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Vienna, January 4, 1937.

Dear Mr. Phillips:

I am sending you herewith a copy of my letter to Judge Moore of December 22, which I think contains, particularly in the first part, some information which may interest you.

The position here is holding very well, but there is every indication that the situation in Germany is growing very much worse. The strong reaction to the Berlin-Tokio agreement, which Berlin did not expect, and the Anglo-Italian agreement have put the Berlin regime on the spot. The internal situation is growing definitely worse. The regime is now no longer so much struggling for the maintenance of the German position as for the maintenance of its own power. All the information I get is that almost anything can be expected out of Berlin, but I still believe that they will not take the risk of war. Anything can happen there, as you and I know, and the danger of their using the Spanish situation as a way out or as an excuse is not yet excluded.

The London-Rome agreement should do a great deal to open the way for better things in Europe.

With all good wishes,

Cordially yours,

George S. Messersmith.

Enclosure:

1. Copy of letter Dec. 22.

The Honorable
William Phillips,
American Ambassador,
Rome, Italy.