credit in the international market, dealing fairly with his creditors or helping the international economic situation. His objectives are precise and solely determined by the needs and problems of the immediate situation of the country.

While the economic and financial situation is bad and one might also say "grave", there is no cause for immediate alarm. Certainly those prophets who predict a collapse in the near future are not well advised. The shortage of raw material is not acute. Up to the end of 1934 Germany was only about seven weeks behind her average importations of most essential raw materials. The developments in 1935 may provoke a crisis economically but I do not think so. There will, of course, be many interesting chapters, and the economic and financial reports from Germany will be full of interest, if not at times, sensation; but the opinion of many well-informed persons is that they will wiggle through for some time to come.

To sum up the picture on big lines is as follows:

- (1) Hitler will remain for a long time at the head of the Government.
- (2) The change from radicalism to conservatism will be a very slow process, hence Germany will remain the center of attack by international opinion for protracted period.
- (3) The economic and financial situation in Germany will continue to be a cause of anxiety for some time to come, for which reason developments in Germany will not contribute much to an improvement in the world economic situation, but will rather continue to aggravate it.
- (4) Germany's foreign policy will continue to upset Europe, because
  - (1) Germany will not enter into a pact system.
  - (2) Germany will attain "material" equality in armaments; and will struggle for superiority in the air.
  - (3) Germany will become the head of the states demanding revision of the frontiers fixed by the Treaty of Versailles.
  - (4) The Pan-German policy will be furthered through supporting and fomenting plebiscite agitation among the Germans living over the frontiers.
  - (5) It is doubtful that Germany will voluntarily start an armed conflict to attain her ends; hence Hitler's peace speeches.

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- (6) The Austrian problem will be solved by the Austrians themselves, who will eventually demand the Anschluss. The Germans are now sure that Otto will come to the Austrian throne by the end of 1935 to which they do not seem to be opposed, evidently seeing in this event a furtherance of their foreign policy.

There is no question but that German foreign policy takes a long view of the problems involved. It seemed at one time as if the whole complex was to be attacked through armed aggression; but the more I study the statements of Hitler and other members of the party the more I am convinced that their tactics in international affairs will not be much different from those which the Nazis employed to come to power in Germany. Propaganda and an unflinching bluff of strength and unbending determination in the face of world opposition, I am sure, will be the method which the Nazis will continue to use for some time to come.

No one, of course, can predict the future. If one judges how developments will shape themselves, it is necessary to diagnose present symptoms and to appraise present tendencies. The very fact, for instance, that Hitler is stating so categorically that Germany does not want war means that the offensive is to be a peace offensive; but this peace offensive of Hitler's will not be less disquieting to other nations who fear German aggression than a military menace.

There is no question either regarding the efforts the Nazis are making to disarm French fears. The efforts to win over the French war veterans and peasants is to get France to take a disinterested attitude in regard to Germany's eastern ambitions. This is a good type of the backstairs manner they like to employ in getting at their real opponents. Nazi activities in the United States is all a part of the same system. How far this gigantic propaganda scheme will go only the future will show. As long as the program does not lie entirely in the hands of the Reichswehr, men like Goebbels and Rosenberg will have their place, and Hitler will not dispense with them. If some day it is clearly realized by the real powers behind Hitler that the Nazis method is not going to succeed in the international arena we shall see the balance of power thrust irrevocably into the hands of the Generals and then the war clouds will definitely appear over the horizon. I am positive that the necessity for this has not yet been decided upon, though the militarists including Goring are waiting for that day to come.

I trust that some of these observations and the information I have given regarding the conversation in Obersalzberg may be of interest to you.

With very kindest regards to you and  
to Mrs. Moffat believe me

Most sincerely yours