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LEGATION OF THE
UNITED STATES OF AMERICA

Vienna, February 26, 1937.

No. 1067

SUBJECT: VISIT OF THE GERMAN MINISTER FOR FOREIGN
AFFAIRS IN VIENNA.

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762.63/344

STRICTLY CONFIDENTIAL

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The Honorable

The Secretary of State,

Washington.

Sir:

MSG.

I have the honor to inform the Department that
Mr. von Neurath, the German Minister for Foreign Affairs,
made an official visit in Vienna on February 22 and 23.
In view of the attitude of the Austrian Government, as I
know it, I was able in my despatches announcing the visit

to state

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to state that I did not believe that the visit would have any positive results. The recent speech of the Chancellor before the Patriotic Front in which he outlined the Austrian internal and external policy in considerable detail, gave further reason to believe that, as no change in Austrian policy was contemplated, the visit of von Neurath could have no concrete results.

While the visit, because of the personality of Mr. von Neurath, passed pleasantly, serious differences of opinion and policy became apparent. There is reason to believe that every subject of interest to the two Governments was discussed during the course of the conversations between Mr. von Neurath and Chancellor Schuschnigg and Dr. Schmidt, but aside from the creation of a Committee for the promotion of cultural arrangements there appears to have been no concrete decision. On all the principal points which were raised by Mr. von Neurath the Austrian Government maintained its well known stand which is definitely one for the maintenance of Austrian independence and non-interference in her internal affairs. Mr. von Neurath obviously left Vienna dissatisfied with the results of his visit and it has left an unpleasant impression in the Austrian Government.

The fact that the visit has not resulted in any change in Austrian policy internally or externally is considered by most diplomatic observers here as a distinct gain for Austria and for the cause of peace in Europe. While I am inclined to share in this opinion, I cannot

concur

concur in the opinion held by a number of observers here that the visit has been without results. The visit has had as a distinct result the coming to the fore in a most definite way the fact that the ideologies prevailing in Germany and Austria are entirely different, fundamentally opposed, and that the Austrian Government has no intention of submitting to German pressure in accepting the German ideology. Since the accord of July 11, 1936 was signed to bring about better political, commercial, and cultural relations between the two countries, there has been what may be termed an armed truce between the two countries. In both countries in official circles and in the press declarations of good faith and effectiveness of the accord were constant and recurrent. In fact, however, it was the definite opinion in Government circles in Vienna that the accord had been entered into by Germany merely under the pressure of major conditions in Europe and that for Germany the recognition of Austrian sovereignty and independence represented more a change of tactics than of basic policy. The constant efforts from Germany to undermine the present Government in Austria, if less openly carried on than before the signature of the accord, were nevertheless the facts in which the Austrian Government had to read the real intentions of Germany with respect to Austrian sovereignty.

In Austria those who had been in favor of the accord of July 11, because they believed it would help the position

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of the Catholic Church in Germany, or because they believed it would improve the economic situation of Austria, have been bitterly disappointed, for the position of the Church in Germany has at no time been more precarious than today, and the negotiations for a commercial accord between Austria and Germany, which lasted over six months, have proven almost completely futile and sterile. In spite of this situation, however, it was deemed advisable in both Austria and Germany to render a certain lip service to the accord and to cover the real relationships between the two countries under a mask. Although the visit of Mr. von Neurath has had no concrete result so far as a change in Austrian policy is concerned, it has resulted in the lifting of this mask and the real status of the relationships between the two countries is more apparent. What effect this lifting of the mask will have in Germany and in Austria and on developments in Europe it is too early to foresee.

As Austro-German relationships have such distinct bearing on developments in Central and Southeastern Europe and in Europe in general, and such a distinct influence on the maintenance of peace, I believe it is advisable for the information and background of the Department to report on the visit of Mr. von Neurath in greater detail than I would ordinarily consider necessary for the information of our Government. I shall therefore in this despatch set forth those facts which I believe are of interest in connection with a visit which may eventually assume an importance not originally intended it should have.

It is

It is of interest first of all why this visit took place for I believe in the future it may prove to have been a regrettable incident in the relationship between the two countries. Already before the accord of July 11, 1936, was signed the Department will recall that I reported that Chancellor Hitler used a good deal of pressure, through the German Minister here, to persuade Chancellor Schuschnigg to make a visit to Germany. Such a visit would have helped Berlin in making it appear that the accord of July 11 had been signed on the insistence of the Austrian Government. In despatches at that time I pointed out that Chancellor Schuschnigg would not make such a visit as it was in many respects immaterial to him whether the accord was signed or not for the reasons at that time set forth and which developments since have already shown to have been correct. After the signature of the accord Mr. von Papen used considerable efforts to persuade the Chancellor to pay a visit to Berlin. The Chancellor did not wish to make such a visit, not because he had any fundamental objections thereto, but because he felt that in any conversations which he might have with Chancellor Hitler the fundamental differences of policy and opinion would come to the fore and would only interfere with the development of friendly relations between the two countries.

When Mr. von Papen found that it was not possible to convince Chancellor Schuschnigg that he should make such a visit, he succeeded in getting the agreement of the Secretary

of state

of State for Foreign Affairs, Dr. Schmidt, to go. It was difficult for the Chancellor to oppose such a visit by Dr. Schmidt, the more so as it seemed a natural development under the accord of July 11. Dr. Schmidt therefore made a visit to Berlin about the middle of November, was very well received, and the visit was followed by reports that Dr. Schmidt had entered into engagements with Germany, which developments showed were utterly unfounded. Dr. Schmidt's visit to Berlin was one of pure courtesy and it was then determined, and shortly after announced, that Mr. von Neurath would return the visit in Vienna on the conclusion of the pending negotiations between Austria and Germany for a trade agreement. This agreement was concluded on January 28, 1937, and immediately thereafter it was announced that Mr. von Neurath would come to Vienna on February 22 and 23.

The Austrian Government was inclined to look upon the visit of Mr. von Neurath, not with anticipation, but certainly not with displeasure. He is known as a well balanced diplomat of long experience, who is not a National Socialist and who has only had membership in that Party recently thrust upon him. He is looked upon in official and in Austrian circles generally as representative of the best there is in Germany, and as such a visit from Berlin was inevitable under the accord of July 11, there may be said to have been a certain pleasure here that it would be made by him. It was to be foreseen therefore that he would be given a courteous and cordial reception.

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The Austrian Government, however, realized that the Austrian National Socialists, or at least a part of them, would not fail to use this visit as an excuse for demonstrations. As the present Minister for Public Security, Mr. Neustädter-Stürmer, has shown poorly concealed National Socialist sympathies, the preparation for the visit of Mr. von Neurath was put into the hands of the Police President of Vienna, Dr. Skubl, and the Bürgermeister of Vienna, Dr. Schmits. Mr. von Neurath arrived in Vienna at 9:20 on the morning of February 22, and was met at the station by the Chancellor, the Secretary of State for Foreign Affairs, and other high ranking officers of the Government, and the party drove to the Hotel Imperial in automobiles. Outside of the station, along the Mariahilferstrasse, and along the Ring some 6000 to 7000 persons had collected. The crowd was made up about 75% of young people under 22 years of age, and the remainder of women and middle aged men. These men represented some of the worst types that the observers of this Legation have ever seen on the streets of Vienna. There were some cries of "Heil", others of "Heil Hitler", and several abortive attempts to sing the Horst Wessel Lied and Deutschland Ueber Alles. The police handled the crowd good humoredly and it was on the whole a comparatively undemonstrative crowd. Within an hour after the arrival of the distinguished guest the streets were free. Towards the late afternoon a crowd gathered in front of the Hotel Imperial

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and there was some conflict between them and members of the Patriotic Front, but no serious incidents developed. On the afternoon of February 23, some 40,000 members of the Patriotic Front marched quietly through the streets as a counter demonstration.

The reports in a good part of the foreign press greatly exaggerated the numbers which took part in the National Socialist demonstrations, as well as the importance thereof. The significance of the demonstrations lay in the fact that they were so small and the difficulties which the Austrian Government had contemplated in handling a much larger demonstration were not realized. The demonstration was not an expression of the strength of National Socialist sentiment in Austria and it was perhaps the very thorough measures taken by the Police to control the demonstrations which prevented the appearance of large numbers on the street. I venture the opinion that the insignificance of the demonstrations and their relative unimportance are signs of the discouragement of the National Socialist elements in the country.

The official entertainment consisted of a luncheon on Monday offered by the Secretary of State for Foreign Affairs, and a dinner in the evening in the Belvedere Palace, followed by a reception to which the Chiefs of Mission in Vienna were invited. On Tuesday there was another luncheon, a reception

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by the German Minister in the German Legation for the German colony, and a dinner in the German Legation followed by a reception to which again the Chiefs of Mission were invited. In addition to the German guests and to members of the Austrian Government, the only persons invited to these luncheons and dinners were the German, Italian, and Hungarian Ministers. It is remarked as significant that when the Italian Minister for Foreign Affairs and the Hungarian Regent visited Vienna recently the Austrian Government gave large dinners in the Schönbrunn Palace to which all the Chiefs of Mission in Vienna were invited. No such dinner was given during the visit of Mr. von Neurath and it is believed to have been a thoughtful recognition by the Austrian Government of the circumstance that it would obviate the necessity for the Chiefs of Mission to drink to certain toasts which would necessarily be proposed.

Aside from the calls on the President and this official entertainment, the time of Mr. von Neurath and his suite was taken up with conversations with Chancellor Schuschnigg and the Secretary of State for Foreign Affairs. The official communiqué which was issued at the close of the visit is transmitted herewith and is in the main indicative of the barren results of the visit. Although practically every subject of importance to the two Governments was discussed, and this is freely admitted by official spokesmen of the

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Austrian

Austrian Government, the communiqué is confined to a reaffirmation of both countries of the already good effects of the accord of July 11, of the desire under it to increase the political and cultural relations between the two German states, and to the organization of a Cultural Committee which is to study questions of closer cultural cooperation between the two countries. The statement in the communiqué with respect to the common political aims and policy of the two countries must be taken with much reserve in view of considerations which will be set forth farther on in this despatch.

I shall first refer to the one concrete result of the visit which is the organization of this Cultural Committee which is to be composed on the German side of five members and on the Austrian side of five members. This joint committee is to meet from time to time to discuss ways and means of promoting the cultural relations between the two countries. It remains, however, without powers of its own and its recommendations are made to the respective Governments and must have their approval before going into effect. The background of the formation of this committee is interesting and illuminating.

The cultural relations between Austria and Germany as two German speaking states and of presumably identical culture have for generations been close. Authors and playwrights of Austria found their principal audience in their

much more

much more populous neighbor, while German writers considered the Austrian public as much their own as the German. There were close relationships between the Universities in the exchange of professors and students. There were many cultural, scientific, and intellectual organizations in both countries which maintained very close ties with each other. Although these relationships were considerably disturbed during the war, they were renewed, at least to a degree, after the war, but were in most respects definitely interrupted after the coming into power of the present National Socialist Government in Germany. Although it was a political event which was the cause of the interruption of these close relationships, it was in fact merely the concrete event which brought out the fundamental difference which existed between the Austrian and German cultures even before the National Socialist ideology began to control all cultural developments in Germany.

Austria is a German state and the Austrian people speak the German language and there was before the advent of National Socialism in Germany closer similarity between the Austrian and German cultures than with that of any of their neighbors. That fundamental differences existed already before 1933 was obvious to thinking Germans and Austrians.

Since the beginning of 1933, that is, since the control of German culture by National Socialist ideology, this cleavage between the two cultures has become much more apparent. This is a cause of concern not only to National Socialists, but to Germans who have no sympathy with National

Socialist

Socialist ideology. They both see German and Austrian culture, that is, the culture of the two German speaking states of Europe, growing farther apart and for both political and cultural reasons the present Government in Germany wishes to impose its ideology on Austria. Although Germany has 67 millions of inhabitants and Austria only 6½ million, and although to a degree Austria has habitually looked to Germany for cultural leadership, the National Socialist ideology has made no progress in Austria. This is not due to any lack of German pressure and of very real pressure, but to a stubborn determination of Austria to maintain her cultural tradition, which it has now become the custom here to hold forth as the truly German tradition. The ideologies of the two countries are opposed to each other and the Austrian has shown itself the more virile.

This Cultural Committee which has been formed is to be the medium through which the cultural relations between the two countries shall be renewed, that is, through the Universities, exchange of students, the press, the theater, the film, and cultural organizations. The Committee is a German initiative. Characteristically, the principal question which Mr. von Neurath brought up during his visit was insistence on the immediate introduction into Austria of German newspapers. Until the present only a few German newspapers have been admitted into Austria, among them being Goering's newspaper,

the ESSENERZEITUNG. On the Austrian side the only newspaper of importance admitted into Germany is the NEUE FREIE PRESSE. In order to give force to the representations of Mr. von Neurath, the Vienna NEUE FREIE PRESSE was definitely forbidden admission into Germany on the Sunday preceeding the Monday of Mr. von Neurath's arrival. The Austrian Government indicated to Mr. von Neurath that it could not agree to the admission of the German newspapers without restriction in view of the unfriendly and misrepresentative news concerning Austria which consistently and persistently appears therein. It was decided to refer this question of newspapers to this Cultural Committee. It is interesting, however, that among the principal points which Mr. von Neurath raised while he was here was that of the free admission of German newspapers.

The members of the joint Cultural Committee were appointed at once and in view of the pressing German demands, it has already begun its meetings today. While this Committee will form a means through which the German Government can exert constant pressure on the Austrian Government in the direction of spreading National Socialist ideology in Austria, it is not likely that the formation of the Committee will have much concrete results. Of the five German members of the Committee two are from the Propaganda Ministry in Berlin, and both of them have been among those in Germany who have written in a most misrepresentative manner concerning Austria. When the membership of the German Committee was announced, the Austrian

Government

Government immediately appointed its five members, of whom two are Austrian officials of Jewish origin. This, I think, will be sufficient indication to the Department of the fruitful work which may be expected from this Committee. The Austrian Government was deeply injured that two of the members of the German Committee would be among those who had written most objectionably in Germany concerning Austria. It is unquestionably for this reason that the Austrian Government appointed the two officers on its Committee of Jewish origin, knowing that this would be equally distasteful to the German Government. The Committee therefore begins its work under anything but favorable auspices.

I may say further in this connection that the Minister of Education had supper informally at my home on the evening of February 24, after a concert by the distinguished American singer Alexander Kipnis. Although I refrained from any political discussion with the Minister, it was obvious that he was laboring under extreme resentment over the composition of the German Committee and he remarked to me that with two such men on the Committee who had written in such vituperative terms of Austria, he "would have just as little to do with the Committee as possible". As the Minister of Education is the officer of the Austrian Government through whom all recommendations of this joint Committee must pass before they can become effective, the outlook for a successful use by the German Government of this Committee to spread National Socialist

ideology

ideology in Austria is not more promising than before the formation of the Committee.

I have gone into what may seem to the Department too much detail with regard to this joint Cultural Committee, but I have done so because it is of fundamental importance. The visit of von Neurath has had the unfortunate effect of bringing into the open the fundamental antagonism of the present controlling German ideology and that of Austria. The object of Germany in proposing this Committee was that of furthering its political propaganda in Austria under the guise of intensified cultural exchanges. It is a part of the general plan of the present German Government of so-called peaceful penetration of Austria, the aim of which is to undermine the authority and position of the present Austrian government and to replace it with one which will invite Anschluss.

There are observers who are inclined to place a certain stress on that part of the communiqué which refers to the common policy of the two German states. The fact that Austria declares itself a German state is nothing new and therefore has no particular significance at this time. Austria has always considered and probably always will consider itself a German state. As to the common policy of the two countries, this is a courteous phrase which must be taken in its general and widest sense and the real situation must be read in the facts. More significant among these facts is that Austria in spite of the German pressure has not joined the anti-

communist

communist front propagated by Berlin, Rome, and Tokio. Significant also is that Austria, in spite of pressure from Rome and Berlin, has constantly proclaimed her faith in and adherence to the League of Nations. But in addition to other facts which might be cited, I wish to add only one of immediate interest.

The representative for Southeastern Europe of the United Press has been endeavoring for some time to get an interview from the Austrian Chancellor which he could publish. The Chancellor consented recently to give such an interview and when it was presented to him yesterday for approval it contained the following statement with respect to the Neurath visit, "Both Governments were in complete agreement on main points of policy". The Secretary of State for Foreign Affairs to whom the interview was submitted, refused to approve it pointing out the above mentioned sentence and stating, "We are not in agreement on main points". It was therefore necessary for the United Press representative to rewrite the interview.

In some respects the major question which was raised during the visit but of which no mention is made in the communiqué was that of restoration. The Austrian Government was prepared to have Mr. von Neurath raise this question for it had been raised during Dr. Schmidt's visit in Berlin when General Goering is said to have informed him that in case of restoration in Austria Germany would be obliged to march.

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The Austrian Government, however, was not aware of the form in which Mr. von Neurath would raise this question and the form in which it was raised aroused considerable surprise.

From the despatches of this Legation in which an endeavor has been made to show the increasing importance of the restoration movement, the Department will appreciate that it was most likely that this tendency towards restoration in Austria would form the main subject of Mr. von Neurath's conversations here. So decided is the German objection to restoration that the Little Entente has felt that it could temporarily permit its own objections to restoration to move into the background and permit Germany to take the lead. The Little Entente with growing disillusionment concerning Germany, realized that in pressing its objections to restoration it was really playing into the hands of Germany and as their objections became less vociferous and active, Germany had to come into the foreground.

I am informed by a source which has heretofore never led me astray that Mr. von Neurath told Chancellor Schuschnigg that he hoped there would be no restoration. He said that if there were restoration Chancellor Hitler might be driven to desperate action; not because of Anschluss, as the Chancellor had renounced that, nor on account of his Central European policy in general, but because he was afraid of a separatist movement in Bavaria to join Austria if Otto came back to the

Austrian

Austrian throne. Mr. von Neurath is, according to my informant, said to have further explained to Chancellor Schuschnigg that Chancellor Hitler considered the situation of the Catholic Church in Bavaria such that under the repressive measures and policy of the German Government it was fostering a separatist movement to join Catholic Austria, and that Chancellor Hitler feared the success of such a movement if Otto was permitted to return to the throne in Austria.

While I am not in a position to vouch for the correctness of the above manner in which Mr. von Neurath presented his remarks on restoration, my source is one in a position to be well informed and has over a period of years correctly informed me and I therefore believe that the above may be taken as correct. It is officially admitted in private, without any comment, however, that Mr. von Neurath raised the question of restoration. The reply of Chancellor Schuschnigg to Mr. von Neurath was that restoration was not a question open to discussion at this time as it was a purely Austrian internal affair and must be so considered under the accord of July 11.

That this restoration question was raised by Mr. von Neurath in the conversations with Chancellor Schuschnigg is confirmed by the conversation which Ambassador Dodd had with Mr. Dieckhoff in the Foreign Office in Berlin on February 23, and which conversation is reported in the telegram of February 24, 5 p.m. by the Embassy in Berlin, to the Department.

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That the question was raised by Mr. von Neurath in the form set forth above would seem to be confirmed by a conversation which I had this morning with a friend who has just arrived from Rome where he had several conversations with Cardinal Pacelli. Cardinal Pacelli informed him that the position of the Catholic Church in Germany had never been worse. He said that the three German Cardinals and the Bishops who had recently been in Rome to confer with him and the Pope on the situation of the Church in Germany, considered the situation so hopeless that they recommended that the Vatican should denounce the existing concordat. The Vatican was against such a policy of renouncing the concordat as it believed it would weaken the position of the Church rather than strengthen it. My friend was informed by Cardinal Pacelli that the Vatican had no intention of giving up the fight in Germany and had sent the Cardinals and Bishops back with renewed assurances of support and encouragement to maintain their struggle. The German Princes of the Church, my friend tells me, had informed Cardinal Pacelli that the unrest among the Bavarian Catholic population was particularly great and that the resistance to the regime there might arrive at an explosive point. In this connection I remarked to my friend that knowing Germany even better than I, he must not fail to give real consideration to the importance of the effects politically which the repressive measures against the Church may have, particularly in Bavaria. The

Bavarians

Bavarians, I said, were among the most sympathetic, genial, and pleasant of the German peoples, but that they had underneath a hardness and a brutality which we had seen in the war for the Bavarian troops took fewer prisoners and left more dead than any of the other German troops. My friend, who is perhaps one of the best informed men in Europe concerning Germany, said that this was very important, particularly in connection with this repression of the Church in Bavaria.

The Department will have noted that the repressive measures against the Protestant Church have not decreased the resistance in that group and that this resistance reached such a stage recently that Chancellor Hitler has agreed to at least certain formal elections being held among the German Protestants. That the German Protestant groups are asking further information concerning these elections and certain assurances with regard thereto before being willing to participate in them is an indication that the Protestant resistance remains equally firm with that of the Catholics.

This idea that restoration in Austria may cause concern in Germany for the same reason that it causes so much concern to Yugoslavia is not a new one. The Austrian President in a strictly confidential conversation with a former ruling monarch in Europe, said in great confidence only a few weeks ago that as Austria was the real bearer of German culture and had closer affinity with most of the German peoples in Germany than Prussia, "that the real frontiers of Austria

should

should be on the Rhine". By this he did not mean, I believe, that Austria nourished any ambitions in that direction or had any aspirations for such an extension of her frontiers, but was simply stating one of those old facts which a student of European history in the light of the traditions and relationships of peoples cannot ignore.

There is therefore a very real probability that Chancellor Hitler, realizing the disquiet and apprehension which has been brought about in Germany by this repression of the Churches through the National Socialist movement, may in reality fear serious repercussions in Bavaria following a restoration in Austria which is so definitely a Catholic country and under a monarch so definitely Catholic as the Habsburgers. The statement, however, that the German Chancellor is not opposed to restoration as this would involve renunciation of Anschluss or because restoration would interfere with his Central European policy in general must be taken with much reserve. Policy must be read in the facts and the policy of the present German Government is definitely one in the direction of Anschluss as the first and necessary step towards German penetration to the Southeast. There are no indications whatever that German policy in this respect has in any sense changed, and the real direction of German policy must be seen, not in the above statement which Mr. von Neurath is said to have made to Chancellor Schuschnigg, but, for example, in the statement that Mr. Dieckhoff made

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to Ambassador Dodd on February 25, in the Foreign Office that Mr. von Neurath was going to Vienna to defeat Habsburg aspirations in Austria in an endeavor to bring both Hungary and Austria into closer relations with Germany and that a restoration would prevent Austrian cooperation with both Germany and Hungary.

Whatever may have been the form in which Mr. von Neurath raised the question of restoration in Vienna, it is certain that he again stated the definite German objection thereto, and that Chancellor Schuschnigg responded with the now classic attitude of the Austrian Government that the question is a purely internal one which it is not in a position to discuss. In private conversation the Chancellor has recently constantly insisted that "there will be no experiments", which is his way of saying that restoration is actual but that he does not wish to disturb the internal or external peace. The Austrian position with respect to restoration has been so thoroughly covered in the recent despatches of the Legation that I will not go further into it here.

The visit of Mr. von Neurath, while it has not resulted in any change of policy in Austria and most probably will not result in any further change of policy, and while it has had as its only concrete outward result the formation of this Cultural Committee which starts its work under such inauspicious circumstances, it would not be correct to say,

as I have thought it necessary to bring out in this despatch, has been without results. Mr. von Neurath left not in good humor, and the Austrian Government was distinctly disappointed as a result of the visit. The amenities were observed and on the surface it passed without real incident. It brought out, however, the fundamental differences between Austrian and German policy. It brought out the fundamental difference between the ideologies and cultures of the two countries, and how definitely they are opposed to each other and how definitely the Austrian resistance to the acceptance of German ideology is. It lifted the veil which has heretofore obscured the real situation with regard to the accord of July 11. Although Mr. von Neurath represents to the Austrians the best there is in Germany, there is here distinct disappointment and further disillusionment. The visit has made distinctly worse rather than better the relations between Austria and Germany.

I can best summarize the bad humor of Mr. von Neurath on his departure by saying that just a few minutes before he left the German Legation to go to the train on Tuesday evening, the Czechoslovak Minister here said to him, "I hope you are pleased with what we are doing for our Germans in Bohemia" - referring to the recent conciliatory measures taken by Czechoslovakia towards the Sudeten Deutschen. Mr.

von Neurath

von Neurath replied in very bad humor and rather impatiently "It is not nearly enough and you will have to go a long way farther". Perhaps also the remarks which Mr. von Papen made to some of his intimate friends today are significant. To them he said, "We need only the visit ~~and~~^{of} one more of our Ministers to Vienna to put the accord of July 11 out of business entirely". To the same friends he remarked that they would have to give up all thought of organizing a definite National Socialist movement in Austria as it was absolutely impossible, there not being sufficient elements to work with, and that they would have to proceed "with the slow and somewhat precarious methods of peaceful penetration" which they had been using.

What is particularly disappointing to the Austrian Government is that it has been pinning certain faith on the so-called conservative elements in Germany of which it has considered Mr. von Neurath as a leading representative. Mr. von Neurath's attitude, although entirely correct while he was here, has left the impression in Austrian circles that while he is representative of the Germany with which Austria can again at some time deal in the manner customary between states, that also to a degree Mr. von Neurath, and by inference some of his conservative associates, although they have not adopted the National Socialist ideology and program, have to a not inconsiderable extent been affected thereby. This, to the Austrians who consider themselves as a part of

the German nation but who are determined to maintain a separate identity as a state and to continue inviolate their culture, is a great disillusionment.

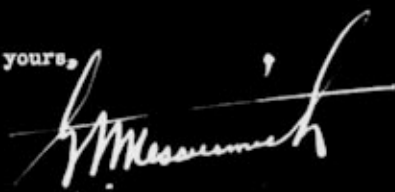
The failure of the visit of Mr. von Neurath will necessarily cause certain surprise and disillusionment and may lead to more active measures for the so-called peaceful penetration of Austria which has for its objective the undermining of the present Government with the hope that it will be replaced by one more favorable towards Germany. The prophets of this peaceful penetration believe that once the Schuschnigg Government is gone the next one would not be so strongly opposed to Germany even if not National Socialist, and that it would rapidly give way under aggressive measures to a National Socialist Government in Vienna which would invite Anschluss. These same prophets believe that once an Austrian Government on its own initiative invites Anschluss there is no further objection which Italy or any other country can raise to Anschluss, especially since then in marked distinction to the time of Seipl Germany would have behind it this great military force and would no longer be obliged to accept the dictates of the other powers in the matter. It is for this reason that the Austrian Chancellor, as has been pointed out in my despatches, has been obliged to consider as more actual and opportune the question of eventual restoration concerning which he, even as a legitimist, has certain reservations which, however, in view of

the

preservation of the independence and integrity of the country, would have to give way.

My belief, after having observed the position here for three years so closely, is that although the German pressure on Austria will continue and perhaps come more out in the open, the Austrian position is stronger and that she is in a better position internally and externally to resist this pressure. I would in this connection refer to the recent statement of the Secretary of State for Foreign Affairs to me that Austria had travelled 75% of the way towards complete establishment of her independence and internal integrity, and that in his opinion the remainder of the way would be less difficult than that which they had already travelled.

Respectfully yours,


George S. Messersmith.

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Enclosure:
1. Communiqué

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D.J.N

Enclosure No. 1 to despatch
No. 1067 of February 26, 1937,
from the Legation at Vienna,
Austria.

(TRANSLATION)

OFFICIAL COMMUNIQUE ISSUED FEBRUARY 24,
1937, BY THE AUSTRIAN GOVERNMENT UPON
CONCLUSION OF BARON VON NEURATH'S
VIENNA VISIT.

The Reich Minister for Foreign Affairs, Baron von Neurath, paid a visit to the Austrian Federal Government on the 22nd and 23rd in return for the visit of the Secretary of State for Foreign Affairs Dr. Guido Schmidt to Berlin. The two-day sojourn of the Reich Minister in Vienna offered to the statesmen concerned, Federal Chancellor Dr. Kurt Schuschnigg, Secretary of State for Foreign Affairs Dr. Schmidt and Reich Minister Baron von Neurath, an opportunity for detailed conferences which were held in a most friendly atmosphere.

These conferences concerned above all the relations between the two German states. It was noted with satisfaction that the agreement of July 11, 1936, proved a suitable basis for the re-establishment of friendly relations based on confidence and appeared of a nature calculated to guarantee further successful cooperation in this sense. In that connection reference was made to the conclusion of the economic agreement of January 27, 1937, and the hope expressed that the initiation of a more lively exchange in goods traffic and the tourist trade brought about by that agreement would have a favorable effect on the general development of mutual relations. In cultural-political respects different important questions of mutual cultural intercourse were discussed in detail, and a committee for cultural relations between Austria and Germany, which was proposed on the occasion of the Berlin visit of Secretary of State Dr. Schmidt, was appointed. This committee will commence its activities on the 25th instant.

Of course, conferences concerning questions of European and particularly Central European politics at present in the focus of general interest followed. Full agreement was noted concerning similar endeavors toward the preservation and durable insurance of general peace on which the foreign policy of both governments is based.



LEGATION OF THE
UNITED STATES OF AMERICA

Vienna, September 20, 1937.

No. 5.

Subject: AUSTRO-GERMAN-ITALIAN RELATIONS AND REFUGEE-
MUSOLINI MEETING.



Rating	Distribution instructions
Grade	
for	

STRICTLY CONFIDENTIAL

DEPARTMENT OF STATE

A.M.C.

21 - 1937

ASSISTANT SECRETARY
OF STATE

The Honorable

The Secretary of State,
Washington.

Sir:

In confirmation of my telegrams No. 49 of September 15, 1937, 1 p.m. and No. 50 of September 17, 1 p.m., and as a supplement to despatch No. 4 of September 13, 1937, I have the honor to report that though the recent conversations between Secretary of State Guido Schmidt and General Göring are associated in the popular mind with the approaching visit...

FILED

visit of Mussolini to Germany, the implications of both remain veiled in the obscurity of conjectures.

The following is a brief résumé, for such interest as it may present, of impressions derived from private conversations in well informed diplomatic and journalistic circles.

Chancellor Schuschnigg last spring successfully discouraged the proposed visit of the Duce to Austria for fear that it might be untimely; that it might be interpreted as an inopportune demonstration of solidarity with the Rome-Berlin axis. The new situation created by the Mussolini-Hitler meeting convinced the Chancellor that there should now be direct contact between him and the Duce before the latter proceeded to Germany. His overture to Mussolini to this end was, however, rejected.*

The implications of this rebuff have been widely debated. The Soviet Minister interprets it as confirmation of his thesis that Mussolini is continuing his policy of isolating Austria vis-à-vis the Third Reich; that he will not make new concessions to Germany at the expense of Austria. Italian policy has been said to remain still more ambiguous as a result. Apparently, however, the Mussolini would not accept a visit to Germany immediately after his departure from Austria to "take off" in Austria. He is expected to keep up with the report of a

* The German press has reported that the Chancellor's overture to Mussolini was rejected because the Duce was "too busy" to accept it.

TELEGRAM RECEIVED

JR
This telegram must be
closely paraphrased be-
fore being communicated
to anyone. (B)

From Vienna

Dated February 15, 1938

Secretary of State,
Washington.



RUSH.

20, February 15, 1 p.m.

My telegram February 14, 9 p.m.

Dined last night at a large dinner given by Schmidt with Chancellor Schuschnigg, Seyssinquant, members of the Government and diplomatic corps. Atmosphere most oppressive. To French Minister Schuschnigg described visit to Berchtesgaden as the most horrible day of his life. He says that Hitler undoubtedly a madman with a mission and in complete control of Germany. Hitler openly told him of his desire to annex Austria and declared that he could march into Austria with much greater ease and infinitely less danger than he incurred in remilitarization of the Rhineland. Schuschnigg admits that appointment of Seyssinquant is highly dangerous but states that he will make it in order to avert the "worst". In respect of Italy, Schuschnigg declared that he can count only on moral not material support.

Schmidt

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#20, February 15, 1 p.m., from Vienna.

Schmidt is attempting to make best of bad situation and was in a long and friendly conversation with Seyssinwart. Hornbostel is in utter despair and states openly that there is nothing left for him to do but to leave Foreign Office.

Italian Minister claims that he was informed of Berchtesgaden meeting only on the eleventh and denied that Italy took any initiative in the matter. He telegraphed full information to Mussolini. Latter however is engaged in winter sports and up to last night Ghigi had no information that his messages had reached the Duce. Italian Minister gives anxious impression.

Papal Nuncio admits that Seyssinwart may be good Catholic but fears nevertheless that it is the beginning of the end.

The French Minister who has been here five years states that this is the most critical moment since July 1934. "It is not the end. It is the moment before the end". In his opinion Austria can only be saved by immediate reconciliation of France and England with Italy and energetic joint action. Enderss author of May constitution made identical remark this morning.

In

-3- #20, February 15, 1 p.m., from Vienna.

In my opinion Austria's situation is most unfortunate and menacing. If Seyssinquant is loyal his appointment would not be a solution. If he is disloyal it is a catastrophe. Germany probably plans gradual Danzigfication and any unsupported efforts of Schuschnigg may make to outmaneuver Seyssinquant can at best only retard process.

Repeated by telegraph to Paris, London, Berlin and Rome.

WILEY

CSB

TELEGRAM RECEIVED

This telegram must be _____
closely paraphrased be-
fore being communicated
to anyone. (E)

VIENNA

FROM

Dated Feb. 16, 1938

Recd 8:48 p.m.

Secretary of State,

Washington.

RUSH

21, February 16, 10 p.m.

STRICTLY CONFIDENTIAL

By 21, February 15, 5 p.m.

Have just seen Minister for Foreign Affairs Schmidt who seemed on the whole cheerful. He expressed confidence that a period of internal quiet would ensue but felt nevertheless that like the agreement of July 11 only temporary appeasement could be obtained. The task of Seyss-Inquart would be to bring into the fold those elements which have so far been irreconcilable. He did not know how this could be accomplished and foresaw that Seyss-Inquart would have difficulty with Nazi extremists. Probably several new councilors of state would be appointed but this had already been under deliberation with Seyss-Inquart for some time. I asked what further steps the Austrian Government would take in carrying out Berchtesgaden agreement. He replied that pensions would be given to ex-functionaries who were dismissed for Nazi activities. They would, however, not be reinstated. The amnesty did not apply to the Austrian Legionnaires in Germany. He

desired

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He desired that someone be appointed in administrative capacity to look after Austro-German press matters under the two governments. This move he said had not been dictated by Hitler.

Schmidt said that present German maneuvers on the Austrian frontier had been planned for two months. He did not believe that they were a military demonstration against Austria.

Also saw the French Minister who has interviewed Schuschnigg and Hornbostel with both of whom he has unusually close relations. Puaux told me that formation of cabinet was bitterly contested. Papen made a last minute effort to have Claise Horstenau made Vice Chancellor and an outstanding Nazi appointed Minister of Justice.

(I am reliably informed that Bishop Gfoellner of Linz rushed to Vienna despite illness and urged resistance upon President Miklas. In consequence Catholic Church claims credit for saving these posts from Nazis)

Schuschnigg informed the French Minister that in Berchtesgaden conversation Hitler boasted to him of military prowess of Germany, deprecated French military equipment, alleged that everything he did with respect to Austria and the Sudeten Germans was in entire agreement with Halifax, (British Minister has telegraphed this to the Foreign Office) that in two years time Italy would no longer mean anything to Germany and that it was holy mission to unite

-3- #25, February 18, 10 p.m., from Vienna.

80,000,000 Germans into a nation which would rule Europe.

In contrast with Schmidt the Chancellor frankly resents German maneuvers as military demonstration against Austria. Also article in today's National Zeitung of Essen that reconstruction of Austrian cabinet is first step in Gleichschaltung.

French Minister believes immediate future unpredictable and hopes that there will be at least a temporary period of quiet. He remains, however, most pessimistic regarding the future of Austria and is apprehensive that present German success will encourage Hitler to undertake some new adventure within a few months which may precipitate European war. He stated that today the British Government had made representations at Berlin and that tomorrow the French Government would do likewise. He feared, however, that these representations were of a harmless informative nature not likely to serve as an effective deterrent.

I have also seen the Italian Minister who assumes the attitude that nothing unusual is going on and that Austrian independence is not menaced. Mussolini sent message last night approving proposed cabinet reorganization.

A prominent Austrian banker who is exceptionally well informed described the situation as most favorable possible outcome for Austria. Austria was threatened with radical

-4- February 19, 10 p.m., from Vienna.

action by Germany which could not be resisted. Present compromise would prove far less successful for German aims than Hitler expected. Seyss-Inquart was fundamentally weak and vacillating and would be out-manuevered by Schuschnigg and Skubl the Secretary of State for Public Security. He was sure that Austria had gained six months during which time international situation might change in some way favorable to Austria.

Indirectly but reliably informed of views of their present Left Wing Leader. He does not expect immediate trouble from Austrian Nazis and believes that Austria will have some months of relative quiet during which Seyss-Inquart will be in constant and ineffective conflict with Skubl. There will be frequent threats of resignation from Seyss-Inquart and in due course another crisis in relations with Germany.

General consensus is that Schuschnigg deserves sympathy and admiration for the manner in which he came out of Berchtesgaden ordeal. It is felt that he yielded minimum and rendered great service to Austria and peace of Europe.

Pending Hitler's speech of February 20 and clarification of attitude of Austrian Nazis it is impossible to make any forecast.

WILEY

NPL:EMR



LEGATION OF THE
UNITED STATES OF AMERICA



No. 129.

Subject: AUSTRO-GERMAN RELATIONS.

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PM
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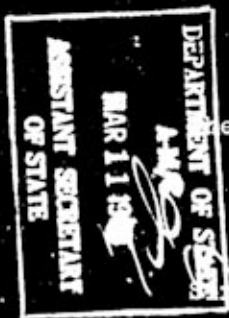
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*Ch. H. I. in strict confidence
M. I. D.*

MAR 11 1938

762.63/484

STRICTLY CONFIDENTIAL.



The Honorable
The Secretary of State,
Washington.

*This is a really excellent
despatch.
GMB*

To supplement recent telegrams in respect of
the Berchtesgaden conversations as well as those re-
porting the reconstruction of the Austrian Govern-
ment, I have the honor to inform the Department
that several despatches are in course of preparation
which will embody the various communiqués, official
decisions and other announcements which have to do

with . . .

CONFIDENTIAL FILE

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with the events in question. The comments of the press will also be forwarded to the Department. In the present despatch I shall endeavor to give the Department some of the background.

The meeting at Berchtesgaden is the newest and perhaps the most decisive phase of the struggle in respect of Austrian independence which has gone on since the beginning of the post-war era. As the Department will recall, the Austro-German Customs Union was prevented in July 1931 by the energetic representations of the interested powers. In July 1934, following the assassination of Dollfuss, Anschluss was averted by Italian troop movements to the frontier. The present crisis has found the Stresa front disrupted and the position of Italy altered. The intervention of France and England has been restricted to representations in Berlin, which, according to the French Minister, are presumably informative rather than minatory in character.

The Berchtesgaden interview is the direct outcome of the Austro-German agreement of July 11, 1936, wherein Germany recognized Austrian independence and sovereignty while Austria accepted the status of a "German state". The accord was accompanied by a "gentlemen's agreement" which had to do with the status of the "National opposition" in Austria. This agreement presumably provided for or at least implied a policy . .

policy of conciliation on the part of the Austrian Government towards the National Socialist movement in Austria, together with the obligation on the part of Austria to bring certain of its leaders into "political responsibility".

Since the conclusion of the July agreement the Schuschnigg Government has made substantial progress in consolidating its position. The Patriotic Front, the unique political organization of Austria, has had its heterogenous and conflicting elements shaped into cohesive form on a platform of Austrian independence and resistance to National Socialism. The Schuschnigg Government has appeared in the role of shield and buckler of all the elements in Austria which sought to oppose German encroachment. The memory of the troubles of February 1934 has been receding, and ex-Social Democratic elements have been directly or indirectly supporting the several labor organizations created within the framework of the corporative state. The Legitimists, too, developed their ranks both within and outside of the Patriotic Front into an organized force for the support of the Chancellor and Austrian independence. National Socialist manifestations had been limited largely to unimportant street skirmishes, the breaking of shop windows, destruction of telephone booths, and unimportant though malicious mischief. The current of Austrian life has been flowing if not smoothly certainly without

serious . .

serious impediment. Moreover in the last year substantial economic recovery had further abated the menace of radicalism. The Catholic Church has also supported the Patriotic Front, like the Protestants and the Jews.

Attempts have been made to regulate the press relations between Austria and Germany by a series of agreements or truces. In 1937, however, the tone of the German press became progressively sharper and more critical. It was evident that in Germany there was a feeling of profound irritation over the development of Patriotic Front and Legitimist activities. It was felt in Germany that the "National Opposition" in Austria - that is to say the National Socialists who were declared illegal as a party in 1934 - were being discriminated against in a manner contrary to the letter and spirit of the July 11 agreement.

Chancellor Schuschnigg in various interviews with the foreign press maintained a firm attitude. This was also reflected in his public addresses as well as those of prominent spokesmen of the régime, such as Under Secretary* Zernatto and Press Chief Colonel Adam.

The position of the Austrian Government seemed further fortified at the beginning of January as the result of the Budapest conference of the Rome Protocol States. The Rome Protocols, which are based on respect for the independence of Austria, were re-

confirmed . .

* Staatssekretär.

confirmed. Count Ciano, the Foreign Minister of Italy, assured Chancellor von Schuschnigg that Rome approved the policy which Austria was following and that Austria could count upon Italian support. Recent official visits to London (Minister of Finance Neumayer and Dr. Kienböck, President of the Austrian National Bank) had brought back encouraging reports of British interest in Austria. Dr. von Schuschnigg was in constant and most intimate relations with the French Minister, M. Puaux, and there was an evident and growing feeling of self-confidence.

It was clear that the National Socialist movement in Austria was under effective control, that there was no internal danger to the régime. The loyalty of the police and of the army was considered satisfactory. The efficiency of the police was demonstrated in the arrest of Dr. Tavs (vide telegram No. 4, January 27, 6 p.m. and despatch No. 106, January 31, 1938) and the closing of the premises in the Teinfaltstrasse of the "Committee of Seven"*, where incriminating documents were found.

It was thought at the time that the arrest of Dr. Tavs and the police interrogation of Captain Leopold (vide telegram No. 4, January 27, 1938, 6 p.m.) would further strengthen the position of Austria in

her . .

*Joined after July 11, 1936, agreement with the consent of the Government of members of "National Opposition" allegedly to work for conciliation.

her unequal struggle against the Third Reich. A dossier was prepared containing documents showing the complicity of National Socialist officials in the subversive activities of the Teinfaltstrasse. Among these documents is allegedly one initialed "R. H." and attributed to Rudolf Hess. Herr von Papen, German Ambassador on Special Mission to Austria, who was presumably not taken into the confidence of the Party, was given this dossier and proceeded to Germany, where he submitted the evidence to the Führer.

For some time - I am told about two months - Herr von Papen and Dr. Guido Schmidt, the Under Secretary for Foreign Affairs, had been working together in an endeavor to formulate a plan to compose the differences between the two countries. It is understood that Herr von Papen encountered serious obstacles in persuading Herr Hitler to see eye to eye with him. At the same time Dr. Guido Schmidt had a difficult task in converting Dr. von Schuschnigg to his version of conciliation. I understand that on two occasions Dr. von Schuschnigg declined to proceed to Berchtesgaden for an encounter with the Chancellor.

The previous Party crisis in Germany, that of June 30, had immediate repercussions in Austria, which resulted in the assassination of Chancellor Dollfuss. The recent Party crisis of February 4 also had prompt effect on Austro-German relations. Herr

von . .

von Papen was brusquely recalled, and after taking formal leave of his staff departed for Germany on Saturday, February 5. He left obviously crestfallen and dejected. En route he was summoned to Berchtesgaden, whence he returned the following Monday in a triumphant mood.

Herr von Papen, it is supposed, had re-formulated his policies to Herr Hitler with such eloquence that the latter authorized his return in a last effort to bring Dr. von Schuschnigg to Berchtesgaden. Apparently Herr von Papen presented matters to Chancellor von Schuschnigg in a most urgent and pressing manner. The Führer stood at the crossroads of policy. While he, von Papen, was still in the picture there was still hope of conciliation. If Dr. von Schuschnigg refused to proceed to Berchtesgaden, the Führer would opt for positive action. The form of positive action threatened by Herr von Papen is not entirely clear. It must, however, have been very menacing. At the same time there must have been a substantial degree of cajolery employed. I think Dr. von Schuschnigg went to Berchtesgaden in the belief that German policy towards Italy together with German desire for a better understanding with France and England would prompt the Führer to make a gesture of peace. It is, however, clear that Dr. Guido Schmidt worked in the closest harmony with Herr von Papen and employed his efforts in every way in order to persuade Dr. von Schuschnigg to proceed to Berchtesgaden.

On February 10 there was a ball of the Patriotic

Front . .

Front in the Hofburg. The Diplomatic Corps was assembled in order to make an official entrance into the ball-room. The Chancellor was in intimate conversation with the Italian Minister, a conversation marked with great cordiality on both sides. Dr. von Schuschnigg then turned to the French Minister, M. Puaux, and said: "I have directed Dr. Schmidt to make a sensational communication to you tomorrow. However, do not take it too sensationally". The following day, February 11, the British and French Ministers and the Hungarian Chargé d'Affaires were summoned to the Foreign Office. They were told of the visit and informed that Chancellor von Schuschnigg was proceeding without a program. The Italian Minister was notified the previous day. I have been informed very definitely that Dr. von Schuschnigg did not request the advice of any of the governments concerned with regard to his meeting with Herr Hitler.

The Austrian Government observed the greatest care to keep the plans of the meeting entirely secret. A notice was inserted in the press that there would be a cabinet council the following morning, and rumors were set in motion from government sources to the effect that long awaited cabinet changes would then be announced. The attention of the foreign press correspondents and all other interested observers was so centered in this news that an inadvertent announcement in the Chancellor's organ, the NEUCHÂTELS-ALBISBLATT, to the effect that he had left for the

Tyrol . .

Tyrol for the weekend and that Herr von Papen had gone to Berchtesgaden appears to have passed unnoticed.

I vaguely suspected what had happened, and on the morning of February 12 while attending a Te Deum at St. Stephen's I noticed that out of the entire government only the Chancellor and Dr. Schmidt were not present. On returning to the Legation I was informed by a local correspondent that he had had a telephone message from Paris announcing the meeting at Berchtesgaden. Shortly after, the Federal Press Service confirmed the news to him. Subsequently it was denied to other correspondents. (I am informed that the Ministry of Propaganda in Berlin persistently denied the news until late in the afternoon).

The Chancellor since his return from Berchtesgaden has talked very freely and very frankly to the French Minister. From my conversations with the latter, I believe that the remarks attributed to Herr Hitler during the interview, which I have reported by telegraph to the Department, are accurate. The British Minister, too, tells me that it would be impossible to exaggerate the violent nature of Hitler's remarks.

Hitler apparently convinced Chancellor von Schuschnigg at Berchtesgaden that he was prepared to intervene by force of arms in Austria, that he was scornful of the possibility and efficacy of any
opposition . .

opposition, that he openly intended the annexation of Austria and that he felt no concern whatsoever in respect of Italy, which within two years would no longer mean anything to Germany.

Midnight of February 15, I understand, marked the time limit set by Herr Hitler, who apparently had threatened if Chancellor von Schuschnigg did not accede to his demands that military action would be taken on the 16th. At the last moment the reconstruction of the cabinet was accomplished. The task was made doubly difficult by personal jealousies and ambitions.

During the afternoon Herr von Papen made great efforts to obtain two additional portfolios in the cabinet. Bishop Gröllner of Linz, had in the meantime hastened to Vienna, despite illness, and had interceded with President Miklas in order to stiffen the spirit of resistance. The final result embodied only one obvious major concession to Herr Hitler: the appointment of Dr. Seyss-Inquart as Minister of the Interior and Public Security. Many, however, believe that the promotion of Dr. Guido Schmidt from Under Secretary for Foreign Affairs to Minister was also a significant concession to Berchtesgaden. It will be interesting to observe whether his taking over this portfolio will end the personal contact between the Chancellor and certain chiefs of mission.

Dr. Seyss-Inquart, who is supposedly the evil genius of the situation, is a Sudeten German, whose

mother . .

mother was half Bavarian and half Carinthian. He was born near Olmütz, a center of national feeling and now a stronghold of Henlein. He was educated at the University of Vienna, had a distinguished war record and was decorated four times. It is generally believed and even confirmed at the Federal Press Service that he was a member of the National Socialist Party of Austria until it was declared illegal in 1934. Chancellor von Schuschnigg denies this categorically. He was a founder and subsequently Vice President, however, of the Oesterreichisch-Deutsches Volksbund, an organization for the furthering of Anschluss. He is a lawyer by profession and is understood to be personally very ambitious.

Considerable lip service has been done to his alleged loyalty to Chancellor Schuschnigg and to Austria. Emphasis is laid on his status as a "good Catholic". Both the Chancellor and Dr. Schmidt speak reassuringly on the subject. However, an eminent Jesuit priest, who is close to Dr. von Schuschnigg, states that the Chancellor, who himself is a devout Catholic, has at last become convinced that a Catholic can be a Nazi. It takes great credulity to believe that Chancellor von Schuschnigg and those loyal to him can have any great confidence in Dr. Seyss-Inquart's good faith. Dr. Seyss-Inquart entered office on February 17. Immediately afterwards he departed for Berlin, a gesture which was either tactless or cynical.

Dr. Guido Schmidt has had a very rapid career, almost entirely under the auspices of Dr. von Schuschnigg. It is known that he favored the trip to Berchtesgaden, and there is widespread belief that in order to further his own career he has been slyly disloyal. His critics assert that he has seen the Nazi handwriting on the wall and is preparing himself to be if not a Talleyrand at least a Neurath. My only personal knowledge of his attitude is that on his return from Berchtesgaden he attempted to present the situation in a favorable light.

My information on the subject of Berchtesgaden would incline me to believe that Dr. von Schuschnigg went to the meeting because he felt that he did not dare refuse. He apparently was subject to gross discourtesy; indeed to a humiliating ordeal. It appears that he yielded the minimum. Among other things he was able to retain General Zehner as Secretary of State for War, he extended the amnesty to include Social Democrats and even Communists, but excluded the Legionaries in Germany. The "recognition" of Austrian independence and sovereignty was, I understand, voluntarily proffered by Herr Hitler as quid pro quo. He is reported also to have consented publicly to disassociate the NSDAP from the National Socialist movement in Austria.

Following the conversations in the morning between Dr. von Schuschnigg and Herr Hitler an adequate lunch . . .

lunch was served. The conversations after lunch lasted until 10.30 in the evening. There was not even a cup of tea served. During the entire time smoking was not allowed, which must have been added suffering for Dr. von Schuschnigg, who is addicted to cigarettes. Dr. von Schuschnigg reached Salzburg at about 11 o'clock at night in a state of considerable exhaustion.

There are rumors that before Dr. von Schuschnigg's departure for Berchtesgaden he had a long conversation by telephone with Signor Mussolini. I have information, however, from reliable sources that there was no such conversation, but that after his return from Berchtesgaden he unsuccessfully endeavored to talk directly with the Duce. According to the Italian Minister, who dined with me on the night of February 15, he had been informed in exactly the same way as the British and French Ministers and the Hungarian Chargé d'Affaires. He had not been consulted and had merely telegraphed the message to his Government. Late on the 15th a message came from Mussolini expressing approval of the proposed reconstruction of the Government.

So far as I can tell, the Berchtesgaden conversations found Chancellor von Schuschnigg and Austria entirely isolated. Outside of bedside messages of sympathy he obtained nothing from any quarter. There are many rumors that he appealed to France and

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to England. This is categorically denied by the British Minister, and I am inclined to believe that Dr. von Schuschnigg, though a patriotic Austrian and a devout Catholic, is sufficiently loyal to Germanium that he would not directly suggest forceful measures against the sister state. He very probably had expected that Italy, because of the Rome Protocols and self-interest, would take energetic steps at Berlin with her partner of the axis in order to protect Austria. He subsequently admitted to the French Minister that he had discovered that he could not count on aid from Italy.

Journalistic circles believe that Mussolini is endeavoring to negotiate a military alliance with Germany and that the present attitude of Italy is not only indicative of Italian dependence on German support but of a "deal" which has either been made or is about to be concluded.

The attitude of the French Minister has reflected confidence until the return of Dr. von Schuschnigg from Berchtesgaden. The French Legation was convinced that Italy had revived her interest in the independence and integrity of Austria and had reconstituted her line of defense on the Danube. It apparently did not occur to the French Legation that Italy could acquiesce in anything that would put Austrian independence in jeopardy. The French Minister believes that the developments bear eloquent testimony to the weakness of the Italian position. The center of

gravity . .

gravity of the axis has shifted to Berlin.

While France may be deeply concerned over the fate of Czechoslovakia should Anschluss be consummated, it was generally supposed that it would be equally incompatible with her national interests for Italy to have Germany as a contiguous neighbor. In this connection it is recalled that the coast is approximately sixty miles from the Austrian frontier. In the event that Austria is absorbed into the Reich, a small step only would suffice for Germany to bridge Europe from the Baltic to the Adriatic.

The attitude of the newly appointed Minister of Czechoslovakia is one of complete detachment and sanguine expectations. He has just arrived in Vienna, having previously served in Bern.

The Hungarian Chargé d'Affaires, who is in intimate personal relations with Dr. Guido Schmidt, likewise radiates confidence, if not gratification. Whether or not this reflects the views of his government, I do not know. So far there has been the utmost satisfaction on the part of the Schuschnigg régime with the Daranyi Government and constant emphasis, both officially and privately, has been placed on the solidarity between the two and the identity of their views.

The Minister of Yugoslavia is visibly chagrined and blames the situation on the weakness of French foreign policy.

Latest developments have reflected a desire on the part of the Austrian Government to calm public opinion. The Federal Press Service in a confidential talk with the representatives of the Anglo-American Press expressed great appreciation for the sympathy and understanding which they had shown in despatches to their newspapers. An urgent appeal was then made to them for the present to formulate news in as calm a manner as possible.

This afternoon the press service telephoned certain correspondents and asked them to deny in the name of the Chancellor rumors that Austria would withdraw from the League of Nations, join the Anti-Comintern Pact, conclude a customs union with Germany, revise the naturalization of Jewish citizens, or enter into a military alliance with Germany. Moreover it was asserted that the Chancellor had had previous knowledge of Dr. Seyss-Inquart's intention to proceed to Berlin, where he had gone with the Chancellor's approval for the purpose of concluding an agreement between the Ministries of the Interior of both Austria and Germany for non-intervention in Austrian internal affairs.

It is clear that Chancellor von Schuschnigg has not lost courage and intends valiantly to continue the struggle. Dr. Michael Skubl, the Under Secretary for Public Security, who will serve under Dr. Seyss-Inquart, has had his functions enlarged by the Chancellor. From now on he will occupy the equivalent

of . . .

of four posts, in two of which he will be his own superior. In addition to being Under Secretary for Public Security he will serve as Inspector General of the Public Executive, which comprises both the police and the gendarmerie. He will continue to serve as Inspector General of the police as well as Police President of Vienna.

If Dr. Seyss-Inquart is indeed loyal to Chancellor von Schuschnigg, his appointment will not prove satisfactory to his German sponsors and the crisis will be renewed. If he is disloyal, he is in the strategic position of the Trojan horse.

Chancellor von Schuschnigg and Dr. Skubl will undoubtedly endeavor to out-manoeuvre Dr. Seyss-Inquart; indeed in certain quarters there are sanguine hopes that such a policy may prove successful. It is argued that Dr. Seyss-Inquart is not a strong character and not unduly intelligent. Austrians are masters of defensive tactics, and I do not doubt that their technique will be skillful. However, Herr Hitler imposed Dr. Seyss-Inquart on the Austrian Government in his present capacity by ultimatum. It is fair to assume that Dr. Seyss-Inquart will receive specific instructions with regard to what he is to do. It is also not improbable that either officially or unofficially there will be a German police mission in Vienna to assist him. Resistance, passive or otherwise, on the part of Dr. von Schuschnigg and Dr. Skubl will undoubtedly provoke a "showdown" and if necessary ultimata. The press reports today that

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the visit of Field Marshall Goring originally expected last November will take place in March. It may, I think, be foreseen that Goring will not hesitate to repeat the threats of Berchtesgaden.

There have been rumors and denials. The German press has denied that German generals were present in Berchtesgaden. According to official Austrian statements, General von Reichenau, General Keitel and General Sperrle were on hand. They apparently collaborated efficiently in the attempt to overawe Dr. von Schuschnigg.

It has also been officially denied that there was a military demonstration at the Austrian frontier. This denial would also appear to be inaccurate. I queried the Foreign Minister, Dr. Schmidt. He replied, perhaps evasively, that he did not believe that it was a military demonstration. He thought it was manoeuvres which had been planned at least two months in advance. If these manoeuvres had in fact been planned two months in advance, it would not establish their innocence of character. The Tavs "Plan of action for 1938", which I understand was scheduled to go into operation at the end of January, provided for military forces on the frontier on the pretext of manoeuvres. In any event, Chancellor von Schuschnigg informed M. Puaux that it was a military demonstration. The fact that German troops were there was also confirmed to me by the Minister of Yugoslavia, M. Lazarevitch, who despatched an agent

by . .

by motor car over the frontier. My information is that there was at least one division.

Despite the reassuring announcements which have already been made and which may be made, it seems clear that Herr Hitler has decided to liquidate the Austrian question. The only factor which awaits clarification is the time element. Sanguine circles in Vienna claim that Austria has won time and will have a breathing spell of from six to eighteen months. This was even announced in confidence to foreign press representatives by Colonel Adam, the Chief of the Federal Press Service. He concluded with the statement that "time was working for Austria". The British Minister believes that time is not working for Austria. He takes the pessimistic view and deplores the prospect that the end is approaching of the last free home of German culture. Efforts at Gleichschaltung will probably be directed primarily into the economic and military fields. The tactics which will be employed by Dr. Seyss-Inquart should indicate in the relatively near future whether it is intended to build up the National Socialist movement at an accelerated rate.

Well informed circles think it possible if not probable that the radicals of the left who are released under the amnesty will be arrested again and that there will be considerable zeal in ferreting out Communist activities. Among implicated Communists there will probably be many Jews. The activities of

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the Anti-Semiten Bund will presumably increase.

The Legitimists are apparently divided into two camps. The conservative faction is completely disheartened, while the more radical faction talks of the need of a monarchist coup. The Bishops of Austria are planning to meet and in Catholic circles there is speculation about endeavoring to enlist British and French support in order to put Otto on the throne. It would appear, though, that both the Catholic Church and the Legitimists are, for the moment at least, very much at a loss. I am reliably informed that Chancellor von Schuschnigg has very sharply requested the Legitimists to remain inactive.

Information indirectly but reliably received from left-wing sources indicates that in the present crisis, as distinguished from that of 1934, labor leaders and the rank and file are wholeheartedly supporting the Schuschnigg régime. The Government, however, through the labor organizations of the régime, has energetically intervened in order to prevent protest strikes and demonstrations.

Reports from National Socialist sources indicate that in the Tyrol and elsewhere there is talk of "lightning" demonstrations following the Führer's speech on February 20. In towns and villages National Socialist sympathizers would quickly assemble and rapidly disperse in order to give an exhibition of strength and organization. In other parts of Austria there are rumors of National Socialist meetings which

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will pass resolutions.

Following Herr Hitler's speech on Sunday next, Chancellor von Schuschnigg will address the Bundestag on February 24, the day, according to the Federal Press Service, which concludes the period of silence to which the Chancellor was pledged.

To recapitulate: The Berchtesgaden conversations would appear to have been carefully planned, even to stage setting, in order to bring about the capitulation of the Schuschnigg régime. Chancellor von Schuschnigg proceeded to Berchtesgaden on short notice and without a program. He clearly did not know what he was going to encounter. It seems, moreover, evident that Herr Hitler has decided definitely upon the "coordination" and subsequent annexation* of Austria. The only element which remains in doubt is the speed with which he will attempt to accomplish his ends. It seems also confirmed that the Italian Government has not been in the picture beyond having been informed in advance on February 10 that the Chancellor would visit Berchtesgaden. Reports that Italy participated in the preparations for the meeting seem to be erroneous. It is probable that in the long run the Berchtesgaden meeting will be found to have far-reaching implications.

Respectfully yours,

John C. Wiley
John C. Wiley,
Chargé d'Affaires ad interim.

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* Herr Hitler spoke specifically of annexation to Dr. von Schuschnigg.