

PPF 1043
Dodd, William E

August 25, 1934

My dear Dodd:

I am glad indeed to have your letter even though your situation cannot exactly be called a rosy one. It confirms my fear that the drift in Germany, and perhaps in other countries in Europe, is definitely downward and that something must break within the next six months or a year.

Harry Hopkins is back today and he is equally pessimistic. So was George Harrison of the Federal Reserve Bank.

I am on the whole fairly well satisfied with our own progress. We are under bitter political attack and will be until after election. You will have read of the formation of the American Liberty League by Shouse, Al Smith, James W. Wadsworth, Irene Du Pont and John W. Davis. It has already been nicknamed the "suicide club".

I hope to see Perkins when I go to Hyde Park. I too am downhearted about Europe but I watch for any ray of hope or opening to give me an opportunity to lend a helping hand. There is nothing in sight at present.

Take care of yourself and keep on letting me have an occasional line.

As ever yours,

Honorable William E. Dodd,
Embassy of the United States of America,
Berlin, Germany.

8-15-34
298

Berlin, August 15, 1934.

Dear Mr. President:

According to your suggestion of May 3rd when you gave me a few minutes of your time, I am summarizing the situation in Europe, with especial reference to Germany:

1. On October 17, I had a long interview with the Chancellor, in the presence of the Foreign Minister. When I reminded them of your attitude about crossing borders in a military way, Hitler asserted most positively that he would not allow a German advance across the border even if border enemies had made trouble. I named the French, Austrian and Polish fronts, and he said war might be started by violent S.A. men contrary to his command. That would be the only way.

Now what has happened since? More men are trained, uniformed and armed (perhaps not heavy guns) than in 1914, at least a million and a half; and the funeral all the Ambassadors and Ministers attended at Tannenberg August 7 was one grand military display, contrary to von Hindenburg's known request. Every diplomat with whom I spoke regarded the whole thing as a challenge under cover. And we have plenty of evidence that up to 10 o'clock July 25 the Vienna Putsch against Austria was boasted of here and being put over the radio as a great German performance. Only when defeat became known was the tone changed and the radio speaker removed from his post, Habicht of Munich. So, I am sure war was just around the corner, 30,000 Austro-German Nazis waiting near Munich for the signal to march upon Vienna. These men had been maintained for

a year

President
Franklin D. Roosevelt,
Hyde Park,
New York.

- 2 -

a year on the Austrian border at the expense of the German people. So, it seems to me that war and not peace is the objective, and the Hitler enthusiasts think they can beat Italy and France in a month - nor is high-power aircraft wanting, the Wrights having sold them machines last April.

2. Last March, in another interview, the Chancellor almost swore to me, without witnesses, that he would never again allow German propaganda in the United States. On March 12 or 13, he issued an order that no man must be arrested and held in restraint more than 24 hours without a warrant. This was supposed to be in response to my representations about the harm done in the United States by violent treatment of the Jews here. I explained to you how, on the assumption that these promises would be kept, I managed to prevent a Hitler mock-trial in Chicago and otherwise persuaded American Jews to restrain themselves. But on the 12th of May I read excerpt on the boat from a speech of Goebbels which declared that "Jews were the syphilis of all European peoples." Of course this aroused all the animosities of the preceding winter, and I was put in the position of having been humbugged, as indeed I was. All the personal protests which I made late in May were without effect, except that the Foreign Office people expressed great sorrow.

I have reviewed these points because I think we can not depend on the promises of the highest authority when we have such facts before us. I am sorry to have to say this of a man who proclaims himself the savior of his country and assumes on occasion the powers of President, the legislature and the supreme court. But you know all this side of the matter: June 30 and July 25!

3. One other point: Germany is ceasing as fast as possible the purchase of all raw stuffs

from

- 3 -

from the United States, in some cases in direct violation of treaty obligations. She is mixing wood fibre in her cotton and woolen cloth, and is setting up plants for this purpose at great expense. Schacht acknowledged this today in conversation. He said: "We can not sell you anything but hairpins and knitting needles. How can we pay you anything?" He does not believe in the system, but he says it can not be stopped.

So the South is about to lose its market for 2,000,000 bales of cotton a year, and the Middle West is losing the last remnants of its German market for farm products. The New York bankers have been here of late to negotiate some sort of corporation deals between German business firms and American banks. "It is the only way to check German defaults on short-term loans" by American banks, some \$300,000,000 the last time I had the figures; but this means other loans to save the cotton market and perhaps loss of all, including the cotton market itself.

Mr. Perkins of the National City Bank has tried his best to find a way out, and he will see you soon after his return. When he left here I was a little hopeful Schacht and Hitler might give some more promises with security. But since July 24, events look worse, not better. I have written Perkins my doubting attitude via British pouch. It all looks bad. I do not see any solution so long as present policy continues here. English and French have made barter arrangements. What Sayre and Peek can do, I cannot see. I am inclined again to look at the League of Nations when Russia is admitted. The "encirclement" may include Holland before long. Perhaps you can see a way out.

Yours sincerely,

William E. Dodd